

**KINA SECURITIES LIMITED**  
**NOTICE OF EXTRAORDINARY GENERAL MEETING**  
**EXPLANATORY MEMORANDUM**  
**AND**  
**PROXY FORM**  
**TO ASSIST SHAREHOLDERS IN THEIR CONSIDERATION OF RESOLUTIONS TO BE PUT AT THE**  
**EXTRAORDINARY GENERAL MEETING OF MEMBERS**  
**TO BE HELD ONLINE ON THURSDAY, 15 APRIL 2021**  
**AT 10:00AM (PORT MORESBY TIME | AEST)**

*THIS DOCUMENT IS IMPORTANT*

This Notice of Meeting and Explanatory Memorandum should be read in their entirety. If you do not understand these documents or are in any doubt as to how to deal with them, you should consult your stockbroker, solicitor, accountant or other professional adviser immediately.

**Shareholder Enquiries:**

**+61 1300 554 474**

24 March 2021

Dear Shareholder,

### Kina Securities Limited - Extraordinary General Meeting

On behalf of the Directors of Kina Securities Limited (Company Number: 1-10989 | ARBN 606 168 594) (PNGX: ASX: KSL) (**Kina** or the **Company**), I am pleased to invite you to participate in a new Extraordinary General Meeting (**EGM** or **Meeting**) of the Company, to be held virtually online on **Thursday, 15 April 2021 at 10:00am (Port Moresby time) | (AEST)**. Enclosed is the Notice of Meeting setting out the business of the EGM. As announced by the Company on Friday, 12 March 2021, due to technical difficulties experienced at the EGM held on 11 March 2021, the directors determined that in the spirit of good governance and the *Companies Act (PNG) 1997*, a new Meeting will be held.

The purpose of the EGM is to seek shareholder:

- **ratification** of:
  - the placement on 18 September 2020 of 13,085,821 Kina shares at A\$0.80 per share to institutional investors (**Placement**); and
  - the issue on 12 November 2020 of 10,586,036 Kina shares at a price of PGK1.97 per share pursuant to the retail offer conducted in Papua New Guinea (**PNG Offer**), as announced by Kina on 10 September 2020 and the results of which were announced to ASX and PNGX on 11 November 2020,as part of a broader equity raising of Kina including a pro-rata accelerated non-renounceable entitlement offer of 1 new fully paid ordinary share for every 2 Shares held at an offer price of A\$0.80 per new share, comprising an institutional component and a retail component; and
- **approval**, by *special resolution*, of the Company's acquisition of 89.91% of the shares in Westpac Bank–PNG–Limited from Westpac Banking Corporation, Westpac Financial Services Limited and Westpac Securities Administration Limited and the banking operations in Fiji (together, the **Pacific Businesses**) owned and operated by the Fiji branch of Westpac Banking Corporation (**Acquisition**) for the purposes of section 110 of the PNG *Companies Act 1997*, (**Companies Act**) as announced to ASX and PNGX on Monday, 7 December 2020.

Shareholders will be able to participate in the EGM by:

- joining the EGM in real time via our online platform at <https://agmlive.link/KSLEGM21>;
- asking questions of the Board:
  - before the EGM, using the EGM Question Form enclosed with the Notice of Meeting or by lodging questions online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au); and/or
  - during the EGM via the online platform; and
- voting on the three resolutions to be considered at the EGM either by lodging the enclosed Proxy Form before the EGM or by direct voting during the online meeting,

or by a combination of these steps.

Further details of how to participate in the online meeting are set out in the *Notice of Meeting* and in the *Virtual Meeting Online Guide (Online Guide)*. The Online Guide includes details of how to ensure your browser is compatible with the online platform, and a step-by-step guide to logging in, navigating the site, and asking questions and voting at the online EGM.

In the event of a technical issue during the Meeting which we do not anticipate to occur, I will adjourn the Meeting whilst the technical issue is addressed, and the Online Guide sets out the procedures Shareholders will be asked to follow, and the Meeting will be reconvened once the technical issue has been corrected.

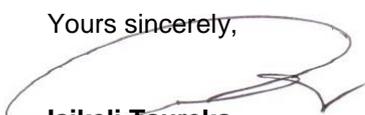
I encourage you to read the enclosed Notice of Meeting (including the Explanatory Memorandum and Online Guide) and the Proxy Form and consider directing your proxy how to vote on each resolution by marking either the **For** box, the **Against** box or the **Abstain** box on the Proxy Form.

If you are unable to participate in the online EGM, I encourage you to complete and return the enclosed Proxy Form no later than 10:00am (Port Moresby time) | (AEST) on Tuesday, 13 April 2021 in one of the ways specified in the Notice of Meeting and the Proxy Form.

Subject to the abstentions noted in the Explanatory Memorandum, the Directors of Kina unanimously recommend that shareholders vote in favour of each resolution.

Thank you for your continued support of Kina and I look forward to your participation and the opportunity to engage with you at the EGM.

