RAPER CAPITAL

Dale Wang
Adviser, Listings Compliance
Australian Securities Exchange
Level 50, South Tower, Rialto
525 Collins Street
Melbourne, VIC 3000

May 1, 2025

Dear Mr Wang,

I own 670,000 shares of Pact Group Holdings (hereafter 'Pact or 'the Company'). I am writing to you in your capacity as the ASX listings officer covering Pact, asking you to either prevent a delisting resolution from being brought at the upcoming EGM[1]; or to otherwise enjoin any entities associated with the controlling shareholder, Raphael Geminder, from voting their shares at the EGM.

The ASX has a wide-ranging remit to prevent delistings from occurring, in the interests of fair and equitable treatment of minority holders under the Listing Rules[2]; and more generally it has a broad stewardship responsibility to ensure market integrity and fairness, devolving from the Corporations Act.[3] I am calling upon you to exercise these duties in this case, and to ensure a wholly unjust (and unnecessary) transfer of value does not occur.

This delisting attempt, endorsed by the Board as 'in the best interests of the Company and its shareholders,' is being brought under false and misleading pretences. On an examination of the evidence, none of the purported benefits of a delisting to the Company so claimed by the Board exist; and the only beneficiary of such an outcome would be one man. In reality, this 'voluntary'

[1] As delineated by the Company here: *Pact Voluntary Delisting from ASX*, 29 April 2025. https://announcements.asx.com.au/asxpdf/20250429/pdf/06j4nlks2xbn02.pdf
[2] See ASX *Listing Rules* 17.11-17.16. As explained in Guidance Note 33, see https://www.asx.com.au/documents/rules/gn33_removal_of_entities.pdf
[3] Specifically Section 792A, which demands all financial market operators act with integrity and fairness, et al. See *Corporations Act 2001*, Section 792A. https://www5.austlii.edu.au/au/legis/cth/consol_act/ca2001172/s792a.html#:~:text=(j)%20take%20all%20reasonable%20steps,in%20contravention%20of%20the%20order.

delisting represents just the final act in a long, lamentable catalogue of coercive behaviors orchestrated by Mr Geminder that, if allowed to conclude, will irreparably harm minority shareholders and, explicitly or implicitly, expropriate the value of their investment in his own favour.

The simple reality is this: Mr Geminder pursued a takeover of Pact, beginning in September, 2023 – a scheme that was extended 13 times and drawn out over 21 months! – and yet still did not manage to achieve the legal ownership threshold for compulsory acquisition (being 90%).[4] During this period, Mr Geminder's entities were even compelled by the Takeovers Panel to withdraw misleading statements[5]; and yet still he was unable to achieve the 90% threshold – simply because the consideration offered under that scheme was insultingly low, and thus rightly rejected by a substantial number of minorities.

Now, however, despite that failure – as well as the existence on the register of over 1000 investors with a marketable parcel of shares, many times more than the minimum statutory requirements for a listed entity – a voluntary delisting is being promulgated on false grounds.

To my understanding, this would be the first case in Australian corporate history where a listed company, having been subject to a takeover bid that did not meet the minimum threshold for compulsory acquisition, then immediately proceeded to be delisted. Effectively, if this were allowed to conclude, the *de facto* squeeze-out threshold would move from the statutory 90% to a much lower level – being 75% - with hugely deleterious consequences for minority investors across the market. In fact in this particular case, in the absence of an exit offer, minorities face the very real possibility of having the full value of their investment impaired (as I shall discuss).

Furthermore, in the wake of the James Hardie farce, where many investors suggested that the ASX abrogated their responsibilities to protect investors, I believe it is imperative that the ASX discharges its duties in this case with renewed determination.[6]

The Company's stated reasons for the delisting are both spurious and untrue

In the press release announcing the intent to delist the Company, the Company's board states that it is 'in the best interest of the Company and its shareholders' to delist because, variously, there is low liquidity in the Company shares; the register is concentrated; the costs of maintaining the

[4] The first Bidder's Statement was filed on September 13, 2023. See: https://announcements.asx.com.au/asxpdf/20230913/pdf/05ttcjg0fn0mwc.pdf
The offer finally closed on June 7, 2024, with Geminder-related entities having achieved an 86.98% ownership total. See: https://announcements.asx.com.au/asxpdf/20240619/pdf/064qj26bszz04q.pdf
[5] See TP24/015, April 5, 2024, *Pact Group Holdings – Panel Declines to Conduct Proceedings* https://takeovers.gov.au/media-releases/tp24-015
[6] As discussed here: Investors managing $1trn push ASX for say on James Hardie deal, Australian Financial Review, April 17, 2025. https://www.afr.com/markets/equity-markets/investors-managing-1-trillion-push-asx-for-say-on-james-hardie-deal-20250417-p5lsew

listing outweigh the benefits; and there is an administrative and management burden associated with maintaining compliance with the regulatory regime as a listed company.

