

## ASX Announcement



Monday, 21 October 2024

### Proposed voluntary delisting from the ASX

Cardno Limited (ASX:CDD) ("**Cardno**" or the "**Company**") announces that it has submitted a formal application to the Australian Securities Exchange ("**ASX**") requesting confirmation that the ASX will remove the Company from the official list of the ASX ("**Official List**") in accordance with ASX Listing Rule 17.11 ("**Delisting**"). Following this application, the ASX has agreed to remove the Company from the Official List, subject to the satisfaction of certain conditions as set out in this announcement, including the Company obtaining Cardno shareholder approval for the Delisting.

The proposed Delisting will be put forward for Cardno shareholder approval at the annual general meeting ("**AGM**") of the Company to be held on Wednesday, 27 November 2024. If the conditions for the proposed Delisting are satisfied, including Cardno shareholder approval, and the proposed Delisting proceeds, Cardno's shares would no longer be quoted on the ASX. The Delisting would be expected to take effect on or around Friday, 17 January 2025.

The Company will be separately releasing on the ASX market announcements platform, and despatching to Cardno shareholders, a Notice of Meeting and Explanatory Statement in respect of the AGM ("**Notice of Meeting**").

#### 1. Reasons for Cardno seeking removal from the Official List

The Cardno Board of Directors ("**Board**") has determined that it is in the best interests of the Company and its shareholders for the Company to delist from the ASX for the following reasons:

- (a) **Cost savings:** the Company believes that the ongoing administrative, compliance and direct costs associated with maintaining a listing on the ASX are disproportionate to the benefit obtained by remaining listed. The Company estimates that delisting its shares would save in the order of approximately A\$200,000 per annum in direct costs over time, with the potential for additional, indirect cost savings.
- (b) **Proposed winding up of Cardno:** as announced to the ASX on 16 September 2024, given the failure to sell Entrix America and the limited expected future near term collections from Insus, the Board has considered that it will seek to realise whatever value it can over the 6 month period from the date of that ASX announcement and return whatever cash it can to Cardno shareholders. The current intention of the Board is to wind up Cardno in an efficient and timely basis, ideally by 30 June 2025. As the Board progresses with the required steps for this process, the Board will return whatever cash can be distributed to shareholders in this time and continue to keep shareholders updated in this process.

In light of the above, the Board is seeking to delist Cardno to minimise the costs associated with maintaining a listing on the ASX prior to the winding up process so as to ensure the winding up of Cardno is undertaken in an efficient manner (and so that Cardno does not continue to incur costs associated with being listed on the ASX).

- (c) **Low liquidity:** there has been a relatively low level of liquidity in trading in the Company's shares on the ASX, as evidenced by the following statistics:

Month	Days traded	Number of Cardno shares traded	Value of Cardno shares traded <sup>1</sup> (A\$)
October 2024 <sup>2</sup>	12	551,233	\$168,651
September 2024	21	667,819	\$228,655
August 2024	22	547,083	\$222,627
July 2024	23	1,170,384	\$462,700
June 2024	19	662,425	\$228,855
May 2024	23	3,934,703	\$1,536,715

Having regard to the circumstances set out in this announcement, the Board believes that it is highly unlikely that there will be any meaningful improvement in the liquidity of Cardno shares in the future.

- (d) **No significant current requirement for capital in the ordinary course:** there is currently no significant need for capital by the Company in the near-to medium-term in the ordinary course and while listed on the ASX. Accordingly, the ability to conduct equity capital raisings within the ASX-listed environment is not a present nor foreseeable benefit for the Company.

## 2. Conditions of ASX's approval of the proposed Delisting

The Company has received confirmation from the ASX of a decision ("**ASX Decision**") that the ASX has agreed to the formal request from the Company for the Delisting, subject to the Company's compliance with the following conditions:

\* \* \* \* \*

1.1 *The request for removal of CDD from the official list of ASX is approved by a special resolution of ordinary security holders of CDD.*

1.2 *The notice of meeting seeking security holder approval for CDD's removal from the official list must include the following information, in form and substance satisfactory to ASX:*

- 1.2.1 *a timetable of key dates, including the time and date at which CDD will be removed from ASX if that approval is given;*
- 1.2.2 *a statement to the effect that the removal will take place no earlier than one month after approval is granted;*
- 1.2.3 *a statement to the effect that if holders wish to sell their securities on ASX, they will need to do so before the entity is removed from the official list; and if they do not, details of the processes that will exist after CDD is removed from the official list to allow security holders to dispose of their holdings and how they can access those processes; and*

<sup>1</sup> Approximate value based on the average Cardno share price (rounded up) for the relevant month.