Yours sincerely,



**Isikeli-Taureka**  
Chairman

# Notice of Extraordinary General Meeting

**Kina Securities Limited (Company Number: 1-10989 | ARBN 606 168 594) (ASX | PNGX: KSL)**

Notice is hereby given that a new Extraordinary General Meeting (**EGM** or **Meeting**) of shareholders of Kina Securities Limited (**Kina** or the **Company**) will be held:

**Date:** Thursday, 15 April 2021

**Time:** 10:00am (Port Moresby time) | (AEST)

**Venue:** Online only

The Explanatory Memorandum attached to this Notice of Meeting, provides additional information on matters to be considered at the EGM and is hereby incorporated into and forms part of this Notice of Meeting.

Terms and abbreviations used in this Notice are defined in the Definitions Section at the end of the Explanatory Memorandum.

## ORDINARY BUSINESS

### Resolution 1 Ratification of prior issue of Placement Shares - 18 September 2020

To consider and, if thought fit, pass the following as an **ordinary resolution** of the Company:

*“That, pursuant to the Placement, the issue of 13,085,821 fully paid ordinary shares in Kina Securities Limited at an issue price of \$0.80 per share on 18 September 2020, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice, is approved under and for the purposes of ASX Listing Rule 7.4 and PNGX Listing Rule 7.4.”*

### Resolution 2 Ratification of prior issue of Shares - 12 November 2020

To consider and, if thought fit, pass the following as an **ordinary resolution**:

*“That, pursuant to the PNG Offer, the issue of 10,586,036 fully paid ordinary shares in Kina Securities Limited at an issue price of PGK1.97 per share on 12 November 2020, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice, is approved under and for the purposes of ASX Listing Rule 7.4 and PNGX Listing Rule 7.4.”*

### Voting Exclusion Statement - Resolutions 1 and 2

1. In accordance with ASX Listing Rule 14.11 and PNGX Listing Rule 14.11, the Company will disregard any votes cast in favour of Resolutions 1 and 2 by or on behalf of:
  - a) any person who participated in the issue of the Shares under the Placement and the PNG Offer; or
  - b) any associate of such persons referred to above in paragraph 1 (a).
2. However, this does not apply to a vote cast in favour of Resolutions 1 and 2 by:
  - a) a person as proxy or attorney for a person who is entitled to vote on Resolutions 1 and 2, in accordance with directions given to the proxy or attorney to vote on Resolutions 1 and 2 in that way; or
  - b) the Chairman of the Meeting as proxy or attorney for a person who is entitled to vote on Resolutions 1 and 2, in accordance with a direction given to the Chairman of the Meeting to vote on Resolutions 1 and 2 as the Chairman of the Meeting decides; or
  - c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
    - i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on Resolutions 1 and 2; and
    - ii) the holder votes on Resolutions 1 and 2 in accordance with directions given by the beneficiary to the holder to vote in that way.

## SPECIAL BUSINESS

### Resolution 3. Approval of the Acquisition of Pacific Businesses

To consider and, if thought fit, pass the following as a **special resolution**:

*“That, for all purposes, including for the purposes of section 110 of the PNG Companies Act 1997, the shareholders of the Company approve the acquisition by Kina Securities Limited of:*

- 89.91% of the issued shares in Westpac Bank-PNG-Limited held by Westpac Banking Corporation, Westpac Financial Services Limited and Westpac Securities Administration Limited; and
- the banking operations owned and operated by the Fiji branch of Westpac Banking Corporation in Fiji,

*(together, the **Pacific Businesses**) (the **Acquisition**), on the terms and conditions described in the Explanatory Memorandum which forms part of the Notice of Meeting.”*

**Note:** this resolution is a special resolution and can only be passed if at least 75% of the votes cast, in person or by proxy, by members who are entitled to vote on the resolution, vote in favour.

**ANY OTHER BUSINESS**

To consider any other business of the day.

**By order of the Board of Directors**



**Chetan Chopra**  
**Company Secretary**  
24 March 2021

## VOTING PROCEDURES AT THE EGM

### All resolutions will be by poll

As the EGM is being held online only, and in accordance with Article 55.3 of the Constitution, the Chairman intends to demand a poll on each of the resolutions proposed at the EGM.

### Direct voting

In accordance with Article 53.3 of the Constitution, the directors, including the Chairman:

- a) have determined that at the EGM, a Shareholder who is entitled to attend and vote on a resolution at the EGM is entitled to a direct vote in respect of that resolution; and
- b) have approved the use of the Link's online platform as means by which Shareholders may deliver their direct vote.

### Casting your direct vote in real time using Link's online platform

To facilitate Shareholder participation, and in accordance with his powers under Article 53.3 of the Constitution, the Chairman has determined that all Shareholders will have the opportunity to participate in the EGM through Link's online platform at <https://agmlive.link/KSLEGM21>, where all Shareholders will be able to view the EGM live, lodge a direct vote in real time and ask questions online.

In the event of a technical issue during the Meeting which we do not anticipate to occur, the Chairman will adjourn the Meeting whilst the technical issue is addressed, and the Online Guide sets out the procedures Shareholders will be asked to follow, and the Meeting will be reconvened once the technical issue has been corrected.

### Eligibility to Vote

In accordance with Section 106 of the Companies Act and Article 59 of the Constitution, the Board has determined that persons who are registered holders of Shares in the share register of the Company as at 6:00pm (Port Moresby time) | 7:00pm (AEST) on Tuesday, 13 April 2021, being two days before date of Meeting, will be entitled to attend and vote at the EGM.

