



Crown Paints Kenya PLC
Company Registration No.6/93
(the Company)

PUBLIC NOTICE

DISCLOSURE OF THE TERMS OF CROWN PAINTS KENYA PLC'S RIGHTS ISSUE, 2021

1 First Announcement

- 1.1 On 6 October 2020, the Company's Board of Directors (the **Board**), together with its subsidiaries, the **Group**, announced that it proposes to raise gross proceeds of approximately KES 711,810,000 million (net of expenses) by way of a rights issue (the **Rights Issue**), subject to regulatory and shareholder approval.
- 1.2 The purpose of the Rights Issue is to bring the Group's indebtedness to a more sustainable level and to position it to take advantage of its long-term growth opportunities and gain market share in the East African region. While the Company's business outlook in Kenya is secure, its subsidiaries (Crown Paints Tanzania Limited, Regal Paints Uganda Limited and Crown Paints Rwanda Limited) performance for over the last few years has remained depressed due to the adverse competitive environment which has led to the Company supporting the subsidiaries financially. Despite the enhanced regional integration in the East African Community, there remain challenges in the respective paint markets thereby negatively impacting the financial performance of the subsidiaries.

2 Transaction Advisors

- 2.1 The Company subsequently appointed Faida Investment Bank Limited as the transaction adviser and sponsoring broker.
- 2.2 Other advisors include:
- 2.2.1 Ernest & Young LLP as the reporting accountant;
- 2.2.2 Custody and Registrars Services Limited as the share registrar;
- 2.2.3 Anjarwalla and Khanna LLP as the legal advisor; and
- 2.2.4 Kenya Commercial Bank Limited as the receiving bank.

3 Approval by the Shareholders

- 3.1 On 30 October 2020, at the 63rd annual general meeting of the Company held virtually, the shareholders of the Company resolved by a majority that:

"THAT by way of special resolution, the directors be and are hereby authorized to carry out a rights issue for the allotment and issuance of the additional seventy one million one hundred and eighty one thousand (71,181,000) ordinary shares in the Company, subject to any required regulatory approvals including but not limited to the Capital Markets Authority, by way of rights to the holders of the issued ordinary shares in the Company registered at the close of business on such date and at such price as shall be determined by the directors and on such terms and considerations as the directors may determine".

4 Approval by the Capital Markets Authority

The Company is pleased to announce that it received Capital Markets Authority (CMA) approval for the Rights Issue on 5 May 2021.

5 Approval of the Nairobi Securities Exchange

The Company is in contact with the Nairobi Securities Exchange (NSE) regarding obtaining NSE approval. Once the NSE approval is received the approval shall be promptly uploaded on the Company's website (www.crownpaints.co.ke).

6 Key Features of the Company's Rights Issue

- 6.1 The Company's shareholders will have the right to subscribe for one (1) new ordinary share for every one (1) existing ordinary shares.
- 6.2 The Company intends to raise KES 711,810,000 million (before expenses) by way of issuing 71,181,000 new ordinary shares at par value of KES 5 each and a rights issue price of KES 10 per new ordinary share.
- 6.3 The Company's share price as at 18 May 2021 traded on the NSE at a high KES 40 per share and at a low of KES 36 per share. The Company's deeply discounted rights issue price is intended to be attractive and should help to ensure the success of the Rights Issue.
- 6.4 The additional 71,181,000 new ordinary shares of the Company will be designated as ordinary shares and will rank *pari passu* in all respects with the existing ordinary shares of the Company including the right to vote in general meetings and to receive dividends and other distributions payable in respect of the existing ordinary shares of the Company.
- 6.5 The full particulars of the Rights Issue will be set out in the Information Memorandum that will be available from Tuesday, 8 June 2021, (please refer to the timetable at section 8 below) on the Company's website (www.crownpaints.co.ke). An abridged Information Memorandum will be sent to all the Company's shareholders.

7 Register Closure Date

The Board of Directors of the Company announces the register closure date (Record Date) as Monday, 31 May 2021 for purposes of determining the shareholder register that will receive their Entitlements (as defined in the Information Memorandum).

8 Rights Issue Timetable

8.1 Set out below is the Rights Issue timeline:

No.	Item	Timeline
1.	Record Date	Monday, 31 May 2021
2.	Circulation of Information Memorandum and ancillary documents on Rights Issue to Eligible Shareholders.	Tuesday, 8 June 2021
3.	Upload of entitlement into CDSC accounts	Wednesday, 9 June 2021
4.	Opening date of the Rights Issue	Thursday, 10 June 2021
5.	Commencement of trading of Rights on the NSE	Thursday, 10 June 2021
6.	Last day of renunciation by way of private transfer (Private Transfer Renunciation Date)	Wednesday, 23 June 2021
7.	Last date for trading of nil paid Rights on the NSE	Wednesday, 23 June 2021
8.	Rights Issue Closes Last date of submission of PALs, and Application Money or Bank Guarantee	Wednesday, 30 June 2021
9.	Final Date for confirmation of payment for New Shares to Receiving Bank for applications against Irrevocable Bank Guarantees	Wednesday, 14 July 2021
10.	Announcement of Rights Issue results	Wednesday, 14 July 2021
11.	Update of the Register and electronic crediting of CDSC accounts with New Shares	Thursday, 15 July 2021
12.	Refund of amounts in respect of where applications for the New Shares is in excess of the Additional Shares	Thursday, 15 July 2021
13.	Date of listing and commencement of trading of the New Shares on the NSE	Thursday, 15 July 2021

The timetable set out above should be read with the following caveats:

- 8.2.1 if any date falls on a day which is not a business day, the applicable date shall be the next business day;
- 8.2.2 the dates set out above are indicative only and may be changed at the discretion of the Board subject to the approval of the CMA; and
- 8.2.3 the Company reserves the right, subject to the CMA's approval to close the offer period early, to extend the closing date or to withdraw the offer. Any extension of the closing date will have a consequential effect on the date of the issue of new ordinary shares. Any changes or amendments shall be announced/published in the media.
- #### 9 Disclaimer
- 9.1 The CMA does not assume responsibility for the correctness of any statements or opinions made or reports contained in this public notice or the Information Memorandum or the Abridged Information Memorandum to be issued by the Company. CMA's approval of the Rights Issue and/or listing is not to be taken as an indication of the merits of the Company or its securities.
- 9.2 The NSE assumes no responsibility for the correctness of any of the statements made or opinions or reports expressed in this public notice or the Information Memorandum to be issued by the Company. Admission to the official list of the NSE is not to be taken as an indication of the merits of the Company or of the new ordinary shares.
- 9.3 This announcement does not constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell, otherwise dispose of or issue, or any solicitation of any offer to sell, otherwise dispose of or issue, purchase otherwise acquire to subscribe for, any security in the capital of the Company.

BY ORDER OF THE BOARD

Conrad Nyukuri
Company Secretary

Date: 19th May 2021