
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about the contents of this document or any action to be taken, you should consult your Banker, Solicitor, Accountant or any other independent professional adviser duly registered under the Investments and Securities Act, No. 29 of 2007 immediately.

If you have sold or otherwise transferred all your shares in Fan Milk Plc, please give this document and the accompanying proxy form to the purchaser or transferee or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. In the alternative, kindly return this document to the Registrar.

The receipt of this document or of any information contained in it or supplied with it or subsequently communicated to any person does not constitute investment advice to a shareholder of Fan Milk Plc or to any other person by the Company or its directors and Fan Milk Plc does not commit to providing shareholders with other information, updates or corrections to this document or the information contained herein.

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SCHEME OF ARRANGEMENT

(Under Section 715 of the Companies and Allied Matters Act, No. 3 of 2020 (as amended))

between



FAN MILK PLC

and

The holders of its fully paid ordinary shares of 50 kobo each

Incorporating an Explanatory Statement on the Proposed Scheme of Arrangement in compliance with Section 716 of the Companies and Allied Matters Act, No. 3 of 2020 (as amended)

Stanbic IBTC Capital Limited is acting as Financial Adviser to Fan Milk Plc. Stanbic IBTC Capital Limited will not be responsible to any person, individual or corporate body other than Fan Milk Plc in relation to the Scheme of Arrangement referred to herein.

The notice convening the Court-Ordered Meeting of Fan Milk Plc is set out on pages 35 to 37 of this document. The Proxy Form is set out on page 38. To be valid, a Proxy Form must be completed, signed and stamped, together with the powers of attorney or other authority, if any, under which it is signed and in accordance with the instructions printed therein and must reach the Registrar of Fan Milk Plc, Greenwich Registrars and Data Solutions Limited, 247 Murtala Muhammed Way, Alagomeji, Yaba, Lagos, not later than 24 hours before the time fixed for the Court-Ordered Meeting.

THE PROPOSAL, WHICH IS THE SUBJECT OF THE SCHEME OF ARRANGEMENT SET OUT IN THIS DOCUMENT, HAS BEEN CLEARED WITH THE SECURITIES AND EXCHANGE COMMISSION. THE ACTIONS THAT YOU ARE REQUIRED TO TAKE ARE SET OUT ON PAGE 14 OF THIS SCHEME DOCUMENT.

Financial Adviser



This Scheme Document is dated 26 September 2024

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1. DEFINITIONS

In this document, unless otherwise stated or clearly indicated by the context, the following capitalised terms in the first column have the meanings stated opposite them in the second column.

<u>Terms</u>	<u>Definitions</u>
“Board” or “Board of Directors” or “Directors”	The directors of Fan Milk Plc comprising those persons whose names are set out on page 6 of the Scheme Document
“Business Day”	Between 8:00a.m. and 5:00p.m on a day other than a Saturday, Sunday or public holiday, on which banks are generally open for business in Nigeria
“CAC”	Corporate Affairs Commission
“CAMA”	Companies and Allied Matters Act, No. 3 of 2020 (as amended)
“Core Shareholder” or “FMI”	Fan Milk International A/S
“Fan Milk” or the “Company”	Fan Milk Plc
“Court”	Federal High Court of the Federal Republic of Nigeria
“Court-Ordered Meeting”	The meeting of the registered holders of ordinary shares of Fan Milk, to be convened by an order of the Court pursuant to Section 715 of CAMA, of which notice is set out on pages 35 to 37 of this Document, including any adjournment thereof
“Court Sanction”	An order made by the Court pursuant to Section 715 (3) of CAMA, approving the Scheme
“CSCS”	Central Securities Clearing System PLC
“CTC”	Certified True Copy
“Dissenting Shareholders”	Qualifying Shareholders who vote against the special resolution proposed at the Court-Ordered Meeting
“Effective Date”	The date on which a CTC of the Court Sanction is delivered to the CAC for registration pursuant to 715 (4) of CAMA
“Eligible Shareholders” or “Scheme Shareholders”	The shareholders of Fan Milk, other than the Core Shareholder, whose names appear on the Register of Members as at the close of business on the Eligibility Date
“Eligibility Date”	The third working day following the Last Trading Date on which the Register of Members will be closed for determining the shareholders entitled to receive the Scheme Consideration
“Financial Adviser” or “Stanbic IBTC Capital”	Stanbic IBTC Capital Limited, a subsidiary of Stanbic IBTC Holdings PLC, licensed by SEC to, amongst others, provide financial advisory services, with registration number 1031358
“Last Trading Date”	The last day to trade Fan Milk shares in order to be eligible to receive the Scheme Consideration
“Legal Adviser”	Banwo & Ighodalo, duly registered with SEC, acting in its capacity as legal adviser for the Scheme
“LFN”	Laws of the Federation of Nigeria
“NASD”	NASD OTC Securities Exchange

1. DEFINITIONS

“Notice of Court-Ordered Meeting”	The Notice of Court-Ordered Meeting on pages 35 to 37 of the Document
“Proxy Form”	The proxy form for use in connection with the Court-Ordered Meeting of Fan Milk which is set out on page 38 of the Document
“Qualification Date”	10 October 2024, being the date that the Register of Members shall be closed for the purpose of determining the shareholders eligible to attend and vote at the Court-Ordered Meeting
“Qualifying Shareholders”	The shareholders whose names appear in the Register of Members as at the Qualification Date
“Register of Members”	The register of members of Fan Milk as is required to be maintained pursuant to the provisions of CAMA
“Registrar”	Greenwich Registrars and Data Solutions Limited
“Scheme” or “Scheme of Arrangement”	The proposed scheme of arrangement between Fan Milk and the holders of its fully paid ordinary shares of 50 kobo each pursuant to Section 715 of CAMA, which is set out on pages 20 to 24 of the Document
“Scheme Consideration”	The total sum of ₦169,809,713 (one hundred and sixty-nine million, eight hundred and nine thousand, seven hundred and thirteen naira) payable to the Scheme Shareholders as consideration for the Scheme Shares, representing ₦23.00 for every Scheme Share, which shall become due to Scheme Shareholders upon the Scheme becoming effective as consideration for each Scheme Share transferred
“Scheme Consideration Account”	The bank account into which FMI will pay the Scheme Consideration and from where payments will be made to Scheme Shareholders
“Scheme Document” or “Document”	This document dated 26 September 2024, which contains the Scheme, the Explanatory Statement, the Notice of Court-Ordered Meeting and the various appendices therein in relation of the Scheme
“Scheme Shares”	The 7,383,031 (seven million, three hundred and eighty-three thousand, thirty-one) fully paid ordinary shares of 50 kobo each in the share capital of the Company that are not held by the Core Shareholder, which are to be transferred pursuant to the Scheme
“SEC”	Securities and Exchange Commission
“Transaction”	The offer from the Core Shareholder to acquire the shares held by the Scheme Shareholders with each Scheme Shareholder receiving ₦23.00 as consideration for every share transferred, and subsequently remove the Company’s shares from NASD
“Tax Adviser”	Banwo & Ighodalo
“Untraceable Holders”	Scheme Shareholders whose whereabouts cannot be ascertained 24 months after the Effective Date

2. EXPECTED TIMETABLE OF PRINCIPAL EVENTS

<u>EVENT</u>	<u>DATE</u>
Obtain order of the Court convening the Court-Ordered Meeting	26 September 2024
Publish Notice of Court-Ordered Meeting in two national newspapers	30 September 2024
Last date for lodging Proxy Forms for the Court-Ordered Meeting	25 October 2024
Court-Ordered Meeting for the shareholders of Fan Milk	28 October 2024
Obtain SEC's formal approval of the Scheme	05 November 2024
File CTC of Court Sanction with CAC (Effective Date)	13 November 2024
Last day to trade Fan Milk's shares on NASD (Last Trading Date)	15 November 2024
Publish copy of Court Sanction in two national newspapers	15 November 2024
Eligibility Date	20 November 2024
Credit bank accounts of Scheme Shareholders	20 November 2024
Remove Fan Milk's shares from NASD	11 December 2024

Important notice: The dates given above are indicative only. The timetable of principal events has been prepared on the assumption that certain key activities including, but not limited to, obtaining regulatory approval from SEC for the Scheme will be achieved as stated and the Court dates for the Scheme will be available as and when applied for; if not, then dates surrounding events in the timetable may be subject to a corresponding adjustment.

3. DIRECTORS AND PARTIES TO THE SCHEME

Directors:

Mr Olayinka Akinkugbe

Chairman
Plot 1C Eleyele Industrial Layout
Eleyele
Ibadan
Oyo

Mr Kayode Akeem Adebisi

Managing Director
Plot 1C Eleyele Industrial Layout
Eleyele
Ibadan
Oyo

Mr Herve Orama Barrere

Director
Plot 1C Eleyele Industrial Layout
Eleyele
Ibadan
Oyo

Dr Babatunde Ademola Moyosore Ajibade SAN

Director
Plot 1C Eleyele Industrial Layout
Eleyele
Ibadan
Oyo

Company Secretary:

Mr Olakunle Oludotun Olusanya

Plot 1C Eleyele Industrial Layout
Eleyele
Ibadan
Oyo

Professional Parties:

Financial Adviser:

Stanbic IBTC Capital Limited
Stanbic IBTC Towers
Walter Carrington Crescent
Victoria Island
Lagos

Legal/Tax Adviser:

Banwo & Ighodalo
48 Awolowo Road
South-West Ikoyi
Lagos

Fairness Opinion Adviser:

SIAO Partners
18B Olu Holloway Road
Ikoyi
Lagos

Stockbroker:

Stanbic IBTC Stockbrokers Limited
Stanbic IBTC Towers
Walter Carrington Crescent
Victoria Island
Lagos

Registrar:

Greenwich Registrars and Data Solutions Limited
247 Murtala Muhammed Way
Alagomeji
Yaba
Lagos

Scrutineer:

Forvis Mazars
18 Oba Akran Avenue
Ikeja
Lagos

4. LETTER FROM THE CHAIRMAN



26 September 2024

To the shareholders of Fan Milk Plc

Dear Sir/Madam

PROPOSED SCHEME OF ARRANGEMENT BETWEEN FAN MILK PLC AND THE HOLDERS OF ITS FULLY PAID ORDINARY SHARES OF 50 KOBO EACH

Introduction

Fan Milk Plc (“Fan Milk” or the “Company”) is a leading fast-moving consumer goods company in the business of manufacturing, distribution, sale and marketing of healthy, nutritious dairy and juice food products across the length and breadth of Nigeria. The Company has a strong 59-year heritage of manufacturing ice cream, frozen dairy and ambient drinks evolving into a well-respected member of Nigeria’s business community, benefiting from the loyalty and support of consumers and its shareholders.