If more than one joint holder of Shares is present at the EGM (whether online or by proxy) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

### How to Vote

#### Direct vote - prior to the EGM

In accordance with Clause 5 of Schedule 2 of the Companies Act, Shareholders will be able to vote on resolutions considered at the meeting **at any time between the date of this Notice of Meeting and 10.00am (Port Moresby time) | 11:00am (AEST) on Tuesday, 13 April 2021**. For details about how you can submit your Proxy Form, please refer to the section below titled *Submitting your Proxy Form prior to the EGM*.

#### Direct vote - during the EGM using Link's online platform

Shareholders participating in the meeting using Link's online platform at <https://agmlive.link/KSLEGM21> will be able to vote directly **at any time between the commencement of the EGM at 10:00am (Port Moresby time) | 11:00am (AEST) on Thursday, 15 April 2021, and the closure of voting as announced by the Chairman during the EGM**.

More information regarding online participation at the EGM (including how to vote and ask questions online during the EGM) is available in the *Virtual Meeting Online Guide*. The Online Guide will be filed with the ASX and PNGX and will also be available on our website at <https://investors.kinabank.com.pg/Investors/?page=agm>. To ensure your browser is compatible, please follow the instructions in the Online Guide - we recommend confirming this prior to determining whether to participate in the EGM using Link's online platform.

If you lodge a direct vote, you are voting directly and are not appointing a third party, such as a proxy, to act on your behalf. Kina's Direct Voting Regulations governing direct voting are available on the Kina's website at <https://investors.kinabank.com.pg/Investors/?page=agm>. By submitting a direct vote, you agree to be bound by Kina's Direct Voting Regulations.

### Appointment of Proxy

If you are a Shareholder entitled to participate and vote at the EGM, you may appoint an individual or a body corporate as a proxy. If a body corporate is appointed as a proxy, that body corporate must ensure that it appoints a corporate representative in accordance with Clause 9 of Schedule 2 of the Companies Act to exercise its powers as proxy during the EGM.

A proxy need not be a shareholder of the Company.

A Shareholder may appoint up to two proxies and specify the proportion or number of votes each proxy may exercise. If the Shareholder does not specify the proportion or number of votes to be exercised, each proxy may exercise half of the Shareholder's votes.

If you wish to appoint a proxy, please fill out, sign and return the attached Proxy Form as directed by the notes on the Proxy Form.

## Submitting your Proxy Form prior to the EGM

To be effective, the Proxy Form must be received by the Company in the manner set out below.

The Chairman of the Meeting's decision on the validity of a direct vote or vote cast by a proxy, is conclusive and the Company reserves the right to declare invalid any Proxy Form not received in this manner.

For your proxy or direct vote prior to the EGM to be effective, your completed Proxy Form must be received by Link no later than **10.00am (Port Moresby time) | (AEST) on Tuesday, 13 April 2021**. After this time, you will still be able to vote during the EGM by submitting your direct vote using Link Group's online platform.

Voting Forms must be received before that time by one of the following methods:

	<b>Australia</b>	<b>PNG</b>
By post:	Kina Securities Limited C/- Link Market Services Limited Locked Bag A14 Sydney South NSW 1235 Australia	Kina Securities Limited C/- PNG Registries Limited PO Box 1265 Port Moresby NCD Papua New Guinea
By facsimile:	+61 2 9287 0309	+675 321 6379
By delivery in person:	Link Market Services Limited 1A Homebush Bay Drive Rhodes NSW 2138	PNG Registries Limited Level 4, Cuthbertson House Cuthbertson Street Port Moresby NCD Papua New Guinea
Online:	<a href="http://www.linkmarketservices.com.au">www.linkmarketservices.com.au</a>	<a href="mailto:brenda@online.net.pg">brenda@online.net.pg</a>

## Power of Attorney

A Proxy Form and the original Power of Attorney (if any) under which the Proxy Form is signed (or a certified copy of that Power of Attorney or other authority) must be received by the Company no later than **10.00am (Port Moresby time) | (AEST) on Tuesday, 13 April 2021**, being 48 hours before the EGM.

## Impact of your Proxy Appointment on your Proxy Voting Instructions

If you appoint the Chairman of the Meeting as your proxy, or the Chairman becomes your proxy by default, and you do not direct your proxy how to vote on Resolutions 1 and 2, then by submitting the proxy appointment you will be expressly authorising the Chairman to exercise your proxy on the relevant resolution.

## The Chairman's voting intentions

The Chairman intends to vote undirected proxies on, and in favour of, each of the proposed resolutions.

## Questions from Shareholders

Shareholders who are unable to participate in the Meeting via the online platform, may prefer to register questions in advance, and are invited to do so. Please log onto [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au), select 'Voting' then click 'Ask a Question', or alternatively submit the enclosed **EGM Question Form**.

To allow time to collate questions and prepare answers, please submit any questions by 5:00pm (Port Moresby time) (AEST) on Friday, 9 April 2021, (being no later than the fifth Business Day before the EGM is held).

