

SUMMARY OF PROPOSED INVESTMENT (SPI)

Disclaimer

This Summary of Proposed Investment is prepared and distributed to the public in advance of the IFC Board of Directors' consideration of the proposed transaction. Its purpose is to enhance the transparency of IFC's activities, and this document should not be construed as presuming the outcome of the Board decision. Board dates are estimates only.

Project Identification:

<i>Country:</i> Papua New Guinea	<i>Project Name:</i> KK Kingston	<i>Project No.:</i> 28111
<i>Region:</i> ASIA		<i>Environment Category:</i> B - Limited
<i>Company Name:</i> K.K. Kingston Limited		
<i>Project Business Sector:</i> M-DB - Industrial Machinery		<i>Project Status:</i> Active

Parent Project Identification:

Parent ID:	
Parent Short Name:	
Parent Relationship:	No Relationship

Document Status:

Date Disclosed	
Date Revised SPI Disclosed (if appropriate)	
Enter Projected Board Date [or internal management date]	
Date of Clearance by client for factual accuracy	


Description of the Project:

Company Description

KK Kingston Limited (the "Company") is one of Papua New Guinea's leading privately owned companies. The Company is PNG based and has leading positions in businesses such as (i) supplying industrial equipments (including rental of capital equipments) and after-sale services; (ii) manufacturing of plastic bottles, caps and food trays; (iii) manufacturing of rotational-moulded industrial plastic products; (iv) manufacturing of paper products; (v) manufacturing of chemical products; (vi) bottling and distributing of cooking oil; and (vii) importing finished goods for re-sale in the PNG retail market.

Project Description

The Project consists of supporting the Company's capital expenditures program over the next 2 years and the restructuring plan of its equity base. The capital expenditures program includes (i) refurbishing existing plants and equipments to support the growth of the Company; (ii) replacing existing motor vehicles; and (iii) fitting out the new Port Moresby premise.

	Project ID 28111	
	Summary of Proposed Investment	
	11/5/2009	
	Version 0.13	Official Use Only

Project Sponsor and Major Shareholders of Project Company:

Keith Kingston (the “Sponsor”) came to PNG from Australia some 40 years ago, first as a boiler-maker then an importer of work-wear and work-boots. In 1972 he established KK Kingston and the Company has since developed into a diversified conglomerate with a strong reputation within PNG. Keith Kingston is currently the 100% shareholder of the Company.

Total Project Cost and Amount and Nature of IFC’s Investment:

Total project cost is estimated to be Papua New Guinea Kina (“Kina”) 20 million and IFC proposes providing equity financing of up to Kina10 million.

Location of Project and Description of Site:

The Company has three sites in Lae and two sites in Port Moresby. The sites in Lae are used for the manufacturing of plastics products, chemical products, paper products, rotational moulded products, bottling of cooking oil, as well as providing warehouse and showroom spaces. The sites in Port Moresby are used for manufacturing of plastics products, as well as providing warehouse and showroom spaces.

Anticipated Development Impact of the Project:

Demonstration Effect

The new ownership structure including external shareholders will be a key step for the Company to access the public market in the future. In addition, the Project will support the formalization of the corporate governance practices of a family-owned private company. The positive impact that good corporate governance practices have on the Company’s performance will send a strong message to the market.

Import Substitution

As a leading manufacturer of tissue paper, cooking oil, household chemicals and plastic products, the Company is one of PNG’s main producers of products that would otherwise be imported. The Company’s continued growth will be an important contributor to import substitution.

Employment Creation

The Company currently employs about 550 people in its Lae and Port Moresby operations, 95% of whom are local PNG citizens. As the Company continues to expand it is expected to create additional employment opportunities.

IFC’s Expected Development Contribution:


Long-term Growth Capital

IFC will provide long-term growth capital, something which is not easily accessible within PNG, to support the growth of the Company. In addition, IFC is expected to play a key role in the formalization of corporate governance practices and provides guidance on environmental, social, health and safety matters.

Improved Corporate Governance practices

IFC is expected to play a key role in the formalization of corporate governance practices of the Company. IFC will engage and provide guidance in formulating and implementation of these practices and, as an equity investor, participate in the corporate governance structure of the Company going forward.

Improved Environmental & Social performances

	Project ID 28111	
	Summary of Proposed Investment	
	11/5/2009	
	Version 0.13	Official Use Only

IFC will assist the Company in continuing to improve its environmental, social, health and safety performance by providing strategic guidance captured in a time-bound Action Plan.

Environmental and Social Issues B - Limited :

This is a Category B project according to IFC’s Procedure for Environmental and Social Review of Projects. The principal Environmental and Social risks identified for the project which will require additional mitigation measures by KK Kingston include implementation of a Environmental and Social Management System, review of human resources policies and procedures, occupational and community health and safety, emergency response and community engagement. KK Kingston has provided information on its current practices and policies that seek to address Environmental and Social risks and impacts to ensure that the proposed project complies with or, will upon implementation of measures agreed upon as part of IFC’s Investment documents, comply with host country laws and regulations and IFC’s Performance Standards. Going forward, the Company shall consider all relevant social and environmental risks and impacts, including the issues identified in PS1 through PS8 while assessing any new business opportunities.

For inquiries and comments about the project contact:

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Website: www.kingston.com.pg

Local access of project documentation:


Environmental and social information pertaining to the Project will be available for access by the locally affected communities outside the project facilities in both Lae and Port Moresby. It will also be posted near the main entrance of KK Kingston Limited and disclosure will also be made at a publicly accessible place in Lae.

For inquiries and comments about IFC:

General IFC Inquiries
IFC Corporate Relations
2121 Pennsylvania Avenue, NW
Washington DC 20433
Telephone: 202-473-3800
Fax: 202-974-4384

Comment:

Approval Status:

	Project ID 28111	
	Summary of Proposed Investment	
	11/5/2009	
	Version 0.13	Official Use Only