All these reasons are demonstrably false. It may well be in the best interests of the *majority shareholder* to delist, and for that purpose the stated reasons may perhaps apply. But for minority shareholders – whose rights to equitable treatment remain under the law; whose mistreatment the ASX has a duty to prevent; and whose interests our Board has a fiduciary duty to protect – a delisting would be an abject, and permanent, disaster. Let me address each of the Board's arguments individually:

1) ***Liquidity:*** however low it may be on the market today, it is unquestionably far superior to liquidity conditions as an unlisted, semi-dark, controlled company (which is the alternative being proposed). A survey of all minority investors in the Company will confirm this assessment (indeed I challenge the Board to find one solitary investor who thinks otherwise). The price evidence, too, is clear, since the Pact share price fell 20% the day this purported delisting was first raised – clear evidence of a preference amongst market participants;
2) ***Concentration of register***: as of the last corporate register, there remain over 1000 shareholders with a marketable parcel of shares (far more than the statutory minimum). Certainly, all those multitudinous small shareholders would not be better served by removing liquidity all together (via delisting). In any case, concentration alone cannot be deemed justification for delisting, if the minimum ownership quorum test is satisfied (which it is), and if compulsory acquisition levels (90%) have not been met (which they haven't);
3) ***The costs of maintaining a listing***: this point is entirely spurious because, at a fundamental level, the scope and nature of Pact's business will not change, whether it is listed or not; and discrete listing costs today are an infinitesimally small portion of the Company's cost base. According to the Australian Investor Relations Association, the median annual cost of maintaining an ASX listing for an ASX200+ company – that is, the relevant category for Pact – is about $4.5mm[7]. But of this total, almost half the cost burden comprises audit/assurance, and D&O insurance – both line items that would hardly change as an unlisted disclosing entity with minority investors, meaning the cost benefits simply of delisting are questionable at best. But *even if* we assumed the remaining $2mm in theoretical listing costs could be cut entirely, *this number constitutes just 0.1% of annual revenues, and 0.2% of annual operating expense*, for the company – clearly immaterial numbers that would not justify a delisting on the costs alone;
4) ***The listing being a management distraction***: again, this claim is simply false and not borne out in the evidence. Since the last takeover closed (June, 2024), the Company has made the barest of bare minimum corporate disclosures allowed under the Listing Rules. Pact has not filed Quarterly Activity statements; it has not appeared at any investor conferences or corporate roadshows; it has provided no investor relations presentations or materials; and it has held only the briefest of Q&A after the Annual General Meeting. In

[7] See *Media Release*, September 7, 2023, p.2. https://www.australasianir.com.au/common/Uploaded%20files/AIRA%20Documents/News%20Releases/COBL_Media_Release_Final.pdf

sum, to say that being listed has been a meaningful drag on management time and resources, when the company has completely and utterly disengaged from the street, is simply untrue.

In sum, the entire premise for delisting as presented by Board is spurious. The real reason for this delisting attempt is not cost savings nor management distraction; rather, the Board – acting as the agent of the controlling shareholder – is seeking purely to disenfranchise minorities, such that there will be no transparent marketplace, and no listed governance structure extant, at some future time for when the majority shareholder deigns to clean up the minorities via another takeover bid.

Properly understood, this attempt is thus the very definition of an 'unacceptable reason' to pursue a delisting – which, as Guidance Note 33 to the Listing Rules state, may include '*deny[ing] minority security holders a market for their securities in order to coerce them into accepting a current or planned offer from a controlling security holder to buy their securities at an undervalue.*'[8] And this is exactly the kind of extractive, deeply harmful outcome the Listing Rules were created to prevent.

A delisting will disproportionately, and permanently, harm minority shareholders

Despite the Company's blithe characterisation of a delisting as largely a liquidity concern, there is a very real cost to delisting the shares – and it is a cost borne entirely by minority shareholders. The practical reality is that most minorities are unable to hold shares in unlisted entities - let alone to transact in them. For example, I contacted five of the most common retail stockbrokers in Australia (CommSec; CMC Markets; Saxo Markets; eToro; and IG Markets) and **none** of them offer the ability to transact in unlisted stocks A number of them actually force you to mark the positions down or transfer them out of your account entirely. Even Interactive Brokers – an institutional grade platform, used by many family offices and small investment funds (and where I custody my shares) – will not transact in unlisted or delisted Australian securities.

What, then, is the value of a share one is unable to trade, or perhaps even to hold in an account? The practical answer is, not very much at all. This is why the headline for the one specialist service I could find that offers to transact in delisted Australian securities – Delisted Australia – operates under the heading, 'Sell Your Worthless Shares.'[10] The tagline is not ironic.