The current economic challenges in Nigeria have significantly impacted Fan Milk’s business operations over the past year. The recent steep devaluation of the Naira and continuing volatility of the exchange rate has escalated the cost of importing raw materials, leading to higher production costs and depressed profit margins. In addition, governmental policies that resulted in a cash crunch and near hyperinflation compounded the operational challenges that Fan Milk faced last year.

In 2023, the Company declared a loss of ₦9.5 billion. Despite a 41% increase in prices, revenue declined by 0.31% due to a 29% decrease in sales volume, primarily driven by the currency redesign and resultant cash crunch during the year. Cost of goods sold and operating expenses increased by 5% despite the lower volumes due to the CBN’s ban on the importation of milk - a key raw material for production - and the subsisting inflationary pressures. The finance interest paid on the Company’s related party loans also increased significantly (from ₦267 million in 2022 to ₦11.2 billion in 2023) due to the devaluation of Naira, eroding profit before tax and returning a negative net income for the year. Losses suffered by the Company in FY 2023 have resulted into a significant negative net asset position of ₦3.68 billion and this will continue to worsen if foreign currency obligations are not paid off. The losses recorded by the Company and subpar performance over the years have resulted into the Company being unable to pay dividend since 2013.

To drive future growth, improve earnings and maintain its competitive positioning in the consumer sector, the Company needs to restructure its capital by raising new equity from its majority shareholder and/or converting its foreign currency obligations to Naira, which may result in a significant dilution of minority shareholders. Given the Company’s financial performance and its capital requirement, it is unlikely that the Company will be able to pay dividends in the short to medium term. These factors have resulted in extensive discussions around the optimal restructuring option for the Company, considering its growth plans and funding requirements. Pursuant to these discussions, the Board of the Company received a proposal from Fan Milk International A/S (the “Core Shareholder”), which owns about 99.37% of the Company’s issued shares to acquire the shares it does not currently own and subsequently remove the Company’s shares from NASD. This will allow the Company and the Core Shareholder the flexibility to undertake a much-needed capital restructuring and inject equity to strengthen the Company’s balance sheet.

Summary of the proposal

The proposal is an offer from the Core Shareholder (the “Offer”) to acquire the shares it does not currently own (the “Scheme Shares”) and subsequently remove the Company’s shares from NASD (the “Transaction”). The Transaction will be implemented through a Scheme of Arrangement under Section 715 of CAMA (the “Scheme”). The Scheme will result in the transfer of shares held by the Eligible Shareholders to FMI, with each Eligible Shareholder receiving ₦23.00 for every share transferred. Following the implementation of the Scheme, the Core Shareholder intends to remove the Company’s

4. LETTER FROM THE CHAIR

shares from NASD.

The Scheme which is to be presented for your consideration and approval at the Court-Ordered Meeting has already received the Securities & Exchange Commission's No Objection. The terms and effects of the Scheme are explained further in an Explanatory Statement from Stanbic IBTC Capital Limited, the Financial Adviser to Fan Milk, on pages 10 to 15 of the Scheme Document.

The Board of Directors of Fan Milk engaged the services of Stanbic IBTC Capital Limited and Banwo & Ighodalo to act as Financial Adviser and Legal Adviser respectively, to provide requisite advice to the Company on the structure of the Transaction and for regulatory engagements and approvals. SIAO Partners has also been engaged as Fairness Opinion Adviser for purposes of independently determining the fairness of the Offer.

After careful consideration and advice from its advisers on the fairness of the Offer, the Board has resolved to recommend the Offer to the Company's shareholders for consideration at a meeting to be convened by an order of the Federal High Court.

Benefits of the proposed Scheme

The Board believes that the Scheme would provide the following benefits to shareholders of the Company:

1. Allow shareholders monetise their shares and receive a return on their investment given that the Company has not paid dividends in recent years and may be unable to pay for the next few years;
2. Shareholders will be able to realise their holdings in the Company at a 15% premium to the Company's share price of ₦20.00 on 31 July 2024, being the last closing share price prior to the Offer; and
3. The Transaction will position the Core Shareholder to support the Company more effectively and flexibly in raising additional capital to expand its business operations.

Recommendation

The Board of Directors has considered the Offer and the opinion of the Fairness Opinion Adviser and considers the terms of the Scheme to be fair and reasonable. Therefore, the Board recommends that you vote in favour of the resolutions which are to be proposed at the Court-Ordered Meeting scheduled to hold on 28 October 2024 at 12:00pm.

The Core Shareholder will not exercise its right to vote at the Court-Ordered Meeting in accordance with SEC's Guidelines on Members' Scheme of Arrangement.

The Court Ordered Meeting and voting protocols

It is particularly important that as many votes as possible are cast at the Court-Ordered Meeting to satisfy the Court that there was fair representation of shareholders at the Court-Ordered Meeting. If you do not intend to attend the Court-Ordered Meeting in person, we urge you to complete and sign the enclosed Proxy Form and return it in accordance with the instructions thereon, as soon as possible, but not later than 24 hours before the time fixed for the Court-Ordered Meeting.

We urge you to follow the procedure set out in the notice on pages 35 to 37 and the Proxy Form on page 38; complete and sign the Proxy Form and return it to our Registrar, Greenwich Registrars and Data Solutions Limited, in accordance with the instructions thereon.

Shareholders can elect any of the Board-nominated proxies, Mr Kayode Akeem Adebisi and myself, Mr Olayinka Akinkugbe, or any proxy of their choice. This is to ensure that shareholders have a choice regarding the individual to best represent their interests at the Court-Ordered Meeting.

Please note that the lodging of the Proxy Form does not prevent you from attending and voting in person, should you subsequently decide to do so. However, in such instance, your proxy will not be entitled to attend or vote at the meeting.

We look forward to welcoming you or your proxy at the meeting.

4. LETTER FROM THE CHAIR

Yours faithfully

A handwritten signature in black ink, appearing to read 'Olayinka Akinkugbe', written in a cursive style.

Mr. Olayinka Akinkugbe
Chairman

5. EXPLANATORY STATEMENT FROM THE FINANCIAL ADVISER



26 September 2024

To the shareholders of Fan Milk Plc

Dear Sir/Madam

PROPOSED SCHEME OF ARRANGEMENT BETWEEN FAN MILK PLC AND THE HOLDERS OF ITS FULLY PAID ORDINARY SHARES OF 50 KOBO EACH

1. INTRODUCTION

You have been informed by the letter from the Chairman of Fan Milk Plc ("Fan Milk" or the "Company"), presented on pages 7 to 9 of this Scheme Document, of the considerations that informed the proposal for the buyout of the Fan Milk shares not held by Fan Milk International A/S ("FMI" or the "Core Shareholder") and the proposed removal of the Company's shares from NASD (the "Transaction").

The Transaction will be implemented via a Scheme of Arrangement in accordance with Section 715 of CAMA (the "Scheme"), which will involve the transfer of Scheme Shares from the Scheme Shareholders to FMI in exchange for the payment of ₦23.00 for each Scheme Share transferred. Subsequent to the implementation of the Scheme, the expectation is that Fan Milk's shares will be removed from NASD.

Your Chairman's letter conveys the recommendation of your Board that the Company's shareholders vote in favour of the Scheme at the Court-Ordered Meeting that will be convened to consider and if deemed fit, approve the Scheme.

Your Board, through the management of Fan Milk, has authorised us, as Financial Adviser to the Company, to write to you on their behalf, to explain the terms, provisions and effects of the Scheme, and provide you with other information which they consider relevant as presented hereunder.

2. RATIONALE FOR THE PROPOSED SCHEME

The Transaction presents an opportunity for Fan Milk to better position itself to achieve the long-term strategic objectives while providing immediate value and liquidity to the Scheme Shareholders.

To improve Fan Milk's earnings and move from a negative net asset position, the Board believes that Fan Milk needs to restructure its capital base by raising new equity from its Core shareholder and/or converting its foreign currency obligations to Naira which will result in a significant dilution of minority shareholders.

To this end, the Core Shareholder has made a proposal to buy the shares held by all the other shareholders of the Company through a Scheme of Arrangement (the "Offer"). The Core Shareholder believes that the Transaction presents an opportunity to return immediate value to the Scheme Shareholders despite the Company's current significantly deteriorated net asset position.

The Board believes the Offer is fair and should be presented to the other shareholders. To assess the fairness of the Offer to shareholders, the Board appointed SIAO Partners as Fairness Opinion Adviser to review the terms of the Offer. The Fairness Opinion Adviser conducted its review and considered the terms of the Offer to be fair and reasonable. The opinion of SIAO Partners, the Fairness Opinion Adviser, is set out in the Fairness Opinion report on pages 16 to 19.

3. ADVANTAGES AND DISADVANTAGES OF PROCEEDING OR REJECTING THE SCHEME

The Board believes that the Transaction will ensure the Company has the flexibility to overcome the current challenges faced by the Nigerian economy, invest in its core business activities and take advantage of future growth opportunities to achieve its long-term strategic objectives. Furthermore, the Transaction will grant the Scheme Shareholders the opportunity to monetise the full value of their investment in the Company immediately.

5. EXPLANATORY STATEMENT FROM THE FINANCIAL ADVISER

Should the shareholders not approve the Scheme, the Company may be required to explore options to ensure it is able to remedy its deteriorated net assets position, meaning that dividends may be unlikely to be declared for the foreseeable future. Further capital may also be required to be raised, which in turn may dilute the value of the minority shareholding. In addition, should the Transaction not be approved, the Company's ability to manage its significant balance of trade and other payables denominated in foreign currencies granted by the Core Shareholder and related parties is not guaranteed, and therefore the viability of the Company may be at risk.

4. THE PROPOSAL

Upon the terms of the Scheme, it is proposed that:

- a. The Scheme will involve the transfer of the Scheme Shares comprising 7,383,031 ordinary shares of 50 kobo each, held by the Scheme Shareholders to FMI without any further act or deed;
- b. In consideration for the transfer of the Scheme Shares, FMI will pay the Scheme Consideration to the Scheme Shareholders; and
- c. Fan Milk's shares will be removed from NASD.

Following the implementation of the Scheme, the Scheme Shareholders will no longer be shareholders of the Company and the entire issued ordinary share capital of Fan Milk will be held by the Core Shareholder.

Fan Milk's shares will be removed from NASD and the Company re-registered as a private limited liability company pursuant to the relevant provisions of CAMA.

5. SCHEME CONSIDERATION

In consideration for the transfer of the Scheme Shares, each Scheme Shareholder shall be entitled to receive ₦23.00 for each Scheme Share held as at the Eligibility Date. This represents a 15% premium to the Company's share price of ₦20.00 on 31 July 2024, being the last closing share price prior to the Offer.

6. STATEMENT OF FINANCIAL CAPABILITY

The Core Shareholder has confirmed in writing and provided evidence of funding to show that it has the necessary financial resources to settle the Scheme Consideration and is not dependent upon raising funds or securing debt financing to pay the Scheme Shareholders.

