

## EXPLANATION STATEMENT TO SHAREHOLDERS OF



RC 2288

### 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 Stockbroker, Solicitor, or any other independent professional adviser duly registered under the Investment and Securities Act (No. 29 of 2007) immediately.

If you have sold or otherwise transferred all your shares in First Aluminium Nigeria Plc, please give this document and the accompanying proxy forms to the purchaser or transferee or to the Stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

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 from First Aluminium Nigeria Plc or to any other person by the Company or its directors and the Company does not commit to providing shareholders with any other information, updates or corrections to this document or the information contained herein.

**EXPLANATORY STATEMENT TO SHAREHOLDERS OF FIRST ALUMINIUM NIGERIA PLC ON THE PROPOSED VOLUNTARY DE-LISTING OF FIRST ALUMINIUM NIGERIA PLC FROM THE MAIN BOARD OF THE NIGERIAN STOCK EXCHANGE (“THE VOLUNTARY DE-LISTING”)**

This Explanatory Statement contains all the information considered by the Shareholders of First Aluminium Nigeria Plc. (“FAN” or “the Company”), in respect of the decision to voluntarily delist First Aluminium Nigeria Plc from the Main Board of The Nigerian Stock Exchange (“NSE”), as approved at the Annual General Meeting (“AGM”) of FAN held at 12 p.m. on September 25, 2018 at Protea Hotel, 41/42 Isaac John Street, Ikeja GRA, Lagos.

**1. Introduction**

First Aluminium Nigeria plc (“FAN”), is one of the first Nigerian listed companies. FAN commenced operation with the production of Aluminium sheets. The company has since introduced Aluminium roofing in Nigeria as well as marketing Aluminium products needed in the engineering industry as well as for packaging.

In 1991, FAN took its present name, First Aluminium Nigeria Plc and was listed in the daily official list of the Nigerian Stock Exchange in 1992.

ALUCON Holdings S.A. holds roughly 75.48% of the current shareholding with minority shareholders holding about 24.52%.

Over the last 7 years, there has been little or no trading activity on the shares held by the minority shareholders. The share price was stuck at 50 kobo for about six years between June 2011 and June 2017, and thereafter experienced further diminution, both in share price and trading volumes. Over the last eighteen (18) months daily average volume ranged between 2,815 to roughly 2,918 units during the period July 2017 to December 2018.

Shareholders are not benefiting from the continued listing as they are not getting exit opportunities and their investments have been locked up, thereby finding it difficult to dispose of their shareholding. Neither the company nor its shareholders have benefitted as the company's shares continue to trade at a significant discount to the intrinsic value.

Through the Voluntary Delisting of FAN, the Directors of the Company will be providing an Exit Consideration to minority shareholders who do not wish to remain in an unlisted company.

**2. The Proposal**

Pursuant to the resolution of the board of directors of First Aluminium Nigeria Plc duly passed at the meeting of the board of directors of the Company which held on 8 August 2018 the board of directors approved and resolved to recommend to the shareholders of the Company the delisting of all the ordinary issued share capital of the Company, 2,110,359,242 units from the Daily Official List and from trading on the Main Board of the Nigerian Stock Exchange. (“**Voluntary Delisting**”).

The delisting will afford the company to carry-out an imminent Corporate Restructuring exercise to take advantage of emerging opportunities and may consider re-listing the company in the future if the market conditions are favourable.

The Voluntary Delisting will not occasion loss of business opportunities as there are similar unlisted Aluminium Companies who are commanding significant share of the Aluminium market. Also, minority shareholders will not lose their shares because of the Voluntary Delisting and such shareholders may retain their membership in the unlisted Company. However, through the Voluntary Delisting process, the minority shareholders - who do not wish to be members of an unlisted company - will have an opportunity to exit the Company, in accordance with the rules of the Nigerian Stock Exchange.

The shareholders of the Company at its annual general meeting which held on 25 September 2018 approved the proposal for voluntarily Delisting via a poll vote supported by 99.87% of members present and voting.

The Voluntary Delisting will thus become effective upon the obtainment of the written approval of the Nigerian Stock Exchange.

### 3. Transaction Rationale

The purpose for listing First Aluminium was to raise capital for the Company as well as provide liquidity to its shareholders. The current illiquidity nature of the market has rendered this primary corporate objective unattainable for First Aluminium. Over the last 12 months, there has been a significant fall in average daily trading volumes to 2,918 units between July 2017 – June 2018 and further dip to 2,816 units (July 2018 - Dec 2018). Neither the Company nor any shareholder is benefiting from the continued listing on the NSE.