And even if, by some minor miracle, one can custody and then find a willing broker to transact delisted paper, the fact remains that locating a willing buyer is tortuous, time-consuming, and would require a punitive discount at sale to offset these executional difficulties. Sadly, the only real buyer of delisted securities subordinated to a controlling shareholder in this fashion, is the controlling shareholder himself – and that is hardly a recipe to expect fair treatment.

[8] See ASX *Listing Rules* 17.11-17.16. As explained in Guidance Note 33, see https://www.asx.com.au/documents/rules/gn33_removal_of_entities.pdf
[10] See https://www.delisted.com.au/sell-worthless-and-other-securities/

In other words, faced with an imminent delisting, minorities face a 'Sophie's choice' between dumping their shares before the delisting – at highly dislocated prices, into an unbalanced and illiquid market – simply because they have no reasonable ability to hold or trade delisted shares; or to otherwise accept private, unlisted, totally illiquid, minority shares bereft of any of the listing protections heretofore available, and now laid bare to the predations of a rapacious controlling shareholder.

Thus, whether immediately or in the medium-term, either of these outcomes permanently impair minority value, and unreasonably prejudice small shareholders in favour of the controlling shareholder. This is why a voluntary delisting of the shares would be tantamount to a death sentence for most minority shareholders, and an unjust (and unnecessary) outcome the ASX should vigorously oppose.

An ASX listing provides crucial protections against minority abuse

There are further important differences between listed and unlisted securities that avail minorities needed protections from potential abuse. These distinctions are particularly crucial here, where given prior behavior by the majority owner, the inherent risks of subordination and potential mistreatment, in an unlisted context, are far higher than normal.

For instance, unlisted disclosing entities are entirely free from ASX Corporate Governance guidelines; and simultaneously are not bound by related party disclosure rules (that is, Listing Rules 10.1 and 10.11). Simply, in an unlisted context, the majority shareholder would be able to transfer assets into and out of the Company, completely unfettered and more or less at will, unchecked by the broader market disclosure norms or by a listed company governance regime. PGH is already an entity that discloses significant related party transactions, and remains a complex, multi-jurisdictional global business, with many disparate controlled entities and joint ventures.[11]

And this is particularly relevant today since, *the very same day* Pact announced the intent to delist, it also disclosed a potential sales process for its Asian packaging business – a business unit that may comprise close to 10% of groupwide sales.[12] In an unlisted context How exactly could minorities be assured this highly material asset will be disposed of in a truly arm's-length, independent fashion? Absent the necessary restraints of the Listing Rules, one wonders how long it would be before related party dealings run amok at the Company – to the clear detriment of minorities.

[11] See, for example, the disclosures on related parties (p.38-9) and controlled entities (p.66-8); and joint ventures (p.70-4) in the last Pact *Annual Report*, October 10, 2024. https://announcements.asx.com.au/asxpdf/20241010/pdf/068yjzv81wrq8b.pdf

[12] See PR, Business Update, 29 April 2025. Asian Packaging percent revenue share derived from last Annual Report. https://announcements.asx.com.au/asxpdf/20250429/pdf/06j4qnh110k243.pdf

The ASX has an opportunity to reaffirm its core principles

As mentioned at the outset, this delisting attempt represents just the latest event in a long line of actions designed to disenfranchise and expropriate minority Pact shareholders. It is eminently clear that a delisting disproportionately harms minorities, in clear violation of the Listing Rules, and no one – literally no one – outside the majority shareholder wants a 'voluntary' delisting to occur. This is not a company with below the necessary market quorum of security holders; nor is it one where the compulsory acquisition threshold has been met. Rather, if the exchange accedes to allowing a delisting here, despite all the evidence to the contrary, it would be tantamount to moving the squeeze-out threshold from 90%, to the much lower level of 75% - a level governance experts have cited as too low to protect the interests of minorities.[13]

And while I wish it were not the case, the sad reality is that today the reputation of the ASX as a marketplace where fair and equitable treatment of minorities remains sacrosanct, is under threat – not least in the wake of the James Hardie fiasco mentioned earlier. But this case represents an opportunity for you to reaffirm the principles at the foundation of our markets. It remains wholly within your discretion to ensure that minority rights are adequately protected; and to therefore strike down this delisting attempt, allowing the maintenance of the listed *status quo* – an outcome that harms no-one (not the majority owner, nor the Company) and simply preserves minority rights to equitable treatment, as intended in the Listing Rules and under the law.

I remain available to discuss any of the material enclosed herein and look forward to your favorable reply.

Very sincerely yours,

Jeremy Raper

[13] See, for example, this Ownership Matters paper, *Corporate Control Transactions in Australia*, June 3, 2022. https://treasury.gov.au/sites/default/files/2022-11/c2022-263877-ownership_matters.pdf