<sup>2</sup> Up to and including 16 October 2024.

1.2.4 the information prescribed in section 2.11 of ASX Guidance Note 33.

1.3 The removal of CDD from the official list must not take place any earlier than one month after security holder approval is obtained so that security holders have at least that period to sell their securities should they wish to do so.

1.4 CDD must apply for its securities to be suspended from quotation at least two (2) business days before its proposed removal date.

1.5 CDD releases the full terms of this decision to the market upon making a formal application to ASX to remove CDD from the official list of ASX.

\* \* \* \* \*

The Company intends to fully comply with the above conditions (together, the “**Conditions**”). The full text of the ASX Decision is set out in Annexure A to this announcement.

The purpose of the Condition that the Delisting must not take place any earlier than one month after Cardno shareholder approval has been obtained is so that Cardno shareholders have at least that period to sell their shares on the ASX, should they wish to do so.

In accordance with paragraph 1.5 of the ASX Decision, the Company releases this announcement to the market.

### **3. Consequences of the proposed Delisting for the Company and its shareholders**

In the event the proposed Delisting proceeds (that is, the Company is removed from the Official List), the key consequences for the Company and its shareholders would include:

(a) Trading of Cardno shares

Following the Delisting, Cardno shares will cease to be quoted on the ASX and shareholders will no longer be able to sell their shares and realise their investment in the Company via trading on the ASX.

(b) Sales via off-market transactions

Following the Delisting, Cardno shares will only be capable of sale via off-market private transactions, which will require shareholders to identify and agree terms with potential purchasers of the shares in accordance with the Cardno constitution (“**Constitution**”) and the *Corporations Act 2001* (Cth) (“**Corporations Act**”).

The Company does not have any present intention to list any securities of the Company on any securities exchange following the Delisting. The Company can provide no assurances or guarantees that a liquid market for the Company’s securities will exist.

If Cardno shareholders wish to sell their shares before the Company commences the winding up process previously notified to the ASX, they should take advantage of the ability to sell their shares on the ASX before the Company’s suspension from trading.

(c) Raising new capital

As an unlisted public company, the Company will no longer be able to raise capital by issuing securities to investors by means of a limited disclosure fundraising document or through the cleansing notice regime.

Should the Company seek to raise capital following the proposed Delisting, it will be required to offer its shares pursuant to a full prospectus, offer information statement or by way of a disclosure-exempt placement under section 708 of the Corporations Act, including but not limited to, for example, to

sophisticated, professional or experienced investors or for a “small scale offering”, for which a disclosure document is not required.

(d) ASX Listing Rules

The Company will no longer have to comply with the ASX Listing Rules and certain obligations which apply only to ASX-listed entities, including the following:

- the requirement under ASX Listing Rule 7.1 to obtain prior approval of shareholders for an issue of equity securities if the equity securities would, when aggregated with the ordinary securities issued by the Company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12-month period;
- the requirement to seek prior shareholder approval for the issue of shares to directors and other related parties as required under ASX Listing Rule 10.11;
- the requirement to obtain shareholder approval under ASX Listing Rules 11.1 or 11.2 for changing the nature and scale of the Company’s activities or disposing of its main undertaking;
- the requirement to prepare an audited Remuneration Report and have the Remuneration Report voted on by shareholders at an annual general meeting; and
- the requirement for the Company to prepare a Corporate Governance Statement comparing its own corporate governance practices to the ASX Corporate Governance Principles and Recommendations.

(e) Corporations Act

Although the ASX Listing Rules will cease to apply to the Company if the Delisting proceeds, the Company will still be subject to the requirements of the Corporations Act and the Constitution, including the following:

i. Unlisted disclosing entity

For so long as the Company has 100 or more shareholders, it will be an "unlisted disclosing entity" under the Corporations Act. This means that it will still be required to make continuous disclosure of matters that a reasonable person would expect to have a material effect on the price or value of the Company's shares, by filing notices with ASIC under section 675 of the Corporations Act.