7. HISTORICAL MARKET TRADING OF FAN MILK PLC

Trading Statistics	₦
Closing share price (31 July 2024)	20.00
30-day high	20.00
60-day high	20.00
90-day high	20.00
6-month high	22.00
12-month high	22.00

8. VALUE OF THE COMPANY AS A GOING CONCERN AND ON LIQUIDATION

The financial statements of Fan Milk as at 31 December 2023 were prepared on the going concern basis, reflecting the Company's intention to continue operating for the foreseeable future. The Company has no intention or need to significantly reduce its business operations.

However, the Company experienced a significant negative net asset position of ₦3.6 billion for FY23, primarily attributed to foreign exchange constraints in Nigeria. Management acknowledges this challenge but is confident that the planned restructuring efforts and equity injection into the business will normalise the Company's financial position.

5. EXPLANATORY STATEMENT FROM THE FINANCIAL ADVISER

9. CONDITIONS PRECEDENT

From the Effective Date, the Scheme shall become effective and binding on all the shareholders of Fan Milk (regardless of whether they attended or were absent from the Court-Ordered Meeting), if:

- a. The Scheme is approved by a majority representing not less than three-quarters in value of ordinary shares cast by the Qualifying Shareholders (excluding the Core Shareholder), present and voting, either in person or by proxy, at the Court-Ordered Meeting;
- b. SEC approves, with or without modification, the terms and conditions of the Scheme as agreed by the requisite majority of the Qualifying Shareholders in accordance with (a) above;
- c. The Scheme is sanctioned by an order of the Court; and
- d. A certified true copy of the Court Sanction in respect of the Scheme is delivered to the CAC for registration.

On the Eligibility Date, any share certificates representing the interests of the holders of the Scheme Shares will cease to be valid. In addition, Scheme Shares held in dematerialised form with the CSCS will be transferred to FMI.

10. MEETING TO APPROVE THE SCHEME OF ARRANGEMENT AND VOTING RIGHTS

The Court-Ordered Meeting scheduled to hold on 28 October 2024 at 12:00pm, is being held pursuant to an order of the Court for Fan Milk's shareholders to consider, and if deemed fit, approve the Scheme. At the Court-Ordered Meeting, voting on the resolutions relating to the Scheme will be by poll. Duly filled Proxy Forms should be sent at least 24 hours before the meeting.

Fan Milk has made arrangements, at its expense, for the stamping of the duly completed and signed Proxy Forms submitted to the Registrars within the stipulated time. We urge shareholders to submit the Proxy Forms well ahead of the meeting to enable the Company to complete the stamping within the stipulated period.

Each Qualifying Shareholder will be entitled to one vote for every Ordinary Share held. The statutory threshold required to pass the resolutions at the Court-Ordered Meeting is a majority representing not less than three-quarters in value of the Ordinary Shares present and voting in person or by proxy, cast in favour of the Scheme. **The Core Shareholder, who owns 99.37% equity stake of Fan Milk will not exercise its right of voting at the Court-Ordered Meeting in accordance with SEC's Guidelines on Members' Scheme of Arrangement.**

The Core Shareholder has confirmed that no undertaking has been secured from any of the Scheme Shareholders, to vote or procure votes in favour of the Scheme.

The Notice of the Court-Ordered Meeting is on pages 35 to 37 of this Scheme Document.

11. SETTLEMENT OF SCHEME CONSIDERATION

a. Scheme Consideration Account

Prior to the date of the Court-Ordered meeting, the Registrars will open the Scheme Consideration Account. In the event that the Qualifying Shareholders approve the Scheme at the Court-Ordered Meeting, FMI will fund the Scheme Consideration Account with the Scheme Consideration within 5 (five) Business Days of receipt of the Court Sanction.

The Scheme Consideration to which each Scheme Shareholder shall become entitled shall be remitted to each Shareholder by the Registrars within 7 (seven) Business Days of the Eligibility Date by way of e-remittance (to bank accounts in respect of which the Registrars have e-dividend mandates). Receipt of the credit into the Scheme Consideration Account shall be a complete discharge of the Company and the Core Shareholder's obligations with respect to payment of the Scheme Consideration.

b. Duration of the Operation of the Scheme Consideration Account

5. EXPLANATORY STATEMENT FROM THE FINANCIAL ADVISER

To provide flexibility for the payment of the Scheme Consideration to Scheme Shareholders who remain untraceable pursuant to the Scheme becoming effective, the Scheme Consideration Account shall remain operational for a period of 2 (two) years from the Effective Date, during which period the Scheme Shareholders will be eligible to receive the portion of the Scheme Consideration due to them in respect of the Scheme.

On the second anniversary of the Effective Date, the Scheme Consideration Account will cease to be operational and any amount remaining in the Scheme Consideration Account shall be transferred by the Registrars to the National Investors Protection Fund in accordance with the directive of SEC.

c. Scheme Shares subject to Encumbrance

Settlement of the Scheme Consideration to which each Scheme Shareholder is entitled under the Scheme will be implemented in full in accordance with the Scheme without regard to any lien, right of set-off, counterclaim or other analogous right to which FMI or any other shareholder may otherwise be, or claim to be entitled, against such Scheme Shareholder.

d. Plans for Untraceable Holders

Any portion of the Scheme Consideration which is yet to be claimed within 6 (six) months of the Effective Date, shall be deemed unclaimed. Scheme Shareholders whose whereabouts cannot be ascertained within 18 (eighteen) months of the Scheme Consideration being unclaimed (an aggregate of two years from the Effective Date) shall be deemed untraceable.

The Scheme Consideration to which each Scheme Shareholder shall become entitled pursuant to the Scheme shall be held in trust for the benefit of all Scheme Shareholders by the Registrars for a period of 2 (two) years from the Effective Date (the "Final Payment Date").

On the Final Payment Date, any portion of the Scheme Consideration remaining unclaimed shall be transferred by the Registrars to the National Investors Protection Fund and the liability of FMI or the Registrars to pay any Scheme Shareholder shall cease.

12. PROVISION FOR DISSENTING SHAREHOLDERS

In accordance with NASD's rules which require the Core Shareholder to pay the dissenting shareholders the highest price at which the Company's shares traded in the last 12 months. The Company's 12-month highest share price is ₦22.00, therefore the Scheme Consideration of ₦23.00 satisfies this requirement.

Under the provisions of Section 715 of CAMA, the Scheme will be binding on the Scheme Shareholders and the Company if the statutorily required majority of the shareholders (excluding the Core Shareholder) vote in favour of the Scheme and the Scheme is sanctioned by the Court and submitted at the CAC.

13. EFFECTS OF THE SCHEME ON THE LISTING AND TRADING OF FAN MILK'S SHARES

Following the receipt of the Court Sanction, an application will be made to NASD for the removal of all the Company's shares and NASD will be notified of the last day of trading in Fan Milk shares. NASD will notify the CSCS and the investing public at least 24 hours before the Last Trading Date, which is the last day to trade Fan Milk shares in order to be eligible to receive the Scheme Consideration. No transfers of Fan Milk shares will be registered after the Last Trading Date.

On the Eligibility Date, all the shares of the Company shall be removed from NASD.

14. PLANS FOR EMPLOYEES AND DIRECTORS AFTER THE SCHEME

The Scheme is not expected to affect existing employment rights, including pension rights, of any and all employees of Fan Milk.

It is expected that the appointment of Directors of Fan Milk will be governed by the requirements in the Company's Memorandum and Articles of Association and CAMA.

5. EXPLANATORY STATEMENT FROM THE FINANCIAL ADVISER

Where any employee or director does not wish to continue in the employment or service of Fan Milk after the Scheme is effected, such employee or director will be entitled to obtain the full terminal benefits due under his/her existing contract of service.

15. TREATMENT OF COMPETING OFFER

Where an unsolicited written offer is made to the Board of Directors of Fan Milk by an existing shareholder of the Company or a third party (not related to the Core Shareholder) to acquire all of the shares of the Company not held by such offeror, the Board would take steps to evaluate whether such potential offer would become a competing offer to the Offer made by the Core Shareholder in relation to the Scheme.

In the event that such offer is deemed to be a competing offer, the Board would take the necessary steps to act in the best interest of the shareholders of the Company. In considering whether such potential offer could become a competing offer, the Board shall consider amongst other things, the quantum of the consideration being offered, source of funds for the settlement of such consideration, proof of funds provided, evidence and confirmation that such funds will be in place and will be sufficient for the settlement of the consideration, conditionality of the offer and plans of the offeror for the business of the Company.

16. ACTIONS TO BE TAKEN BY FAN MILK SHAREHOLDERS

The appropriate Proxy Form for the Court-Ordered Meeting is enclosed with the Scheme Document. If you are unable to attend the meeting in person, you are requested to complete the Proxy Form in accordance with the instructions thereon and return same as soon as possible by post or by hand, to the Registrars, Greenwich Registrars and Data Solutions Limited at 247 Murtala Muhammed Way, Alagomeji, Yaba, Lagos, on or by 25 October 2024 at 12:00pm, being 24 hours before the time appointed for the Court-Ordered Meeting.

Fan Milk has made arrangements, at its expense, for the stamping of the duly completed and signed Proxy Forms submitted to the Registrars within the stipulated time. We urge shareholders to submit the Proxy Forms well ahead of the meeting to enable the Company to complete the stamping within the stipulated period.

The completion and return of the Proxy Form, which, to be valid must be appropriately stamped, will not prevent you from attending in person and voting at the Court-Ordered Meeting or any adjournment thereof, should you so wish. However, in such instance, your proxy will not be entitled.

Please note that if you do not give a specific instruction on the resolutions to be considered at the Court-Ordered Meeting by placing a mark in the appropriate box, your proxy will be at liberty to vote or abstain from voting as he or she thinks fit on the resolutions, any modifications to the Scheme, or on any other business that may properly come before the Court-Ordered Meeting.

It is important for all Fan Milk shareholders to attend the Court-Ordered Meeting and exercise their voting rights.

17. RELATED PARTIES

As at the date of this Scheme, the Core Shareholder holds 1,155,650,318 ordinary shares in Fan Milk. The Core Shareholder's shareholding in Fan Milk is held directly. Apart from the Core Shareholder, there are no other related parties with shares in the Company.

18. TAXATION

Save as provided in the Capital Gains Tax Act, Cap C1 LFN 2004 (as amended), the Companies Income Tax Act Cap C21 LFN 2004, Personal Income Tax Act, Cap P8 LFN 2004 and the Stamp Duties Act, Cap S8 LFN 2004, in all cases as amended by the Finance Acts 2019, 2020, 2021, 2022 and 2023, the implementation of the Scheme as proposed will not give rise to any tax liability to the Eligible Shareholders under Nigerian law.

In line with Capital Gains Tax Act, Cap S8 LFN 2004 (as amended), Capital Gains Tax will apply where the disposal proceeds exceed the sum of ₦100,000,000 in 12 (twelve) consecutive calendar months, or the disposal proceeds are not re-invested in a Nigerian company within the same year.