Furthermore, rationalization of operational expenses to support the Company's business and to meet the needs of various stakeholders as the attendant cost required to comply with its listing requirements including filing fees, penalties or sanctions, are not commensurate with the benefits to the Company.

Also, the increasing competitive environment and the struggle to defend market share have resulted in market pressure to reduce price and this might significantly impact operating margin.

The Majority shareholder (with over 75% shareholding) are the promoters of the transaction and the majority shareholder wishes to offer other shareholders (the "Minority Shareholders") the opportunity to either remain shareholders of the unlisted company or accept a consideration for their shares which the majority shareholders are willing to purchase (the "**Exit Opportunity**").

In line with NSE regulatory requirements for a voluntary delisting, an exit opportunity is provided for shareholders who do not wish to be part of the delisted company.

### 4. Effect of the Delisting

Upon the Delisting of First Aluminium Nigeria Plc, the shares of the Company will no longer be available for trading on The Nigerian Stock Exchange. It is envisaged that the delisted First Aluminium will continue its operations as an unlisted public company.

The operations of the Company will continue to be domiciled in the present locations in Lagos and Port Harcourt Nigeria.

### 5. Plan for Employees

The Voluntary Delisting of the Company will not have any impact on the existing contracts of employment.

### 6. Directors Composition

The Voluntary Delisting of the Company will not have any impact on the Board of Directors of First Aluminium Nigeria Plc.

### 7. Taxation

The taxation consequences of the exercise of an exit option will depend on the jurisdiction in which each shareholder is resident for tax purposes. Under current Nigerian tax legislation, any gains realized by a shareholder from receiving the Exit Consideration should not give rise to any chargeable capital gains tax or stamp duty. However, this statement is not intended to be, and should not be construed to be, legal or tax advice to any shareholder.

Shareholders who are in doubt about their taxation position, or who are subject to taxation in a jurisdiction outside Nigeria, are strongly advised to consult their own professional advisers without delay as to the consequences of exercising any of the exit options.

### 8. Meeting to approve the Voluntary Delisting

At the Annual General Meeting of the company held on September 25, 2018 at Protea Hotel, 41/42 Isaac John Street, Ikeja GRA, Lagos, the shareholders of First Aluminium Nigeria Limited have considered and approved the Voluntary Delisting.

Pursuant to the resolution of the shareholders passed at the annual general meeting, First Aluminium will submit an application to The Nigerian Stock Exchange for the approval of the Voluntary Delisting.

#### 9. **Actions to be taken**

The submission of Consideration, Election and Acceptance Form for the purpose of payment of the Exit Consideration. The attached form should be duly completed and returned to the Registrars.

#### 10. **Exit Options and Consideration**

As part of the requirements of the NSE for Voluntary Delisting, the Board of Directors is required to provide an exit opportunity to the shareholders of First Aluminium Nigeria Plc who desire to exit the Company ahead of the Delisting.

In furtherance thereof, the shareholders of First Aluminium Nigeria Plc may exit the Company prior to the Delisting by:

- trading their shares on The Floor of the Nigerian Stock Exchange through their nominated Stockbroker;
- receiving consideration from the Majority shareholders in exchange for transferring their shares, on the terms stated below;

#### 11. **Cash Consideration Settlement**

At the expiration of notice period, First Aluminium shareholders that have opted to exit the Company (the "Exiting Shareholders") will receive the cash consideration.

The cash consideration will be settled by way of electronic transfer to the respective bank accounts of the exiting shareholders as provided in the attached form.

- A cash consideration of ₦0.55 per share ("**Exit Consideration**"), being the highest amount at which the Shares of the Company sold on the floor of the Exchange within 6 months prior to the approval of the Voluntary Delisting by the general meeting of the Company in accordance with the Rules of the Exchange - will be paid to every Exiting shareholder in exchange for their First Aluminium Nigeria Plc shares.

Where a shareholder desires to remain a shareholder of First Aluminium Nigeria Plc such shareholder shall be free to do so and there is no obligation to trade their shares.

#### 12. **Duration of Exit Consideration Offer**

The shareholders of First Aluminium Nigeria Plc may elect to accept the Exit Consideration between May 10, 2019 and August 9, 2019.