As an unlisted disclosing entity, the Company will also still be required to lodge audited annual and half-yearly financial reports in accordance with the requirements of the Corporations Act. The Company would continue to make its continuous disclosure notices and financial reports available to shareholders on its website.

If the Company ceases to be an unlisted disclosing entity (by ceasing to have at least 100 shareholders), there will be no ongoing requirement to make continuous disclosure of matters under section 675 of the Corporations Act or to lodge half-yearly statements reviewed by an auditor. The Company would still however be required to prepare and lodge annual audited financial statements with ASIC (if, at the applicable time, it is still a public company or a large proprietary company).

ii. Chapter 6

For as long as the Company has more than 50 shareholders, it will continue to be subject to the "takeover" provisions in Chapter 6 of the Corporations Act and, as such, increases in voting power in the Company

would continue to be regulated by Chapter 6 for shareholders who hold between 20% and 90% of the voting power in the Company.

iii. Related party benefits

The restrictions on the giving of a financial benefit by the Company to a related party under Chapter 2E of the Corporations Act would continue to apply.

(f) Constitution

The Constitution will remain unchanged immediately following the Delisting.

As such, Cardno shareholders would continue to have the right to:

- exercise the voting rights attached to their shares;
- receive notices of meetings and other notices issued by the Company; and
- receive dividends (if any) declared and payable by the Company from time to time,

in accordance with the Constitution.

#### **4. Arrangements for Cardno shareholders to sell their shares**

In accordance with paragraph 1.2.3 of the ASX Decision, the Company notifies shareholders that if they wish to sell their Cardno shares on the ASX, they will need to do so before the Company's suspension from trading (which is expected to be in effect from the close of trade on Tuesday, 14 January 2025 pursuant to the proposed timetable in Annexure B below).

Following the Delisting, Cardno shares will only be capable of sale through an off-market private transaction and there will be no formal securities market or exchange in place to allow investors to dispose of their holdings following the Delisting. Shareholders wishing to trade their Cardno shares will be entitled to transfer their shares off-market to a willing third-party purchaser in accordance with the requirements of the Constitution and the Corporations Act.

Consequently, if Cardno shareholders wish to sell their shares before the Company commences the winding up process previously notified to the ASX, they should take advantage of the ability to sell their shares on the ASX before the Company's suspension from trading.

#### **5. Timetable**

Annexure B includes the proposed timetable for completion of the proposed Delisting. The proposed Delisting would not occur any earlier than one month following Cardno shareholder approval. Cardno shares may continue to be traded on the ASX up until close of trade on the date that is two trading days prior to the proposed Delisting date, after which trading will be suspended until the Delisting is implemented.

#### **6. Remedies available to shareholders**

(a) Part 2F.1 of the Corporations Act

In circumstances where a shareholder considers the Delisting to be contrary to the interests of shareholders as a whole, or oppressive to, unfairly prejudicial to, or unfairly discriminatory against a shareholder or shareholders, that shareholder may apply to the court for an order under Part 2F.1 of the Corporations Act.

The court can make any order under section 233 of the Corporations Act that it considers appropriate in relation to the Company. This may include an order that the Company be wound up or an order regulating the conduct of the Company's affairs in the future.

(b) Part 6.10 Division 2 Subdivision B of the Corporations Act

In circumstances where a shareholder considers that the Delisting involves "unacceptable circumstances", that shareholder may apply to the Takeovers Panel to make a declaration of unacceptable circumstances or orders under Part 6.10 Division 2 Subdivision B of the Corporations Act (see also *Guidance Note 1: Unacceptable Circumstances* issued by the Takeovers Panel).

Pursuant to section 657D of the Corporations Act, if the Takeovers Panel has declared circumstances to be unacceptable under section 657A of the Corporations Act, it may make any order (except for an order directing a person to comply with a requirement of Chapter 6, 6A, 6B or 6C of the Corporations Act) that it thinks appropriate to (among others) protect the rights or interests of any person or group of persons where it is satisfied that those rights or interests have been or are being affected, or will be or are likely to be affected, by the circumstances.

