



HRL Holdings Limited
Level 12, 145 Eagle Street
Brisbane Queensland 4000, Australia
GPO Box 216
Brisbane Queensland 4001, Australia
Tel +61 7 3105 5960
Email admin@hrlholdings.com

ASX Announcement

13 September 2019

Notice of Annual General Meeting and Director Retirement

Please find attached HRL's 2019 Notice of Annual General Meeting and Voting Form.

The meeting will be held on 17 October 2019 commencing at 11.00am (Brisbane time) at HopgoodGanim Lawyers, Level 7 Waterfront Place, 1 Eagle Street, Brisbane.

The Company has been advised that Mr John Taylor has decided to retire as a Director of the Company at the conclusion of the 2019 AGM.

Chairman of HRL Mr Greg Kilmister commented on the decision by Mr Taylor to retire as follows: "John Taylor joined the Board of HRL in 2014 following its restructure and change of activities with the acquisition of the Octief environmental consulting and hazardous materials analytical laboratory business. He has served as a valuable non-executive Director and Chair of the Remuneration and Nomination Committee over the past five years and his contribution has been greatly appreciated by the Board."

On Behalf of the Board

Paul Marshall
Company Secretary
HRL Holdings Ltd

Notice of Annual General Meeting and Explanatory Memorandum

HRL Holdings Limited ACN 120 896 371

Date of Meeting: Thursday, 17 October 2019

Time of Meeting: 11:00am (Brisbane time)

Place of Meeting: HopgoodGanim Lawyers, Level 7, Waterfront Place, 1 Eagle Street, Brisbane QLD 4000

Notice of Annual General Meeting

Notice is given that the Annual General Meeting of Shareholders of HRL Holdings Limited ACN 120 896 371 (**Company**) will be held at HopgoodGanim Lawyers, Level 7, Waterfront Place, 1 Eagle Street, Brisbane QLD 4000, on Thursday, 17 October 2019 at 11:00am (Brisbane time).

Terms used in this Notice of Meeting are defined in section 8 (Interpretation) of the accompanying Explanatory Memorandum.

Agenda

Ordinary business

Financial Reports

To receive and consider the Company's Annual Report comprising the Directors' Report and Auditors' Report, Directors' Declaration, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to and forming part of the financial statements for the Company and its controlled entities for the financial year ended 30 June 2019.

1. Resolution 1 - Remuneration Report

To consider and, if thought fit, pass the following Advisory Resolution of the Company:

"That the Remuneration Report for the year ended 30 June 2019 (as set out in the Directors Report) is adopted."

<p>Notes</p> <p>The vote on this Resolution 1 is advisory only and does not bind the Directors or the Company.</p> <p>Voting Restriction Statement pursuant to section 250R(4) of the Corporations Act</p> <p>A vote in favour of Resolution 1 must not be cast (in any capacity) by or on behalf of either of the following persons:</p> <ul style="list-style-type: none">(a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report;(b) a Closely Related Party of such a member. <p>However, the above persons may cast a vote on Resolution 1 if:</p> <ul style="list-style-type: none">(a) the person does so as a proxy; and(b) the vote is not cast on behalf of a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report or a Closely Related Party of such a member; and(c) either:<ul style="list-style-type: none">(1) the voter is appointed as a proxy by writing that specifies the way the
--

Notice of Annual General Meeting

proxy is to vote on the resolution; or

- (2) the voter is the chair of the meeting and the appointment of the chair as proxy:
 - (A) does not specify the way the proxy is to vote on the resolution; and
 - (B) expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity.

Voting Intention of Chair

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the Resolutions the subject of this Meeting, including Resolution 1, subject to compliance with the Corporations Act. In exceptional circumstances, the Chair of the Meeting may change his voting intention on any resolution, in which case an ASX announcement will be made.

2. Resolution 2 - Re-election of Greg Kilmister as a Director

To consider and, if thought fit, pass the following Ordinary Resolution of the Company:

“That Greg Kilmister, who was appointed to the Board following the last annual general meeting of the Company and who retires in accordance with Rule 36.2 of the Company’s Constitution, and being eligible, be re-elected as a Director of the Company.”

3. Resolution 3 - Re-election of James Todd as a Director

To consider and, if thought fit, pass the following Ordinary Resolution of the Company:

“That James Todd, who retires by rotation in accordance with Rule 38.1 of the Company’s Constitution and, being eligible, offers himself for re-election, be re-elected as a Director.”

4. Resolution 4 - Increase in amount available for Non-Executive Director remuneration

To consider and, if thought fit, pass the following Ordinary Resolution of the Company:

“That in accordance with Listing Rule 10.17 of the Listing Rules of the ASX Limited (ASX) and Rule 39.5 of the Company’s Constitution, the total aggregate annual remuneration payable to Non-Executive Directors of the Company be increased by \$150,000, from \$250,000 to a maximum of \$400,000.”