Questions will be collated and, during the EGM, the Chairman will seek to address as many of the more frequently raised topics as possible. However, there may not be sufficient time available at the EGM to address all topics raised. Please note that individual responses will not be sent to Shareholders.

## Enclosures

Enclosed are the following documents:

- a *Proxy Form* to be completed if you would like to be represented at the EGM by a proxy. Shareholders are encouraged to use the online voting facility that can be accessed on Kina Securities Limited's share registry's website at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) to ensure the timely and cost effective receipt of your Proxy Form;
- an *EGM Question Form* to be completed if you would like a specific question to be addressed by the Chairman of the Meeting or Deloitte (our external auditor) at the EGM; and
- a *Reply Paid Envelope* for you to return either or both the Proxy Form and EGM Question Form.

## EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared to assist shareholders of the Company in considering each of the Resolutions set out in the Company's Notice of Extraordinary General Meeting. This Explanatory Memorandum forms part of the Company's Notice of Extraordinary General Meeting to be held at **10.00am (Port Moresby time) | (AEST) on Thursday, 15 April 2021**.

The purpose of this Explanatory Memorandum is to provide Shareholders with information that is reasonably required by Shareholders to decide how to vote upon the Resolutions. The Company's Notice of Extraordinary General Meeting and this Explanatory Memorandum should be read in their entirety and in conjunction with each other.

Terms and abbreviations used in this Explanatory Statement are defined in the Definitions Section at the end of the Explanatory Statement.

Subject to the abstentions noted below, the Directors unanimously recommend Shareholders vote in favour of each Resolution. The Chairman of the Meeting intends to vote all available undirected proxies in favour of each Resolution.

Resolutions 1 and 2 are Ordinary Resolutions, which requires a simple majority of votes cast by Shareholders present and entitled to vote on the Resolution. Resolution 3 is a Special Resolution which requires at least 75% of the votes cast by Shareholders present and entitled to vote on the Resolution, to vote in favour of the Resolution.

### ORDINARY BUSINESS

**Resolution 1 Ratification of prior issue of Shares under the Placement - 18 September 2020 and**

**Resolution 2 Ratification of prior issue of Shares under the PNG Offer - 12 November 2020**

#### Placement

On 14 September 2020, the Company announced that it had successfully completed a placement to existing Shareholders and new sophisticated and professional investors of 13,085,821 Shares at A\$0.80 per share under the Placement.

#### PNG Offer

On 12 November 2020, the Company announced that it had successfully completed an offer to eligible PNG shareholders of 1 new Share for every two Shares held at an offer price of PGK1.97 per new Share and issued 10,586,036 Shares at an issue price of PGK1.97 per Share under the PNG Offer.

#### Purpose of Resolutions 1 and 2

As a result of the issues of the Shares under the Placement and the PNG Offer, 23,671,857 Shares have been issued at an issue price of A\$0.80 / PGK1.97 per Share, pursuant to ASX Listing Rule 7.1 and PNGX Listing Rule 7.1.

#### Listing Rules Requirements

ASX Listing Rule 7.1 and PNGX Listing Rule 7.1 prohibit the Company (subject to certain exceptions such as pro-rata issues) from issuing or agreeing to issue equity securities (such as Shares and Options) representing more than 15% of the Company's total issued securities, during a rolling 12-month period, without Shareholder approval (**15% Threshold**).

ASX Listing Rule 7.4 and PNGX Listing Rule 7.4 provide that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 and PNGX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1 and PNGX Listing Rule 7.1), those securities will be treated as having been made with Shareholder approval for the purpose of ASX Listing Rule 7.1 and PNGX Listing Rule 7.1.

The Placement and the PNG Offer was made within the 15% Threshold permitted under ASX Listing Rule 7.1 and PNGX Listing Rule 7.1 without Shareholder approval. Accordingly, the Company is seeking approval of Resolutions 1 and 2 for the purposes of ASX Listing Rule 7.4 and PNGX Listing Rule 7.4, to enable the Company to refresh its issuing capacity under ASX Listing Rule 7.1 and PNGX Listing Rule 7.1, thereby providing the Company with the flexibility to issue equity securities in the future up to the 15% Threshold set out in ASX Listing Rule 7.1 and PNGX Listing Rule 7.1, without the requirement to obtain prior Shareholder approval if the need arises in the next 12 months.

If Shareholders approve Resolutions 1 and 2, the issue of Shares under the Placement and the PNG Offer will be excluded in calculating Kina's 15% limit in ASX Listing Rule 7.1 and PNGX Listing Rule 7.1, effectively increasing the number of equity securities it can issue without Shareholder approval over the 12-month period following the issue of the Shares.

If Shareholders do not approve either of Resolutions 1 and 2, the issue of Shares under the Placement and the PNG Offer will be relevantly included in calculating Kina's 15% limit in ASX Listing Rule 7.1 and PNGX Listing Rule 7.1, effectively decreasing the number of equity securities it can issue without Shareholder approval over the 12-month period following the issue of the Shares.