5. EXPLANATORY STATEMENT FROM THE FINANCIAL ADVISER

Furthermore, the Stamp Duties Act, Cap S8 LFN 2004 (as amended) (the “SDA”) exempts instruments for the transfer of shares from the payment of stamp duty. However, sections 49(2) and 50(1) of the SDA imposes an obligation on a stockbroker to issue a contract note to effect a sale or purchase of stock or marketable securities and all contract notes relating to the sale and purchase of stock or marketable securities are chargeable to stamp duty. These contract notes are subject to a stamp duty charge at a rate of 0.08%, and this cost will be borne by the Core Shareholder.

The Scheme is not expected to present any Withholding Tax (“WHT”) implication on the Scheme Shareholder. This means that no WHT will be required to be deducted or remitted to the tax authorities from the Scheme Consideration.

Please note that the summary above does not purport to be comprehensive and does not constitute advice on tax to any Scheme Shareholder. In particular, it does not constitute a representation by the Core Shareholder, the Company or its advisers on the tax consequences of the Scheme to the Scheme Shareholders. Scheme Shareholders who are in doubt about their tax consideration or who are subject to taxation in a jurisdiction outside Nigeria, or who intend to ascertain his/her tax position are strongly advised to seek independent professional advice from his/her preferred professional advisers as to the tax consequences of the Scheme.

Except as otherwise indicated, this summary only addresses Nigerian tax legislation, as in effect and in force at the date hereof, as interpreted and applied by the courts or tax authorities in Nigeria, without prejudice to any amendments introduced at a later date and implemented with or without retroactive effect.

19. BACKGROUND ON FAN MILK INTERNATIONAL A/S

Fan Milk International A/S oversees business affairs and international business operations of frozen dairy products, ice-cream and juices under the brand Fan Milk in West Africa. FMI was established over 60 years ago in Denmark and is wholly owned by Compagnie Gervais Danone. FMI is the largest shareholder of Fan Milk with 99.37% ownership.

20. FURTHER INFORMATION

The following information is contained in this Scheme Document:

The Scheme of Arrangement on pages 20 to 24.

Your attention is also drawn to the additional information contained in the following appendices to the Scheme Document.

Appendix I: Financial information of Fan Milk on pages 25 to 27;

Appendix II: Statutory and general information on pages 28 to 33;

Appendix III: Further information on FMI on page 34; and

Appendix IV: Notice of Court-Ordered Meeting on pages 35 to 37

21. CONCLUSION AND RECOMMENDATION

The Board, having considered the terms and conditions of the Scheme, and the benefits thereof, recommend that you vote in favour of the resolutions which will be proposed at the Court-Ordered Meeting.

Yours faithfully



Oladele Sotubo
Chief Executive

6. FAIRNESS OPINION REPORT



Lagos: 18b, Olu Holloway Road, Ikoyi, Lagos.
Tel: +234 7015180258, 08186199124

Abuja: 1st Floor B Wing,
Bank of Industry Building Tower 1,
No. 3, Hamid Joda Close,
Central Business District Area, Abuja-FCT.
Tel: 02092912463, 02092912462
E-mail: enquiries@siao-ng.com
Website: www.siao-ng.com

SIAO/AU/AA/173883/24

16 August 2024

The Chairman,
Board of Directors,
Fan Milk Plc
Plot 1C, Eleyele,
Ibadan,
Oyo State,
Nigeria.

Attention: **Mr. Kayode Adebisi**

Dear Sir,

FAIRNESS OPINION ON THE PROPOSED BUYOUT OF FAN MILK PLC MINORITY SHAREHOLDERS BY ITS CORE SHAREHOLDER

Fan Milk International A/S (the "Core Shareholder") of Fan Milk Plc is proposing to acquire the 0.63% shares of the Company held by all the other shareholders to enable them to restructure the Company through a Scheme of Arrangement (the "Transaction") in line with Section 715 of the Companies and Allied Matters Act, 2020. The Core Shareholder has offered the minority shareholders of the Company, a cash consideration of ₦23 per share.

Fan Milk Plc engaged us, the firm of SIAO Partners ("SIAO"), to provide a fairness opinion (the "Opinion") on the offer price of ₦23 per share for the 0.63% shares held by all other shareholders of Fan Milk Plc.

The purpose of the opinion is to assist the Company in determining if the offer price from the Core Shareholder is fair and reasonable. Accordingly, no other purpose was intended or should be inferred, and our Report should not be used for any other purpose. Please note that this report does not constitute investment advice and should not be interpreted as such. In addition, please note that this Report is not an expert opinion for court proceedings and that we would not testify, represent or advocate for the client in relation to any court proceedings for whatsoever reason.

Responsibilities

Compliance with the NASD and SEC regulations is the responsibility of the Board of Directors of the Company ("the Board"). The Board is also responsible for guaranteeing the fairness of the proposed offer price to the selling Shareholders.

To the fullest extent permitted by law, SIAO accepts no duty of care to any third party in connection with the provision of the Opinion and/or any related information or explanations (together, the "Information").

6. FAIRNESS OPINION REPORT



Accordingly, regardless of the form of action, whether in contract, tort (including, without limitation, negligence) or otherwise, and to the extent permitted by applicable law, SIAO accepts no liability of any kind to any third party and disclaims all responsibility for the consequences of any third party acting or refraining to act in reliance on the information.

The information used by SIAO in preparing this Opinion has been obtained from a variety of sources as indicated within the Opinion. During our review, we were provided with both audited and unaudited financial data. We have relied on this data without independent verification or confirmation. We have not audited this data as part of our review analysis. Accordingly, we issue no other form of assurance regarding the accuracy or fairness of the presentation of this information.

Definition of the term "fair"

For the purpose of this Opinion, we define "fair market value" as the price which might reasonably be expected to be obtained in money or money's worth, in a sale between a willing buyer and a willing seller, each of whom is deemed to be acting on self-interest and gain and both of whom are equally well informed about the business and the markets in which this business operates. The Offer Price for this Transaction may be considered fair if it is not less than the fair value of Fan Milk Plc.

Source of Information and Procedure

In rendering our Opinion, we have, inter alia, considered the following:

- ❖ The offer received from the Core Shareholder (Fan Milk International A/S) via the offer letter dated 1 August 2024;
- ❖ Key terms and conditions of the Transaction;
- ❖ Fan Milk Plc's Audited financial statements for the past 5 years (2019 – 2023);
- ❖ Forecast financial data for the year 2024 – 2028;
- ❖ The company's price per share on the NASD as at 16 August 2024 and the last 12 months; and
- ❖ Other publicly available information.

We reviewed and analysed this information. We independently computed the value of the Company using the following valuation methodologies:

1. Discounted Cashflow Analysis
2. Maintainable Earnings Approach
3. Net Asset Approach

We believe the methods considered were enough to assess the fairness of the offer price.

6. FAIRNESS OPINION REPORT



Assumptions and Limitations

- ❖ Our conclusion is based on the information furnished to us being complete and accurate in all material respects.
- ❖ We have not conducted any independent valuation or appraisal of any of the assets or liabilities of the Companies and have not conducted an audit or due diligence or reviewed/validated the financial data except what was provided to us by the Company. Our work does not constitute verification of the historical financials or including the working results of the companies referred to in our opinion. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this opinion.
- ❖ Our opinion is not intended to and does not constitute a recommendation to any shareholders as to how such shareholders should vote or act in connection with the Scheme or any matter related therein. We do not express any opinion as to the price at which shares of the companies may trade at any time, including subsequent to the date of this opinion.
- ❖ SIAO's fees are not contingent in any way upon the resulting conclusion of value and neither SIAO, nor any members of management or employees of SIAO contributing to this Opinion, have any direct or indirect, present or contemplated future interest in the Company. Our liability (statutory or otherwise) for any economic loss or damage arising out of rendering this opinion shall be limited to the amount of fees received for rendering this opinion as per our engagement.
- ❖ Our opinion is not, nor should it be construed as our opining or certifying the compliance of the proposed arrangement with the provisions of any law including companies, taxation and capital market-related laws or as regards any legal implications or issues arising thereon.
- ❖ We assume no responsibility for updating or revising our opinion based on circumstances or events occurring after the date hereof.
- ❖ This Report is not intended for further circulation or publication nor is it to be used, even in an abbreviated form, for any purpose other than that outlined above without the written permission of SIAO.

Opinion

Based on the results from the various valuation methodologies considered above, in our opinion, the offer price of ₱23 proposed by the Core Shareholder to the Minority Shareholders, is fair and reasonable.

The reasons for the opinion are:

- The proposed offer price of ₱23 is higher than the share price computed from the various valuation methods as shown below:

Valuation Methods	Share Price
	₱
Discounted Cashflow Analysis	16.00
Maintainable Earnings Approach	(7.13)
Net Assets Approach (Year 2023)	<u>(4.57)</u>

6. FAIRNESS OPINION REPORT



- The proposed offer price of ₦23 represents a 15% premium to the share price on 16 August 2024.
- The proposed scheme price presents a viable opportunity for the minority shareholders to realise their investment in the Company.
- The proposed scheme of arrangement presents an opportunity to facilitate the restructuring and growth of Fan Milk Plc.

Our analysis is based on the prevailing economic, market and other conditions as at 16 August 2024. Such conditions can change significantly over relatively short periods. Unless requested, we will not update our opinion for any subsequent information or events.

If you require further clarification, please contact Oluwadare Ojelade on +234 803 777 9369/oluwadare.ojelade@siao-ng.com or the undersigned on +234 803 312 4138/abiiodun.ariyibi@siao-ng.com.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Abiodun Ariyibi', written over a horizontal line.