**This announcement has been authorised for release by Cardno's Board of Directors.**

**– ENDS –**

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## **Annexure A – ASX Decision**

### **Decision**

1. *Based solely on the information provided, ASX Limited ('ASX') agrees to the removal of Cardno Limited ('CDD') from the official list of ASX pursuant to Listing Rule 17.11, on a date to be determined by ASX in consultation with CDD, subject to compliance with the following conditions.*
  - 1.1 *The request for removal of CDD from the official list of ASX is approved by a special resolution of ordinary security holders of CDD.*
  - 1.2 *The notice of meeting seeking security holder approval for CDD's removal from the official list must include the following information, in form and substance satisfactory to ASX:*
    - 1.2.1 *a timetable of key dates, including the time and date at which CDD will be removed from ASX if that approval is given;*
    - 1.2.2 *a statement to the effect that the removal will take place no earlier than one month after approval is granted;*
    - 1.2.3 *a statement to the effect that if holders wish to sell their securities on ASX, they will need to do so before the entity is removed from the official list; and if they do not, details of the processes that will exist after CDD is removed from the official list to allow security holders to dispose of their holdings and how they can access those processes; and*
    - 1.2.4 *the information prescribed in section 2.11 of ASX Guidance Note 33.*
  - 1.3 *The removal of CDD from the official list must not take place any earlier than one month after security holder approval is obtained so that security holders have at least that period to sell their securities should they wish to do so.*
  - 1.4 *CDD must apply for its securities to be suspended from quotation at least two (2) business days before its proposed removal date.*
  - 1.5 *CDD releases the full terms of this decision to the market upon making a formal application to ASX to remove CDD from the official list of ASX.*
2. *ASX has considered Listing Rule 17.11 only and makes no statement as to CDD's compliance with other Listing Rules.*

### **Basis for Confirmation**

#### **Listing Rule 17.11**

1. *ASX may remove an entity from the official list of ASX at the request of an entity. Removal from the official list at an entity's request recognises that remaining listed may no longer be suitable for a listed entity at a particular stage in its existence. There is no requirement for ASX to act on the request. ASX's power not to agree to requests for delisting enables it to ensure that delisting is not sought for inappropriate reasons or conducted in a way that is clearly harmful to the market or to security holders' legitimate interests. ASX may impose conditions on granting the request. The power to impose conditions enables ASX to ensure that an orderly market is maintained in the period leading up to the delisting, and that the listed entity makes appropriate arrangements in connection with its delisting. These conditions may include: (i) seeking security holder approval for delisting by way of a special resolution; (ii) giving advanced notice of an amount of time which is adequate to the particular circumstances; or (iii) providing alternative arrangements for security holders to exit their investment before or after delisting.*

**Facts/Reasons for providing the Confirmation**

- 2. The circumstances faced by the entity are those to which section 2.7 of Guidance Note 33 applies. Where an entity requests removal from the official list of ASX and its ordinary securities are not readily able to be traded on another exchange, ASX will usually require the entity to obtain security holder approval for removal from the official list by way of a special resolution.*



## Annexure B – Proposed timetable for Delisting

Event	Date
ASX announcement of formal Delisting application	Monday, 21 October 2024
Despatch of the Notice of Meeting and the Explanatory Memorandum to Cardno shareholders	On or before Monday, 28 October 2024
AGM held to approve, among other matters, the proposed Delisting	3:00pm (AEDT) on Wednesday, 27 November 2024
Results of AGM announced to the ASX	Wednesday, 27 November 2024
<b>If Cardno shareholders approve the Delisting at the AGM</b>	
Suspension from quotation	Close of trade on Tuesday, 14 January 2025
Removal of the Company from the Official List	Friday, 17 January 2025

*All times and dates in the above timetable are references to the time and date in Sydney, New South Wales, Australia, are indicative only and may be subject to change by the Company or the ASX. The key dates above are linked to the Delisting resolution included within the Notice of Meeting and accordingly are conditional on approval by Cardno shareholders. Any material changes will be announced by the Company to the ASX.*