#### Technical Information under Listing Rules

For the purposes of ASX Listing Rule 7.5 and PNGX Listing Rule 7.5, the following information is provided:

- a) on:
- i) 18 September 2020, 13,085,821 Shares were issued at a price of A\$0.80 per Share under the Placement; and
  - ii) 12 November 2020, 10,586,036 Shares were issued at a price of PGK1.97 per Share under the PNG Offer.

- b) the Shares issued under the Placement and the PNG Offer were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares, and rank equally with all other existing Shares.
- c) the proceeds of the Placement and the PNG Offer will be used to expand the capital base of the bank, enabling it to further pursue growth opportunities in the SME sector & fund additional strategic projects which will enhance Kina's digital leadership in PNG.
- d) the Shares were issued under the Placement and the PNG Offer pursuant to Kina's 15% placement capacity in accordance with ASX Listing Rule 7.1 and PNGX Listing Rule 7.1.
- e) the Shares under the Placement were issued to existing Shareholders and new sophisticated and professional investors identified by Morgans Corporate Limited (**Morgans**) as Lead Manager, through a book-build process which involved Morgans undertaking a comprehensive marketing process and seeking expressions of interest to participate in the placement from non-related parties of the Company. None of the existing Shareholders and new sophisticated and professional investors are a related party of the Company, a member of the Company's key management personnel, a substantial holder in or an advisor to the Company or an associate of any of them.
- f) the Shares under the PNG Offer were issued to existing eligible PNG Shareholders. None of the participants under the PNG Offer are a related party of the Company, a member of the Company's key management personnel, a substantial holder in or an advisor to the Company or an associate of any of them, other than Deepak Gupta: 17,851 Shares.
- g) a Voting Exclusion Statement accompanies Resolutions 1 and 2 in the Notice of Meeting.

### **Recommendations of Directors**

***The Directors unanimously recommend Shareholders vote in favour of Resolutions 1 and 2***

### **SPECIAL BUSINESS**

#### **Resolution 3 Approval of the Acquisition of Pacific Businesses**

##### **Background**

On 7 December 2020, the Company announced to the Australian Securities Exchange (**ASX**) and the PNG National Stock Exchange (**PNGX**) (**Market Announcement**) that it had entered into sale and purchase agreements (**Definitive Agreements**) to acquire:

- 89.91% of the issued shares in Westpac Bank-PNG-Limited held by Westpac Banking Corporation, Westpac Financial Services Limited and Westpac Securities Administration Limited; and
- the banking operations and business owned and operated by the Fiji branch of Westpac Banking Corporation in Fiji,

(together, the **Pacific Businesses**) (the **Acquisition**).

Post completion of the Acquisition, Kina will consider making an offer for the acquisition of the shares held by the remaining shareholders in Westpac Bank-PNG-Limited (i.e. 10.09% of the shares). This further acquisition of shares in Westpac Bank-PNG-Limited will be subject to Kina's normal business considerations and due diligence.

A summary of the key terms of the Definitive Agreements is contained below.

##### **Reason for Shareholder approval sought**

Section 110 of the Companies Act provides that a company shall not enter into a 'major transaction' unless the transaction is approved by special resolution of shareholders or entry into the transaction is contingent on shareholder approval by way of a special resolution. A 'major transaction' is defined in the Companies Act as including "the acquisition of, or an agreement to acquire, whether contingent or not, assets the value of which is more than half the value of the assets of the company before the acquisition."<sup>1</sup>

As stated above, Kina entered into the Definitive Agreements on 7 December 2020 and the Acquisition constitutes a 'major transaction' for the purposes of the Companies Act. As set out in the Market Announcement, the Acquisition will have a significant impact on Kina's current business, as follows:

- Total customers will increase from 165,000 to more than 850,000, an increase of approx. 415%;
- Net Loans will increase from approx. PGK 1.42 billion to more than PGK 5.3 billion, an increase of approx. 275%;
- Deposits will increase from approx. PGK 2.52 billion to more than PGK 8.0 billion, an increase of approx. 218%; and
- Total assets will increase from approx. PGK 3.0 billion to more than PGK 10.0 billion, an increase of approx. 333%.

Accordingly, Shareholders are being asked, by special resolution, to approve the Acquisition as a 'major transaction' under section 110 of the Companies Act. The sale agreement in respect of the Fiji business to be acquired is conditional on such approval.

<sup>1</sup> Section 110 (2)(a) PNG Companies Act 1997

## Special resolution

Special resolution is defined in section 2(1) of the Companies Act as a resolution approved by a majority of 75% or, where a higher majority is required by the constitution, that higher majority, of the votes of those shareholders entitled to vote and voting on the question.

The Constitution of Kina provides that the definition of 'special resolution' has the meaning given to it by section 2(1) of the Companies Act.

Accordingly, Resolution 3 requires at least 75% of the votes cast by Shareholders present and entitled to vote on Resolution 3, to vote in favour of Resolution 3.

## Acquisition Price

Kina has entered into Definitive Agreements with Westpac Banking Corporation, Westpac Financial Services Limited and Westpac Securities Administration Limited to acquire the Pacific Businesses for up to A\$420 million / K1,036 million<sup>2</sup>, including A\$60 million payable in three A\$20 million six monthly instalments after completion for Westpac PNG, and up to A\$45 million of future earn-outs to be paid annually over the 24 months following completion, subject to business performance hurdles based on actual performance of the Fiji business (**Purchase Price**). Kina has paid a deposit of A\$42 million / K110 million<sup>3</sup> upon execution of the Definitive Agreements.