.....
Abiodun Ariyibi, FCA
Engagement Partner
For: SIAO Partners

7. THE SCHEME OF ARRANGEMENT

SCHEME OF ARRANGEMENT

Pursuant to Section 715 of the Companies and Allied Matters Act, No. 3 of 2020 (as amended)

Between



FAN MILK PLC

and

The holders of its fully paid ordinary shares of 50 kobo each

A. PRELIMINARY

1. In this Scheme of Arrangement, the following words shall have the meanings ascribed to them below, unless otherwise stated or clearly indicated by the context:

“Fan Milk” or the “Company”	Fan Milk Plc
“Board” or “Board of Directors” or “Directors”	The directors of Fan Milk comprising those persons whose names are set out on page 6 of the Scheme Document
“Business Day”	Between 8:00a.m. and 5:00p.m on a day other than a Saturday, Sunday or public holiday, on which banks are generally open for business in Nigeria
“CAC”	Corporate Affairs Commission
“CAMA”	Companies and Allied Matters Act, No. 3 of 2020 (as amended)
“Core Shareholder” or “FMI”	Fan Milk International A/S
“Court”	Federal High Court of the Federal Republic of Nigeria
“Court-Ordered Meeting”	The meeting of the registered holders of ordinary shares of Fan Milk, to be convened by an order of the Court pursuant to Section 715 of CAMA, of which notice is set out on pages 35 to 37 of this Document, including any adjournment thereof
“Court Sanction”	An order made by the Court pursuant to Section 715 (3) of CAMA, approving and giving effect to the Scheme
“CSCS”	Central Securities Clearing System PLC
“CTC”	Certified True Copy
“Dissenting Shareholders”	Qualifying Shareholders who vote against the sub-joined special resolution proposed at the Court-Ordered Meeting
“Effective Date”	The date on which a CTC of the Court Sanction is delivered to the CAC for registration pursuant to 715 of CAMA
“Eligible Shareholders” or “Scheme Shareholders”	The shareholders of Fan Milk, other than the Core Shareholder, whose names appear on the Register of Members as at the close of business on the Eligibility Date
“Eligibility Date”	The third working day following the Last Trading Date on which the Register of Members will be closed for determining the

7. THE SCHEME OF ARRANGEMENT

	shareholders entitled to receive the Scheme Consideration
“Financial Adviser” or “Stanbic IBTC Capital”	Stanbic IBTC Capital Limited, a subsidiary of Stanbic IBTC Holdings PLC, licensed by SEC to amongst others provide financial advisory services, with registration number 1031358
“Last Trading Date”	The last day to trade Fan Milk shares in order to be eligible to receive the Scheme Consideration
“Legal Adviser”	Banwo & Ighodalo
“LFN”	Laws of the Federation of Nigeria
“NASD”	NASD OTC Securities Exchange
“Proxy Form”	The proxy form for use in connection with the Court-Ordered Meeting of Fan Milk which is set out on page 38 of the Document
“Qualification Date”	10 October 2024, being the date that the Register of Members shall be closed for the purpose of determining the shareholders eligible to attend and vote at the Court-Ordered Meeting
“Qualifying Shareholders”	The shareholders whose names appear in the Register of Members as at the Qualification Date
“Register of Members”	The register of members of Fan Milk as is required to be maintained pursuant to the provisions of CAMA
“Registrar”	Greenwich Registrars & Data Solutions Limited
“Scheme” or “Scheme of Arrangement”	The proposed scheme of arrangement between Fan Milk and the holders of its fully paid ordinary shares of 50 kobo each pursuant to Section 715 of CAMA, which is set out on pages 22 of 28 the Document
“Scheme Consideration”	The total sum of ₦169,809,713 (one hundred and sixty-nine million, eight hundred and nine thousand, seven hundred and thirteen naira) payable to the Scheme Shareholders as consideration for the Scheme Shares, representing ₦23.00 for every Scheme Share, which shall become due to Scheme Shareholders upon the Scheme becoming effective as consideration for each Scheme Share transferred
“Scheme Consideration Account”	The bank account into which FMI will pay the Scheme Consideration and from where payments will be made to Scheme Shareholders
“Scheme Document” or “Document”	This document dated 26 September 2024, which contains the Scheme, the Explanatory Statement, the notice of the Court-Ordered Meeting and the various appendices therein in relation of the Scheme
“Scheme Shares”	The 7,383,031 (seven million, three hundred and eighty-three thousand, thirty-one) fully paid ordinary shares of 50 kobo each in the share capital of the Company that are not held by the Core Shareholder, which are to be transferred pursuant to the Scheme
“SEC”	Securities and Exchange Commission
“Untraceable Holders”	Scheme Shareholders whose whereabouts cannot be ascertained 24 months after the Effective Date

2. As at the date of this Scheme, the issued share capital of Fan Milk is ₦581,516,674.50 comprising 1,163,033,349 ordinary shares of 50 kobo each, all of which are fully paid up. The shareholding structure of the Company as at 31 December 2023 is as follows:

7. THE SCHEME OF ARRANGEMENT

Shareholder	Ordinary Shares held	Shareholding (%)
Fan Milk International	1,155,650,318	99.37%
Others	7,383,031	0.63%
Total	1,163,033,349	100.00%

3. By a Board resolution dated 19 August 2024, the Board of Directors resolved to propose to the Qualifying Shareholders of Fan Milk that the Scheme Shares be transferred to the Core Shareholder for the Scheme Consideration on the terms and conditions hereinafter set forth and to this end proposed that the necessary resolutions required by law to carry the Scheme into effect be passed by the shareholders of the Company at a Court-Ordered Meeting.

B. THE SCHEME

The Scheme shall be comprised of the following elements:

1. ACQUISITION AND TRANSFER OF SCHEME SHARES

The Scheme Shares held by the Scheme Shareholders shall be acquired by FMI without any further act or deed, in exchange for the Scheme Consideration.

2. CONSIDERATION FOR THE TRANSFER OF THE SCHEME SHARES

The consideration for the transfer of the Scheme Shares shall be the Scheme Consideration.

3. SETTLEMENT OF THE SCHEME CONSIDERATION

3.1 Prior to the date of the Court-Ordered Meeting, the Registrars will open the Scheme Consideration Account. In the event that Fan Milk shareholders approve the Scheme at the Court-Ordered Meeting, the Core Shareholder will fund the Scheme Consideration Account with the Scheme Consideration within 5 (five) Business Days of receipt of the Court Sanction.

3.2 The Scheme Consideration to which each Scheme Shareholder shall become entitled shall be remitted to each Shareholder by the Registrar within 7 (seven) Business Days of the Eligibility Date by way of e-remittance (to bank accounts in respect of which the Registrar has e-dividend mandates).

3.3 Scheme Shareholders who have registered for the electronic payment system (e-dividend) with the Registrar will receive a direct credit of the Scheme Consideration to their accounts in their respective nominated banks.

3.4 Payment of the Scheme Consideration due in respect of the Scheme Shares shall be made in Nigerian Naira by way of e-remittance (to bank accounts in respect of which the Registrar have e-dividend mandates). Receipt of the credit into the Scheme Consideration Account shall be a complete discharge of the Company and the Core Shareholder's obligations with respect to payment of the Scheme Consideration.

3.5 Settlement of the Scheme Consideration to which each Scheme Shareholder is entitled under the Scheme will be implemented in full in accordance with the Scheme without regard to any lien, right of set-off, counterclaim or other analogous right to which any of the Core Shareholder may otherwise be, or claim to be entitled, against such Scheme Shareholder.

3.6 On the second anniversary of the Effective Date, the Scheme Consideration Account will cease to be operational and any amount remaining in the Scheme Consideration Account shall be transferred by the Registrar to the National Investors Protection Fund in line with SEC's directive.

3.7 The provisions of the clauses above shall be in effect for a period of 2 (two) years and shall

7. THE SCHEME OF ARRANGEMENT

take effect subject to any prohibition or condition imposed by the Court.

4. REGISTRATION OF THE COURT SANCTION

Following the grant of the Court Sanction, a certified true copy of the Court Sanction shall be delivered to the CAC for registration pursuant to Section 715 (4) of CAMA.

5. CONDITIONS PRECEDENT

As from the Effective Date, the Scheme shall become effective and binding on all the Scheme Shareholders, irrespective of whether or not they attended or voted at the Court-Ordered Meeting (and if they attended and voted, irrespective of whether or not they voted in favour of the Scheme), if:

- a. The Scheme is approved by a majority representing three-quarters in value of the ordinary shares cast by the Qualifying Shareholders (excluding the Core Shareholder) present and voting either in person or by proxy at the Court-Ordered Meeting;
- b. SEC approves, with or without modification, the terms and conditions of the Scheme as agreed by the required majority of the Qualifying Shareholders;
- c. The Scheme is sanctioned by the Court; and
- d. An original or certified true copy of the Court Sanction in respect of the Scheme is delivered to the CAC for registration.

6. CONSEQUENCES OF THE SCHEME

6.1 Certificates and Dematerialised holdings

As from and including the Eligibility Date:

- a. the share certificates representing the Scheme Shares shall cease to be valid for any purpose;
- b. in respect of Scheme Shareholders holding the Scheme Shares in uncertificated form, CSCS shall be instructed to transfer such shares to FMI;
- c. the Company's Register of Members will be updated to exclude the names of the Scheme Shareholders; and
- d. Fan Milk will be wholly owned by the Core Shareholder.

6.2 Removal of Fan Milk's shares from NASD

Following receipt of the Court Sanction, an application will be made to NASD for the removal of the Company's shares and NASD will be notified of the last day of trading in Fan Milk's shares. NASD will notify CSCS and the investing public at least 24 hours before the Last Trading Date, which is the last day to trade Fan Milk shares in order to be eligible to receive the Scheme Consideration. No transfers of Fan Milk shares will be registered after the Last Trading Date.

On the Eligibility Date, all shares of the Company shall be removed from NASD.

6.3 Plans for Employees and Directors of Fan Milk after the Scheme

The Scheme is not expected to affect existing employment rights, including pension rights, of any and all employees of Fan Milk.

It is expected that the appointment of or any changes to the existing Directors of Fan Milk will be governed by the requirements contained in the Company's Memorandum and Articles of Association.

7. THE SCHEME OF ARRANGEMENT

Where any employee or director does not wish to continue in the employment or service of Fan Milk after the Scheme is effected, such employee or director will be entitled to obtain the full terminal benefits due under his/her existing contract of service.

7. EFFECTIVENESS

The Scheme shall become effective on the day on which a CTC of the Court Sanction in respect of the Scheme is delivered to the CAC for registration and shall become binding on all shareholders of the Company, including those who were absent at the Court-Ordered Meeting, those who attended the Court-Ordered Meeting but did not vote, and those who voted against the Scheme at the Court- Ordered Meeting.

8. MODIFICATION

The Board of Directors is authorised to consent, on behalf of all parties concerned, to any modifications of or additions to the Scheme which the Court or any regulatory authority, may deem fit to approve or to any condition imposed by them.