#### 13. **Submission of Consideration Election and Acceptance Form**

Shareholders that elect to accept the Exit Consideration must submit their duly completed Consideration, Election and Acceptance Form ("**the Form**") to the office of the Registrars, APEL Capital Registrar Limited, 8, Alhaji Bashorun Street, Off Norman Williams Crescent, South-West Ikoyi, Lagos. Shareholders may elect to forward the Form by registered post or courier (at their own risk and cost), clearly marking the envelope, "**First Aluminium Nigeria Plc**" **Delisting Offer**".

#### 14. **Escrow Account and Procedure for Settlement**

The consideration to shareholders of First Aluminium that elect to accept the Exit Consideration would be computed on August 9, 2019 ("**the Collation Date**") once the Registrars collate all the Forms received. The cash consideration will be settled by way of electronic transfer to the respective bank accounts of Shareholders within 24 hours of the Collation Date.



RC 2288

**FIRST ALUMINIUM NIGERIA PLC - DELISTING FROM THE MAIN BOARD OF THE NIGERIAN STOCK EXCHANGE CONSIDERATION, ELECTION AND ACCEPTANCE FORM**

**TO BE COMPLETED BY ALL SHAREHOLDERS OF FIRST ALUMINIUM NIGERIA PLC WHO ACCEPT THE EXIT CONSIDERATION**

**First Aluminium shareholders will be able to elect to accept the Exit Consideration from May 10, 2019 to August 9, 2019. First Aluminium anticipates that the Delisting will take effect from August 12, 2019.**

1. I/We confirm that I/we have read and understand the terms and conditions of the delisting of First Aluminium Nigeria Plc. I/We confirm my/our acceptance of the terms under which the Company is to be delisted; including the Exit Consideration.
2. I/We hereby represent and warrant that I/we am/are the sole owner(s) of the shares that I/we hereby transfer in acceptance of the Exit Consideration and that these shares are free from any mortgage, pledge, equitable interest, claim or any other security interest and I/we have full power and authority to transfer ownership of the shares, under the terms of the delisting.
3. Accordingly,

**All my/our holdings in First Aluminium Nigeria Plc (whether evidenced by Certificate(s) or lodged in the CSCS Limited) are hereby transferred in accordance with the terms of the delisting.**

No. of Ordinary Shares Relinquished															
<b>Units</b>															
<b>Units in Words</b>															

**For corporate shareholders:** I/We also attach a duly executed Board Resolution authorizing that the shares specified in Clause 3 above be transferred pursuant to the Delisting.

4. I/We understand that all deposits of shares will be subject to the verification of the signatures and units provided by me/us on this Acceptance of Consideration Form.
5. I/We understand that my/our acceptance of the terms of the Delisting as specified in Clause 1 above is an indication of my/our decision to deposit the Shares in accordance with the terms of the Delisting.
6. I/We understand that by accepting the terms of the Voluntary Delisting and depositing my/our shares, I/we sell, assign and transfer all the rights, benefits, title and interest in and to the shares deposited including any and all dividends and distributions which may be declared on or in respect of any of the shares deposited.

7. I/We hereby request that the shares accruing to me/us pursuant to the Voluntary Delisting be settled by crediting the below CSCS account with the shares due to me/us:

<b>CSCS Account Name</b>	
<b>CSCS Account Number</b>	
<b>CHN Number (if Known)</b>	
<b>Signature of Broker</b>	

8. I/We advise that I/we may be contacted:

- a. By mobile telephone on .....
- b. By fax on .....
- c. By email at .....

9. I/We hereby request that the consideration payable to me/us for the shares relinquished / transferred pursuant to the terms of the Voluntary Delisting be settled by payment into my/our nominated bank account.

**Bank Name:** .....

**Bank Address:** .....

**Bank Account Number:** .....

**Bank Sort Code:** .....

**Bank Verification Number (BVN):** .....

*\* Offer lapses on August 9, 2019*

***This Form must be submitted only to the addresses indicated below:***

**APEL Asset Limited**  
 8, Alhaji Bashorun Street, Off  
 Norman Williams Crescent,  
 South West, Ikoyi, Lagos.

**APEL Capital Registrars Limited**  
 8, Alhaji Bashorun Street, Off  
 Norman Williams Crescent,  
 South West, Ikoyi, Lagos.

**Company Secretary**  
**OAKE Legal**  
 Block A-2, Eko Court Complex,  
 Kofo Abayomi Street, Victoria  
 Island, Lagos.