The Purchase Price equates to 0.79 times book value of the Pacific Businesses as at 30 June 2020.

The Purchase Price comprises:

- a) A\$315 million in cash being:
  - i) A\$42 million deposit paid, plus;
  - ii) A\$273 million on completion.
- b) A\$60 million of retained earnings in the PNG business being paid in A\$20 million six monthly instalments after completion; and
- c) up to A\$45 million earn-out from the Fijian business in two annual instalments over the 24 months following completion, subject to business performance hurdles based on actual performance of the Fiji business between 30 June 2020 and 30 June 2021, and between 30 June 2021 and 30 June 2022.

It is anticipated that the balance of the Purchase Price (A\$273 million) payable on completion, will be funded by a combination of:

- existing cash reserves (approx. A\$58 million being A\$100 million as at 7 December 2020 less the deposit paid);
- cashflow from ordinary operations; and
- investment from strategic investors including multilateral development banks via tier two subordinated debt facilities and placement of equity.

## Completion

Completion of the Acquisition, which is expected by 30 September 2021, is conditional on securing regulatory approvals in both PNG and Fiji as detailed below. The process to secure the approvals in PNG and Fiji has commenced and as at date of this Notice, the process is underway.

## Strategic Rationale

The Acquisition of the Pacific Businesses supports Kina's strategic objectives to deliver greater value to customers and Shareholders by developing a more resilient and sustainable group.

In particular, the Acquisition will:

- **Scale and growth:** transform Kina Bank from a leading digital bank in PNG to an "at scale regional bank". The existing technology hub of Westpac in Fiji will assist Kina to remain at the forefront of digital banking in PNG (and now, the region) and to leverage the subsequent scale to reduce the cost to income ratio of the group.
- **Expand the capital base:** position Kina Bank for strong growth in the future as a competitor and market disruptor.
- **Infrastructure and capability uplift enabling growth and efficiency:** enable Kina Bank to leverage the existing infrastructure and technology in the Pacific Businesses to improve efficiency and create a digital hub for the expanded group, providing Kina Bank with enhanced information and communication technology ("ICT") capabilities. This will support the acceleration of the existing digital innovation strategy that reaches out to 2025.
- **Group portfolio diversification:** further diversify the existing business both geographically and demographically, supporting Kina Bank's strategic objectives around risk, growth and financial inclusion.
- **Strategic optionality for future expansion:** with an expanded footprint, enhanced ICT and digital optionality, provide for a more efficient operating model and act as a platform to support future growth within the broader region.

<sup>2</sup> Exchange rate of 1 PGK / 0.4055 AUD

<sup>3</sup> Exchange rate of 1 PGK / 0.3800 AUD

## Synergies

The integration of Kina and the Pacific Businesses is expected to enable synergies in the future. Initiatives to deliver on future synergies are expected to be implemented in the first year following completion of the Acquisition.

## Integration

Kina and Westpac are developing a comprehensive separation plan timed around the prerequisite regulatory approvals. There will be no complex migration of customer information across platforms as the core banking infrastructure and associated ICT is being acquired. One of the key features of the Acquisition is that it is essentially 'turn-key' and Kina will assume ownership and operation of the Pacific Businesses effective from the completion date with no required transitional services agreements.

## Key terms of the Definitive Agreements

The key terms of the Definitive Agreements are as follows:

### **PNG Sale and Purchase Agreement**

No.	Key Term	Description
1.	<b>Parties</b>	Kina, Westpac Banking Corporation, Westpac Financial Services Limited and Westpac Securities Administration Limited.
2.	<b>Structure</b>	Sale of 89.91% of the shares in Westpac Bank-PNG-Limited held by Westpac Banking Corporation, Westpac Financial Services Limited and Westpac Securities Administration Limited to Kina.
3.	<b>Interdependence</b>	Completion under the PNG SPA and completion under the Fiji SPA are interdependent and simultaneous.
4.	<b>Conditions Precedent</b>	Completion is subject to the satisfaction or waiver of Conditions Precedent which include the following: <ul style="list-style-type: none"><li>o written confirmation, with or without conditions, from the Bank of Papua New Guinea in accordance with section 20 of the Banks and Financial Institutions Act 2000 confirming that it has no objection to the Acquisition.</li><li>o confirmation from the PNG Investment Promotion Authority that, following completion, it will issue to Westpac Bank-PNG-Limited a certificate, with or without conditions, in accordance with sections 28 and 32 of the <i>Investment Promotion Act 1992</i>.</li><li>o written confirmation, with or without conditions, from the Independent Consumer and Competition Commission that it has cleared the Acquisition under section 81 of the <i>Independent Consumer and Competition Commission Act 2002</i>.</li><li>o In connection with any new issues of securities by Kina for the purpose of equity funding in part the Purchase Price, Kina having obtained the approval of holders of its ordinary securities under Listing Rule 7 relating to 'Changes in capital and new issues' in accordance with the requirements of ASX or PNGX as applicable.</li><li>o Kina having entered into binding contractual arrangements (in a form satisfactory to both parties, acting reasonably) under which Kina will refinance the Westpac London Loan (as defined below) with effect on and from completion.</li><li>o Kina obtains the approval of holders of its ordinary securities in accordance with the requirements under section 110 of the Companies Act.</li></ul>
5.	<b>Conditions Precedent End Date</b>	The Conditions Precedent End Date is 30 September 2021 unless extended by mutual agreement between the parties.
6.	<b>Purchase Price</b>	The Purchase Price includes a deposit payable on signing and deferred consideration payable in 3 equal 6 monthly instalments following completion, and is subject to a standard post-completion adjustment (based on net asset value).
7.	<b>Westpac London Loan</b>	Kina will seek to enter into binding contractual arrangements (in a form satisfactory to Kina and Westpac), under which Kina will refinance the loan agreement between Westpac Bank-PNG-Limited and Westpac's London branch ( <b>Westpac London Loan</b> ) with effect from the date of completion.
8.	<b>Customer Loans</b>	On and from completion, Kina will fund the business, including any customer loans.
9.	<b>Pre-Completion Separation Plan and Committee</b>	A Pre-Completion Separation Committee (with an equal number of representatives representing both Kina and Westpac) will be established to oversee the pre-completion separation plan.
10.	<b>Warranties/ Representations</b>	Westpac has provided a number of warranties and representations which are considered standard for a transaction of this nature.
11.	<b>Termination</b>	The PNG SPA may be terminated for Condition Precedent failure, insolvency of either party and for Kina's material breach. In addition, the PNG SPA will automatically terminate if the Fiji SPA terminates.

### **Fiji Sale and Purchase Agreement**

No.	Key Term	Description
1.	<b>Parties</b>	Kina and Westpac Banking Corporation
2.	<b>Structure</b>	Sale of the business assets and liabilities of the Fiji branch of Westpac Banking Corporation ( <b>WBC</b> ) in Fiji to Kina. Parties will use all reasonable endeavours to achieve completion by way of a legislative bank transfer to be effected by an Act of Fijian parliament. However, WBC may, in its absolute discretion, elect to effect completion by way of a branch novation instead.
3.	<b>Interdependence</b>	Completion under the Fiji SPA and completion under the PNG SPA are interdependent and simultaneous.

No.	Key Term	Description
4.	<b>Conditions Precedent</b>	<p>Completion is subject to the satisfaction or waiver of Conditions Precedent which include the following:</p> <ul style="list-style-type: none"> <li>○ Kina having received a Foreign Investment Registration Certificate, with or without conditions, from Investment Fiji under the <i>Foreign Investment Act 1999</i>.</li> <li>○ The Reserve Bank of Fiji (<b>RBF</b>): <ul style="list-style-type: none"> <li>• approving (with or without conditions) in writing for all purposes, including under the <i>Banking Act 1995</i>, Kina undertaking the Acquisition; and</li> <li>• agreeing in writing to irrevocably release and discharge Westpac with effect on and from completion from all obligations under or in connection with funding any obligation or liability incurred by the business, including under the existing guarantee provided by WBC in favour of RBF and the <i>Banking Act 1995</i>.</li> </ul> </li> <li>○ The RBF having given approval, subject to Westpac obtaining Tax Clearance, for payment of the Purchase Price to Westpac in Australia in AUD pursuant to the <i>Exchange Control Act Cap 211</i> (Fiji), on terms acceptable to WBC.</li> <li>○ confirmation from the ASX and PNGX that neither ASX or PNGX will require Kina to obtain the approval of holders of its ordinary securities under Listing Rules 11.1 or 11.2 relating to 'Change to activities'.</li> <li>○ In connection with any new issues of securities by Kina for the purpose of equity funding in part the Purchase Price, the Purchaser having obtained the approval of holders of its ordinary securities under Listing Rule 7 relating to 'Changes in capital and new issues' in accordance with the requirements of ASX or PNGX as applicable.</li> <li>○ Kina having received authorisation, with or without conditions, from the Fiji Consumer and Competition Commission to Acquisition under the <i>Fijian Consumer and Competition Commission Act 2010</i>.</li> <li>○ The Minister of Lands, Director of Lands and iTaukei Land Trust Board approving the sale of Westpac Fiji sites on terms reasonably acceptable to WBC.</li> <li>○ Kina having entered into binding contractual arrangements (in a form satisfactory to Kina and Westpac) under which Kina will refinance the Westpac London Loan with effect on and from the date of completion.</li> </ul>
5.	<b>Conditions Precedent End Date</b>	The Conditions Precedent End Date is 30 September 2021 unless extended by mutual agreement between the parties.
12.	<b>Purchase Price</b>	The Purchase Price includes a deposit payable on signing and, subject to meeting business performance hurdles, annual earn out payments over a 24-month period following completion, and is subject to a standard post-completion adjustment (based on net asset value).
6.	<b>Excluded Assets</b>	<p>The excluded assets are:</p> <ul style="list-style-type: none"> <li>○ any future income tax benefits to which Westpac is entitled;</li> <li>○ any of the assets that Westpac and Kina agree in writing shall not be transferred;</li> <li>○ any assets that do not relate solely to the business of the branch;</li> <li>○ certain excluded contracts; and</li> <li>○ certain excluded services.</li> </ul> <p>The excluded employees are secondees and expatriates employed by Westpac or a Westpac group member (other than those specifically agreed between the parties and that accept an offer of employment from Kina).</p>
7.	<b>Westpac London Loan</b>	Kina will seek to enter into binding contractual arrangements (in a form satisfactory to Kina and Westpac) under which Kina will refinance the loan agreement between WBC's Fiji branch and London branch (the <b>Westpac London Loan</b> ) with effect from the date of completion.
8.	<b>Customer Loans</b>	On and from completion, Kina will be required to fund the business, including any customer loans
9.	<b>Pre-Completion Separation Plan and Committee</b>	The parties will establish a Pre-Completion Separation Committee (with an equal number of representatives representing both Kina and Westpac) to oversee implementation of a pre-completion separation plan.
10.	<b>Litigation Liabilities</b>	On and from the execution date of the Fiji SPA, Kina is responsible for all actual, potential or contingent claim, demand, legal proceeding or cause of action relating to the branch of Westpac in Fiji.
11.	<b>Warranties/ Representations</b>	Westpac has provided a number of warranties and representations which are considered standard for a transaction of this nature.
12.	<b>Termination</b>	The Fiji SPA may be terminated for Condition Precedent failure, insolvency of either party and for Kina's material breach. In addition, the Fiji SPA will automatically terminate if the PNG SPA terminates.