Dated 26 September 2024

8. APPENDIX I - FINANCIAL INFORMATION

8.1 STATEMENT OF PROFIT AND LOSS

Year ended 31 December	2023	2022	2021	2020	2019
	₦'000	₦'000	₦000	₦'000	₦'000
Revenue	30,745,500	30,842,446	24,030,821	14,946,277	13,473,589
Cost of Sales	(18,204,625)	(20,761,129)	(16,279,211)	(8,937,580)	(7,360,160)
Gross Profit	12,540,875	10,081,317	7,751,610	6,008,697	6,113,429
Distribution Expenses	(6,435,558)	(5,752,393)	(3,495,994)	(2,804,657)	(2,972,821)
Administrative Expenses	(4,414,422)	(3,988,485)	(2,878,492)	(2,457,985)	(2,153,118)
Net impairment losses on financial assets	19,740	(38,598)	17,355	(44,755)	(9,354)
Operating (loss)/profit	(1,710,635)	301,841	189,694	403,723	1,111,446
Other income	57,893	110,849	1,584,173	1,105,023	133,310
Finance income	-	-	-	-	-
Finance cost	(11,223,885)	(267,648)	(178,789)	(151,225)	(215,171)
Profit/(Loss) before tax	(9,455,357)	145,042	1,405,384	953,798	896,275
Income tax expense	(91,923)	(66,827)	(534,824)	(243,138)	(434,496)
Profit/(Loss) for the year	(9,547,280)	78,215	870,560	710,660	461,779
Other comprehensive income					
Actuarial loss on post employment benefit obligations	-	115,528	463,901	(266,479)	-
Deferred taxation on post employment benefit obligation	-	(34,658)	(149,737)	79,944	-
Other comprehensive loss for the year, net of tax	-	80,870	314,164	(186,535)	-

8. APPENDIX I - FINANCIAL INFORMATION

8.2 STATEMENT OF FINANCIAL POSITION

Year ended 31 December	2023	2022	2021	2020	2019
	₦'000	₦'000	₦000	₦'000	₦'000
ASSETS					
Non-current assets					
Property, plant and equipment	15,337,821	15,780,302	10,782,063	7,430,732	5,503,423
Intangible assets	-	484	1,530	2,614	4,745
Deferred tax asset	530,181	1,360,122	687,560	837,296	252,173
Total non-current assets	15,868,002	17,140,908	11,471,153	8,270,642	5,760,341
Current assets					
Deferred Tax Asset	-	-	-	-	20,572
Current income tax receivables	-	88,529	13,075	-	-
Biological Assets	84,030	104,945	-	-	-
Inventories	6,678,651	7,567,817	8,217,514	3,342,939	2,592,803
Trade and other receivables	6,182,272	2,682,901	2,196,133	1,168,702	778,586
Cash and cash equivalents	4,543,347	2,013,194	1,265,694	1,468,826	859,553
Total current assets	17,488,300	12,457,386	11,692,416	5,980,467	4,251,514
Total assets	33,356,302	29,598,294	23,163,569	14,251,109	10,011,855
Non-current liabilities					
Deferred tax liability	822,656	1,796,563	1,187,988	779,518	154,132
Employment benefit obligations	463,319	519,425	579,731	983,485	671,635
Borrowings	-	-	-	-	-
Total non-current liabilities	1,285,975	2,315,988	1,767,719	1,763,003	825,767
Current liabilities					
Borrowings	22,519,780	6,843,021	5,390,674	502,087	459,007
Trade and other payables	9,949,395	14,021,481	9,845,560	7,019,537	4,108,232
Lease liability	108,116	175,399	187,028	-	-
Contract liabilities	771,370	375,340	264,607	359,172	434,418
Dividend payable	2,437	2,437	2,437	2,437	2,437
Current income tax liabilities	154,018	-	-	84,052	185,298
Grant (Bill & Melinda Gates)	2,247,865	-	-	-	-
Total current liabilities	35,752,981	21,417,678	15,690,307	7,967,285	5,189,392
Total liabilities	37,038,956	23,733,666	17,458,026	9,730,288	6,015,159
Net assets	(3,682,654)	5,864,628	5,705,544	4,520,822	3,996,696
EQUITY					
Ordinary share capital	581,517	581,517	581,517	581,517	581,517
Share premium	4,241,575	4,241,575	4,241,575	4,241,575	4,241,575
Other components of equity	757,310	757,310	676,440	362,276	362,276
Retained Earnings	(9,263,055)	284,227	206,012	(664,547)	(1,188,672)
Total equity	(3,682,654)	5,864,629	5,705,544	4,520,821	3,996,696
Total equity and liabilities	33,356,302	29,598,294	23,163,569	14,251,109	10,011,855

8. APPENDIX I - FINANCIAL INFORMATION

8.3 STATEMENT OF CASH FLOW

Year ended 31 December	2023	2022	2021	2020	2019
	₦'000	₦'000	₦000	₦'000	₦'000
Cash (used in)/generated from operations	(6,871,195)	6,521,252	51,977	4,652,796	3,048,084
Income taxes paid	(189,947)	(124,860)	(219,604)	(300,422)	(75,783)
Net cash (utilised in)/generated from operating activities	(7,061,142)	6,396,392	(167,627)	4,352,374	2,972,301
Cash flows from investing activities					
Acquisition of property, plant and equipment	(3,055,205)	(6,926,825)	(4,911,630)	(3,531,636)	(1,762,370)
Proceeds from disposal of PPE	31,453	82,986	141,410	14,900	14,111
Net cash utilized in investing activities	(3,023,752)	(6,843,839)	(4,770,220)	(3,516,736)	(1,748,259)
Cash flows from financing activities					
Interest paid	(1,276,348)	(19,896)	(75,444)	(13,428)	(50,415)
Proceeds from borrowings	15,676,756	1,452,348	4,810,159	(44,995)	(207,686)
Repayment of borrowings (Overdrafts)	(1,373,488)	(153,770)	-	(3,000)	(44,889)
Interest portion of lease	(10,625)	-	-	-	-
Payment of principal	(77,908)	(115,594)	-	-	-
Cash flow from Grant	(2,247,865)				
Net cash outflow from financing activities	10,690,522	1,163,088	4,734,715	(61,423)	(302,990)
Net increase in cash and cash equivalents	605,629	715,641	(203,132)	774,195	921,053
Cash and cash equivalents at the beginning of the year	1,981,335	1,265,694	1,468,826	694,631	(226,422)
Cash and cash equivalents at the end of year	2,586,964	1,981,335	1,265,694	1,468,826	694,631

9. APPENDIX II – STATUTORY AND GENERAL INFORMATION

9.1 RESPONSIBILITY STATEMENT

The information contained in this document in relation to Fan Milk has been provided by the Company. The Directors of Fan Milk have taken all reasonable care to ensure that the facts stated, and opinions expressed in this document with regard to the Company, are all fair and accurate and, having made all reasonable enquiries, confirm that to the best of their knowledge and belief (having made due and careful enquiry) as at the date of this Scheme Document, no material facts concerning the Company has been omitted from this Scheme Document. The Directors hereby accept responsibility for the information provided.

9.2 INCORPORATION AND SHARE CAPITAL HISTORY

Fan Milk was incorporated on 07 November 1961 as private limited liability company and converted to a public limited liability company on 05 October 1995.

Fan Milk currently has an issued share capital of ₦581,516,674.50 comprising 1,163,033,349 ordinary shares of 50 kobo each. The changes in the share capital of the Company since 1990 are summarised below:

Year	Ordinary shares (₦)		Preference shares (₦)		Consideration
	Increase	Cumulative	Increase	Cumulative	
1994	5,105,175	12,500,000	-	-	Cash
1995	12,500,000	25,000,000	-	-	Bonus Issue
1996	75,000,000	100,000,000	-	-	Cash
2000	-	100,000,000	92,985,220	92,985,220	Cash
2006	-	100,000,000	(30,995,073)	61,990,147	Redemption
2007	174,949,358	274,949,358	-	61,990,147	Cash
2012	-	274,949,358	(61,990,147)	-	Redemption
2013	224,958,566	499,907,924	-	-	Rights Issue
2018	81,608,751	581,516,675	-	-	Debt conversion

9.3 BENEFICIAL OWNERSHIP

As at 19 August 2024, Fan Milk's issued share capital of 1,163,033,349 ordinary shares of 50 kobo each were beneficially held as follows:

Shareholder	Ordinary Shares held	Shareholding (%)
FMI	1,155,650,318	99.37%
Other	7,383,031	0.63%
Total	1,163,033,349	100.00%

9.4 DISCLOSURE OF DIRECTORS' INTERESTS

As at 31 December 2023, none of the directors have either direct or indirect shareholdings in the issued share capital of the Company as recorded in the Register of Members and/or notified the Company for the purpose of Section 301 of the Companies and Allied Matters Act, 2020.

9.5 EXTRACTS FROM THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF FAN MILK

A. Memorandum of Association

(3) The objects for which the Company is established is:

9. APPENDIX II – STATUTORY AND GENERAL INFORMATION

- (a) To carry on the business of erecting, maintaining and operating in Nigeria or elsewhere plants for the manufacture or production, sale and export of recombined milk and other dairy products, water, still drinks, fruit juices, ice-blocks, jams, marmalade and other preserves chutneys, pickles and ketchups and for packing the same by way of bottles, jars, cans, or cartons or otherwise.
- (b) To operate haulage for the purpose of production and distribution of the aforementioned products and materials requisite for their manufacturer.
- (c) To import powdered milk, vegetable oils, fats of animal origin, and all chemical preservatives, flavors and essences, and other substances requisite for the manufacture and production of the aforesaid wares and for the manufacture and importation of bottles, jars, cans, cartoons or other containers, or materials for the production of such containers for the purpose of such packing as aforesaid.
- (d) To do the business of contract packing using the aforesaid goods or materials.
- (e) To encourage, participate in and contribute to the development of dairy farming in Nigeria.
- (f) To do all or any of the above things, and to do all such other things as are incidental or conducive to the attainment of the above in any part of the world and either alone or in conjunction with others, and either as principals, agents, contractors, trustees or otherwise.

B. Articles of Association

GENERAL MEETINGS EXTRAORDINARY GENERAL MEETING

56) All general meetings other than Annual General Meetings shall be called Extraordinary General Meetings.

TIME AND PLACE

58) The time and place of any meeting shall be determined by the conveners of the meeting.

NOTICE OF GENERAL MEETINGS

59) (1) The notice required for all types of General Meetings shall be 21 days from the date on which the written notice is sent out.

Provided that a meeting of the company shall, notwithstanding that it is called by shorter notice than that specified in this article, be deemed to have been duly called if it is so agreed: -

- (a) in the case of a meeting called as the Annual General Meeting, by all the Members entitled to attend and vote thereat, and
- (b) in the case of any other Meeting by a majority in number of the Members having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent in nominal value of the shares giving that right.

(2) The notice shall specify the place, the day and the hour of the meeting the general nature of business to be transacted thereat and in case of special business the general nature of that business.

PERSONS ENTITLED TO BE NOTICED

61) (1) Notice of every General Meeting shall be given in any manner authorised by these Articles to: -

- (a) every member
- (b) every person upon whom the ownership of shares devolves
- (c) every Director of the company
- (d) the Auditors
- (e) the Secretary

9. APPENDIX II – STATUTORY AND GENERAL INFORMATION

(2) No other person shall be entitled to receive notice of General Meetings.

NON-RECEIPT OF NOTICE TO INVALIDATE THE MEETING

62) The additional omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

PROCEEDINGS AT GENERAL MEETINGS SPECIAL AND ORDINARY BUSINESS

63) All businesses shall be deemed special that it is transacted at an Extraordinary General Meeting, and also all that is transacted at an Annual General Meeting, with the exception of declaring a dividend, the consideration of the accounts, balance sheets, and the reports of the Directors-and-Auditors, the appointment of Auditors, the fixing of, or the determination of the manner of the Auditors, and the Directors, the election of Directors in the place of those retiring, and election of members of the Audit committee.

QUORUM

64) (1) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. Save as herein otherwise provided, one-third of the total number of members or 25 members of the company (whichever is less), present in person or by proxy shall be a quorum.

(2) If within one hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Members shall be dissolved; in any other case it shall stand adjourned to the same day in the next week, at the same time and place, or to such other day and at such other time and place as the Chairman of the meeting may determine, and if at the adjourned meeting a quorum is not present by the time appointed for the meeting any two Members present shall be a quorum.

CASTING VOTE

70) In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place, or at which the poll is demanded shall be entitled to a second or casting vote.

VOTES OF MEMBERS VOTING RIGHTS

71) Subject to any special right or restrictions attached to any class of shares and to the provisions of the next succeeding Article, on a show of hands every Member present in person or by proxy shall have one vote, and on a poll every Member present in person or by proxy shall have one vote for each share of which he is the holder.

JOINT HOLDINGS

73) If two or more persons are jointly entitled to a share, the vote of the senior who tenders a vote in respect of such share, whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders of the share, and for this purpose seniority shall be determined by the order in which the names stand in in the register of Members as the holders of such nature.

COMPANIES ACTING BY REPRESENTATIVES

74) Any company which is a member may, by resolutions of its directors, authorize such persons as it thinks fit to act as its representatives at any meeting of the company, and the person so authorized shall be entitled to exercise the same powers on behalf of the company which he represents as that company could exercise if it were an individual Member. The production at the meeting of a copy of such resolution duly signed by one director of such company and certified by him as being a true copy of the resolution shall on production at the meeting be accepted by the Company as sufficient evidence of the validity of the appointment of the representatives of such company.

VOTES OF LUNATIC MEMBERS.

75) If any member be a lunatic, idiot, or non-compos mentis, he may vote, whether on a show of hands or on a poll, by his committee, curator bonis, or other legal curator, and such last mentioned persons may give their votes by proxy on a poll; but no person claiming to vote pursuant to this Article shall do so unless such evidence as the Directors may require of his authority shall have

9. APPENDIX II – STATUTORY AND GENERAL INFORMATION

been deposited at the Office not less than 48 hours before the time of holding the meeting he wishes to vote.

VOTES ON A POLL- PROXY NEED NOT BE A MEMBER

76) On a poll, votes may be given either personally or by proxy. A proxy need not be a member.

FORM OF PROXY.

77) An instrument appointing a proxy shall be in the following form or substantially in that form: -

“FAN MILK PLC.

I/We
of.....
being a Member (s) of the above named Company, hereby appoint.....
.....
of
.....or
failing
him.....
of.....
as my\our proxy to vote for me\us on my\our behalf at the (Annual or Extraordinary) General Meeting of the Company to be held on the day200.....and at any adjournment thereof.....

Signed this.....day
of.....200.....

9.6 MATERIAL CONTRACTS

Based on information provided by the Company to the Legal Adviser, the Legal Adviser confirms that as at August 16, 2024, save for the Financial Services Agreement which the Company will enter into in respect of the Transaction, the Company has not entered into any agreements which will adversely impact the proposed Transaction.

9.7 CLAIMS AND LITIGATION

Fan Milk is involved in four (4) cases in the ordinary course of its business, as of June 30, 2024.

Of the four (4) cases, the Company is Defendant in One (1) case, Counter-Claimant in One (1) case in which the claimant's claim against the Company had been struck out by the court, and Appellant in Two (2) cases in which judgment had been delivered against the Company. Following the due diligence review by the Company's legal adviser, the total value of claims against the Company is approximately N314,316,071.93 (Three Hundred and Fourteen Million, Three Hundred and Sixteen Thousand, Seventy-One Naira, Ninety-Three Kobo). Please note that the amounts referred to herein do not include interest and costs, which can only be ascertained after final resolution of the cases. Ultimately, the Company's actual liability in these cases, including final awards for costs, will be as determined by the courts upon conclusion of the relevant suits. The monetary claim by the Company is N1,743,741.08 (One Million, Seven Hundred and Forty-Three Thousand, Seven Hundred and Forty-One Naira, Eight Kobo).

Further, the total judgment sum in the two (2) cases in which judgement had been delivered against the Company, is approximately N2,603,857.50 (Two Million, Six Hundred and Three Thousand, Eight Hundred and Fifty- Seven Naira, Fifty Kobo) excluding interests which may accumulate on the judgment sum until same is finally liquidated. The Legal Advisers are of the opinion that the contingent liability that may arise from the cases instituted against the Company, where same are diligently defended, would not have a material adverse effect on the proposed Transaction.

Save for the foregoing, the Legal Adviser is not aware of any claim or litigation pending or threatened against the Company which (i) materially or adversely affects the Company's ability to implement the Transaction; and/or; (ii) affect the validity of the proposed Transaction or restrict the proceedings or actions of the Company with respect to the Transaction.

9. APPENDIX II – STATUTORY AND GENERAL INFORMATION

9.8 INDEBTEDNESS

As at the date of the Scheme document, Fan Milk has no outstanding debentures, mortgages, loans, charges or similar indebtedness or material contingent liabilities or other similar indebtedness, other than those incurred in the ordinary course of business.

9.9 CONSENTS

The following have given and have not withdrawn their written consents to the issue of this Scheme Document in the form and context in which they appear herein:

Directors of the Company	Mr Olayinka Akinkugbe	Chairman
	Mr Kayode Akeem Adebisi	Managing Director
	Mr Herve Orama Barrere	Non-Executive Director
	Dr Babatunde A Moyosore Ajibade SAN	Non-Executive Director
Company Secretary	Mr Olakunle Oludotun Olusanya	
Financial Adviser	Stanbic IBTC Capital Limited	
Solicitors	Banwo & Ighodalo	
Fairness Opinion Adviser	SIAO Partners	
Stockbroker	Stanbic IBTC Stockbrokers Limited	
Registrar	Greenwich Registrars and Data Solutions Limited	
Scrutineer	Forvis Mazars	

9.10 GENERAL INFORMATION

1. Except as otherwise disclosed, there is no agreement, arrangement or understanding between Fan Milk or any person acting in concert with Fan Milk and the Core Shareholder in relation to the Scheme.
2. Except as otherwise disclosed in this Scheme Document:
 - a. No share or loan capital of Fan Milk is under option nor agreed conditionally or unconditionally to be put under option;
 - b. No share or loan capital of Fan Milk within two years prior to the date of this document has been issued or agreed to be issued by the Company; and
 - c. No commissions, discounts, brokerages or other special terms have been granted by Fan Milk to any person in connection with the issue or sale of any such capital.
3. Save as disclosed herein, the Directors of Fan Milk have not been informed of any holding representing apart from the Core Shareholder.
4. Except as disclosed herein, there are no founders', management or deferred shares or any options outstanding in Fan Milk.
5. There are no material service agreements between Fan Milk or any of its Directors and employees other than in the ordinary course of business.
6. There are no contracts which are or may be material, entered into by Fan Milk with other parties other than in the ordinary course of business.

9.11 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the offices of Stanbic IBTC Capital at Stanbic IBTC Towers, Walter Carrington Crescent, Victoria Island, Lagos during normal business hours on any Business Day, until the Effective Date.

9. APPENDIX II – STATUTORY AND GENERAL INFORMATION

- (i) The Certificate of Incorporation of Fan Milk;
- (ii) The Memorandum and Articles of Association of Fan Milk;
- (iii) The order of the Court convening the meeting of the holders of the ordinary shares of the Company;
- (iv) The audited financial statements of Fan Milk for each of the preceding five years from 31 December 2019 to 31 December 2023;
- (v) Schedule of Claims and Litigation referred to on page 31 of Appendix II; and
- (vi) The notarised consent letters referred to on page 32 of Appendix II.

10. APPENDIX III - FURTHER INFORMATION REGARDING FMI

10.1 RESPONSIBILITY STATEMENT

The information contained in this document in relation to FMI has been supplied by the company. The Directors of FMI have taken all reasonable care to ensure that the facts stated, and opinions expressed in this document with regard to the company, are all fair and accurate and, having made all reasonable enquiries, confirm that to the best of their knowledge and belief as at the date of this Scheme Document, no material facts concerning the company have been omitted from this Scheme Document. The Board of Directors hereby accept responsibility for the information provided.

10.2 INCORPORATION AND SHARE CAPITAL HISTORY

FMI was incorporated in Denmark in May 1961 and currently has an issued share capital of DKK 13,080,000 comprising 13,080 ordinary shares of DKK 1,000. The changes in the share capital of FMI since 2013 are summarised below:

Date	Increase (DKK)	Cumulative DKK	Consideration
2013	1,080,000	13,080,000	Cash

10.3 BENEFICIAL OWNERSHIP

As at date of this Scheme document, FMI' issued share capital was beneficially held as follows:

Shareholder	Ordinary Shares held	Shareholding (%)
Compagnie Gervais Danone	13,080,000	100%

10.4 DISCLOSURE OF DIRECTORS' INTERESTS

Director	Direct holding	Indirect holding	Total shares	Shareholding (%)
Nil	Nil	Nil	Nil	Nil

10.5 SUBSIDIARIES AND ASSOCIATED COMPANIES

FMI has several subsidiaries as at 31 December 2023, a few of which are listed below:

Subsidiaries	Shareholding
Fan Milk SARL, Benin	100%
Fan Milk Côte d'Ivoire SA	100%
Fan Milk Togo SA	100%
Fan Milk PLC, Nigeria	99.37%
Fan Milk Limited, Ghana	62.11%
Fan Milk West Africa Limited, Ghana	100%

11. APPENDIX IV - NOTICE OF COURT-ORDERED MEETING

IN THE FEDERAL HIGH COURT OF NIGERIA
HOLDEN AT LAGOS

SUIT NO. FHC/L/CS/1727/24

IN THE MATTER OF THE COMPANIES AND ALLIED MATTERS ACT, NO. 3 OF 2020 (AS
AMENDED)

AND

IN THE MATTER OF AN APPLICATION UNDER SECTIONS 715 THEREOF

IN RE: FAN MILK PLC (RC 2761) AND HOLDERS OF ITS FULLY PAID ORDINARY SHARES

MEETING OF THE HOLDERS OF THE FULLY PAID ORDINARY SHARES OF FAN MILK PLC

NOTICE IS HEREBY GIVEN that by an order of the Federal High Court (hereinafter referred to as the "Court") dated September 26, 2024, made in the above matter, the Court has directed that a meeting of the holders of the fully paid up ordinary shares of Fan Milk Plc ("Fan Milk" or the "Company") be convened (the "Court Ordered Meeting" or the "Meeting") for the purpose of considering, and if thought fit, approving (with or without modification) a Scheme of Arrangement proposed to be entered into between Fan Milk and the holders of its fully paid ordinary shares of 50 kobo each (the "Scheme").