## Recommendations of Directors

***The Directors unanimously recommend Shareholders vote in favour of Resolution 3.***

## **DEFINITIONS**

Unless the context requires otherwise, the following words shall have the following meanings in this Explanatory Memorandum, the Notice of Meeting and the Proxy Form:

**Acquisition** means Kina's acquisition of 89.91% of the shares in Westpac Bank–PNG–Limited from Westpac Banking Corporation, Westpac Financial Services Limited and Westpac Securities Administration Limited and the banking operations in Fiji from the Fiji branch of Westpac Banking Corporation.

**AEST** means Australian Eastern Standard Time.

**ASX** means the Australian Securities Exchange.

**ASX Listing Rules** means the Listing Rules of the ASX, as amended from time to time.

**Board** means the board of Directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX or PNGX declares is not a business day.

**Chairman** means the chair of the Meeting.

**Companies Act** means the PNG Companies Act 1997.

**Company (or Kina)** means Kina Securities Limited Company No. 1-10989 | ARBN 606 168 594.

**Constitution** means the Company's constitution.

**Definitive Agreements** means the following sale and purchase agreements dated 7 December 2020 for the Acquisition being:

- the sale and purchase agreement between Kina, Westpac Banking Corporation, Westpac Financial Services Limited and Westpac Securities Administration Limited for 89.91% of the issued shares in Westpac Bank–PNG–Limited; and
- the sale and purchase agreement between Kina and Westpac Banking Corporation for the banking operations owned and operated by the Fiji branch of Westpac Banking Corporation in Fiji.

**Directors** means the current directors of the Company.

**Explanatory Memorandum** means the explanatory memorandum accompanying this Notice.

**Fiji SPA** means the sale and purchase agreement between Kina and Westpac Banking Corporation for the banking operations owned and operated by the Fiji branch of Westpac Banking Corporation in Fiji dated 7 December 2020.

**Market Announcement** means the market announcement made by Kina on 7 December 2020 to the ASX and the PNGX relating to the Acquisition.

**Meeting** or **EGM** means the meeting convened by this Notice.

**Notice** or **Notice of Meeting** means this Notice of extraordinary general meeting dated 24 March 2021.

**Online Guide** means the *Virtual Meeting Online Guide* that accompanies this Notice.

**Options** means an options to acquire Shares in the Company.

**Pacific Businesses** means the following businesses:

- 89.91% of the shares in Westpac Bank–PNG–Limited held by Westpac Banking Corporation, Westpac Financial Services Limited and Westpac Securities Administration Limited; and
- the banking operations in Fiji owned and operated by the Fiji branch of Westpac Banking Corporation.

**Placement** means the placement conducted by Kina on 18 September 2020 of 13,085,821 Shares at A\$0.80 per Share to institutional investors.

**PNG** means Papua New Guinea.

**PNG Offer** means the issue of shares on 12 November 2020 of 10,586,036 Shares at a price of PGK1.97 per Share pursuant to the retail offer in PNG, as announced by Kina on 10 September 2020 and the results of which were announced to ASX and PNGX on 11 November 2020.

**PNG SPA** means the sale and purchase agreement between Kina, Westpac Banking Corporation, Westpac Financial Services Limited and Westpac Securities Administration Limited for 89.91% of the issued shares in Westpac Bank–PNG–Limited dated 7 December 2020.

**PNGX** means the PNGX Markets Limited.

**PNGX Listing Rules** means the Listing Rules of the PNGX, as amended from time to time.

**Proxy Form** means the proxy form attached to this Notice.

**Resolution** means a resolution contained in this Notice.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means the holder of a Share.

**Westpac** means Westpac Banking Corporation (ABN 33 007 457 141).