A copy of the said Scheme and a copy of the Explanatory Statement that each shareholder of the Company is required to be furnished with pursuant to Section 716 of the Companies and Allied Matters Act, No. 3 of 2020 (as amended) ("CAMA") can be found on pages 10 to 15 and pages 20 to 24 respectively, of the Scheme Document.

The Meeting will be held on the 28th day of October 2024 at Radisson Hotel, Ikeja, 42/44 Isaac John Street, Ikeja GRA, Lagos State at 12:00pm or soon thereafter at which place and time all the shareholders are requested to attend. Copies of the Scheme documents have been made available to shareholders of the Company.

At the Meeting, the following sub-joined resolutions will be proposed and if thought fit passed as special resolutions of the Company:

1. *"That the Scheme as contained in the Scheme Document dated September 26, 2024, with or subject to such modification, addition or condition agreed at the Meeting and/or approved or imposed by the Securities and Exchange Commission ("SEC") and/or the Court, a print of which has been submitted at the Meeting and, for purposes of identification, endorsed by the Chairman, be and is hereby approved;*
2. *Subject to the sanction of the Court and delivery of the sanction for registration at the Corporate Affairs Commission:*
 - a. *as consideration for the transfer of the Scheme Shares (as defined in the Scheme Document), each Scheme Shareholder (as defined in the Scheme Document) shall receive ₦23:00 per Scheme Share held by such Scheme Shareholder;*
 - b. *As a result of the Scheme, the legal and beneficial ownership of the Scheme Shares be transferred to Fan Milk International A/S*
 - c. *The Company be re-registered as a private limited liability company*
 - d. *That the name of the Company and the Memorandum and Articles of Association be amended to reflect its status as a private limited liability company*
 - e. *The shares of the Company be withdrawn from NASD OTC Securities Exchange*
3. *The Board of Directors of the Company be and are hereby authorised to consent to any modifications of the Scheme of Arrangement that the SEC and/or the Court may deem fit to impose and approve;*

11. APPENDIX IV - NOTICE OF COURT-ORDERED MEETING

4. *The Board of Directors of the Company be and are hereby authorised to take all actions deemed necessary to give effect to the aforementioned resolutions of the Company or as may become necessary to put the Scheme of Arrangement into effect; and*
5. *That the Solicitors of the Company be directed to seek orders of the Court sanctioning the Scheme and the foregoing resolutions, as well as such incidental, consequential, and supplemental orders as are necessary or required to give full effect to the Scheme.*

In compliance with the SEC's Guidelines on Members' Scheme of Arrangement, Fan Milk International A/S, as majority shareholder to whom the Scheme Shares would be transferred, will not exercise its right to vote at the Court-Ordered Meeting.

By the said Order, the Court has appointed Mr. Olayinka Akinkugbe or failing him/her, Mr. Kayode Adebisi, or failing them both, any other Director of the Company present at the Court-Ordered Meeting and appointed in their stead by the Directors of the Company present at the Meeting, to act as Chairman of the said Meeting and has directed the Chairman to report the results thereof to the Court.

Voting at the Meeting will be by poll. Shareholders may vote in person, or they may appoint another person, whether a shareholder or not, to act as proxy and to attend and vote in their stead.

A proxy form is enclosed herewith. The proxies will vote on their own behalf where such a proxy is a shareholder as well as on behalf of the shareholders who selected them as proxies. Where a shareholder executes a proxy form, without selecting a proxy or indicating how his or her shares should be voted, such proxy form will be deemed to be invalid.

In the case of joint shareholders, the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders; and for this purpose, seniority will be determined by the order in which their names stand in the register of members of the Company.

For a proxy form to be valid same must be duly stamped at the Stamp Duties office. It is requested that duly executed (together with any power of attorney or other authority under which it is signed, or a notarised copy of such power of attorney or other authority) be lodged at the office of Greenwich Registrars and Data Solutions Limited as shown on the Proxy Form, not less than 24 hours before the time appointed for the Meeting. Fan Milk has made arrangements for the stamping of the duly completed and signed proxy forms submitted to the Registrar within the stipulated time. Shareholders are therefore encouraged to submit the Proxy Form well ahead of the Meeting in any event, no later than 24 hours before the time of the Meeting.

In addition to the questions that Qualifying Shareholders (as defined in the Scheme Document) can ask at the Court-Ordered Meeting, the Qualifying Shareholders may submit questions on the Scheme to the Company prior to the date of the Court-Ordered Meeting. All such questions must be submitted to the Company Secretary not less than 24 hours before the time appointed for the Court-Ordered Meeting. Qualifying Shareholders sending in their questions will be required to provide the following details along with their questions: full name as provided during the purchase of the share(s), phone number and email address (if available).

REGISTER OF MEMBERS UPDATE

Entitlement to attend and vote at the Meeting or any adjournment thereof and the number of votes which may be cast thereat will be determined by reference to the contents of the Register of Members of the Company on 10 October 2024, after which the Register of Members will be closed for the purposes of the Meeting. The Register of Members of the Company will be closed on 10 October 2024 for the purpose of determining attendance at the Meeting.

Shareholders whose names appear in the Register of Members on 10 October 2024 will be entitled to attend and vote at the Meeting or any adjournment thereof and the number of votes which may be cast thereat will be determined by reference to the contents of the Register of Members.

A member entitled to attend the Court-Ordered Meeting who does not receive a copy of the Scheme Document within 14 days of the date of this notice can obtain copies of same from the registrars of Fan Milk Plc, Greenwich Registrars and Data Solutions Limited, 247 Murtala

11. APPENDIX IV - NOTICE OF COURT-ORDERED MEETING

Muhammed Way, Alagomeji, Yaba, Lagos. Copies of the Scheme Document will also be available for download on the Company's website at <https://fanmilk.danone.com>

DATED this 26th day of September, 2024

Olakunle Oludotun Olusanya
Company Secretary
Plot 1C, Eleyele Industrial Layout,
Eleyele, Ibadan

Banwo & Ighodalo
Legal Adviser
48 Awolowo Road
South-West Ikoyi
Lagos

PROXY FORM



PROXY FORM FOR THE PROPOSED SCHEME OF ARRANGEMENT BETWEEN FAN MILK PLC AND HOLDERS OF ITS ORDINARY SHARES OF 50 KOBO EACH

I/We,

Shareholder's Name:.....
Address:
Account Number:
No of shares held:

being the registered holder(s) of the ordinary shares of

Fan Milk Plc,

hereby appoint*

or failing him/her

as my/our proxy to vote on my/our behalf at the Court-ordered Meeting of the holders of the ordinary shares of the Company to be held by 12:00pm on 28 October 2024 or at any adjournment thereof.

Signed this day of 2024

Shareholder's Signature.....

NOTES:

1. A member (shareholder) who is unable to attend the Court-ordered Meeting is allowed by law to vote by proxy. This Proxy Form has been prepared to enable you to exercise your right to vote if you cannot personally attend.
2. Shareholders can appoint any of the Board-appointed proxies: Mr Kayode Akeem Adebisi and Mr Olayinka Akinkugbe or any proxy of their choice. Provision has been made on this form for you to insert in the blank spaces, the names of the persons, one of whom will attend the Meeting and vote on your behalf.
3. Voting at the Court-Ordered Meeting will be by poll which means that each shareholder has one vote for each of the shares he/she/it holds in Fan Milk Plc.
4. Please sign this Proxy Form and return it to the Registrar at the address shown overleaf not less than 24 hours before the time appointed for the Court-Ordered Meeting. Please ensure that the Proxy Form is dated and signed. If executed by a corporate body, the Proxy Form should be sealed with the Common Seal.
5. It is a legal requirement of the law under the Stamp Duties Act; Cap S8, Laws of the Federation of Nigeria, 2004 that any instrument of proxy to be used for the purpose of voting by any person entitled to vote at any Meeting of shareholders must be clearly stamped in accordance with the Act.
6. The Company has made arrangements, at its cost, for the stamping of the duly completed and signed proxy forms submitted to the Registrars within the stipulated time.

IF YOU ARE UNABLE TO ATTEND, PLEASE:

- (a) Write the name of your proxy (if any) where marked*
- (b) Ensure that the form is signed by you
- (c) Return the Proxy Form to reach the address shown overleaf not less than 24 hours before the time for holding the Court-Ordered Meeting.

Before posting the above form, please tear off this section and retain it to facilitate your admission to the meeting.

Please admit the shareholder named on this admission form or his/her duly appointed proxy to the Court-Ordered Meeting to be held as follows:

DATE: 28 October 2024
TIME: 12:00pm
VENUE: Radisson Hotel Ikeja, 42/44 Isaac John Street, Ikeja GRA, Lagos

Shareholder's Name.....
Address.....
No of shares held.....
Signature.....
PROXY **SHAREHOLDER**

SPECIAL RESOLUTION

1. That the Scheme as contained in the Scheme Document dated September 26, 2024, with or subject to such modification, addition or condition agreed at the Meeting and/or approved or imposed by the Securities and Exchange Commission ("SEC") and/or the Court, a print of which has been submitted at the Meeting and, for purposes of identification, endorsed by the Chairman, be and is hereby approved;
2. Subject to the sanction of the Court and delivery of the sanction for registration at the Corporate Affairs Commission:
 - a. as consideration for the transfer of the Scheme Shares (as defined in the Scheme Document), each Scheme Shareholder (as defined in the Scheme Document) shall receive ₦23:00 per Scheme Share held by such Scheme Shareholder;
 - b. As a result of the Scheme, the legal and beneficial ownership of the Scheme Shares be transferred to Fan Milk International A/S;
 - c. The Company be re-registered as a private limited liability Company;
 - d. That the name of the Company and the Memorandum and Articles of Association be amended to reflect its status as a private limited liability company and
 - e. The shares of the Company be withdrawn from NASD OTC Securities Exchange.
3. The Board of Directors of the Company be and are hereby authorised to consent to any modifications of the Scheme of Arrangement that the SEC and/or the Court may deem fit to impose and approve;
4. The Board of Directors of the Company be and are hereby authorised to take all actions deemed necessary to give effect to the aforementioned resolutions of the Company or as may become necessary to put the Scheme of Arrangement into effect; and
5. That the Solicitors of the Company be directed to seek orders of the Court sanctioning the Scheme and the foregoing resolutions, as well as such incidental, consequential, and supplemental orders as are necessary or required to give full effect to the Scheme.

FOR	AGAINST
Please indicate how you wish your vote to be cast on the sub-joined resolution set out above by placing an "x" in the appropriate box. Unless otherwise instructed, the proxy will vote or abstain from voting at his discretion.	

THIS ADMISSION FORM IS TO BE SIGNED AT THE VENUE IN THE PRESENCE OF THE REGISTRAR

Please
affix
postage

Greenwich Registrars & Data
Solutions Limited
274 Murtala Muhammed Way
Alagomeji
Yaba
Lagos