Voting Restriction Statement pursuant to Listing Rule 10.17

The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of:

- (a) any Director of the Company; or

Notice of Annual General Meeting

- (b) any associate of them.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions in the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

5. Resolution 5 - Approval for issue of Performance Rights to Mr Steve Howse

To consider and, if thought fit, pass the following Ordinary Resolution of the Company:

“That for the purposes of Chapter 2E, section 208(1) of the Corporations Act and ASX Listing Rule 10.14 and for all other purposes, approval be given for the Company to issue and allot up to 250,000 Performance Rights to Mr Steve Howse, for nil consideration and to allot and issue Shares upon the vesting and subsequent exercise of those Performance Rights (on a one-for-one basis) in accordance with the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting..”

Notes

A copy of this Notice of Meeting and the accompanying Explanatory Memorandum has been lodged with the ASIC in accordance with sections 218 and 260B(5) of the Corporations Act.

Voting exclusion statement – Listing Rule 10.14

The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of:

- (a) Mr Steve Howse; or
- (b) an associate of Steve Howse.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions in the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Voting Exclusion Statement – Part 2E of the Corporations Act

For the purposes of Part 2E of the Corporations Act, a vote on Resolution 5 must not be cast by or on behalf of Mr Steve Howse or any associate of him.

However, this does not prevent the casting of a vote on Resolution 5 if it is cast by a person as a proxy in writing that specifies how the proxy is to vote on the proposed resolution and it is not cast on behalf of a person referred directly above.

Notice of Annual General Meeting

Voting Exclusion Statement – Section 260B(1) of the Corporations Act

For the purposes of section 260B(1) of the Corporations Act, a vote in favour of Resolution 5 must not be cast by or on behalf of Mr Steve Howse or any associate of him.

Voting Restriction Statement pursuant to section 250BD of the Corporations Act

A vote in on Resolution 5 must not be cast by and the Company will disregard any votes cast on this Resolution by:

- (a) any Key Management Personnel (which includes the Chair) of the Company, or if the Company is part of a consolidated entity, of the entity; or
- (b) a Closely Related Party of such Key Management Personnel,

who is appointed as a Shareholder's proxy, where the Shareholder does not direct in writing the way the proxy is to vote on the Resolution.

However, the Company need not disregard a vote on this Resolution if it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, where the Shareholder does not direct in writing the way the proxy is to vote on the Resolution, on the condition that the appointment of proxy expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, of the entity.

General business

To consider any other business as may be lawfully put forward in accordance with the Constitution of the Company.

Shareholders are advised that an online voting facility is available. Login to the Link website (www.linkmarketservices.com.au) using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote.

BY ORDER OF THE BOARD



Paul Marshall
Company Secretary
13 September 2019

Explanatory Memorandum

1. Introduction

This Explanatory Memorandum is provided to Shareholders of HRL Holdings Limited ACN 120 896 371 (**Company**) to explain the Resolutions to be put to Shareholders at the Annual General Meeting to be held at HopgoodGanim Lawyers, Level 7, Waterfront Place, 1 Eagle Street, Brisbane QLD 4000 on Thursday, 17 October 2019 commencing at 11:00am (Brisbane time).

The Directors recommend Shareholders read the accompanying Notice of Meeting and this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

Terms used in this Explanatory Memorandum are defined in section 8.

2. Consider the Company's Annual Report

The Company's Annual Report comprising the Directors' Report and Auditors' Report, Directors' Declaration, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to and forming part of the financial statements for the Company and its controlled entities for the financial year ended 30 June 2019 was released to the ASX Limited on 9 August 2019.

Shareholders can access a copy of the Company's Annual Report at <http://hrlholdings.com/investor-centre/annual-reports/>. The Company will not provide a hard copy of the Company's Annual Report to Shareholders unless specifically requested to do so.

The Company's Annual Report is placed before the Shareholders for discussion. No voting is required for this item.

3. Resolution 1 - Remuneration Report

The Board has submitted its Remuneration Report to Shareholders for consideration and adoption by way of a non-binding advisory resolution in accordance with section 250R of the Corporations Act.

The Remuneration Report is set out in the Directors' report section of the annual report. The Report, amongst other things:

- (a) explains the Board's policy for determining the nature and amount of remuneration of Key Management Personnel of the consolidated entity;
- (b) explains the relationship between the Board's remuneration policy and the Company's performance;
- (c) sets out remuneration details for each Key Management Personnel of the consolidated entity including details of performance related remuneration and any options or other securities granted as part of remuneration; and
- (d) details and explains any performance conditions applicable to the remuneration of Key Management Personnel of the Company.

The Board believes the Company's remuneration policies and structures as outlined in the Remuneration Report are appropriate relative to the size of the Company, its business and strategic objectives and current and emerging market practices.

Explanatory Memorandum

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Meeting.

There are restrictions on members of the Key Management Personnel and their Closely Related Parties and their proxies voting (in any capacity) on Resolution 1, details of which are set out in the voting restriction statement included in Resolution 1 of the Notice of Meeting.

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the chair and counted in favour of the Resolutions the subject of this Meeting, including Resolution 1 subject to compliance with the Corporations Act. In exceptional circumstances, the Chair may change his/her voting intention on any Resolution, in which case an ASX announcement will be made.

Board recommendation

The Directors abstain, in the interests of corporate governance, from making a recommendation in relation to this Resolution. In accordance with the Corporations Act, a vote on this Resolution is advisory only and does not bind the Directors or the Company.

4. Resolution 2 - Re-election of Greg Kilmister as a Director

Under Rule 36.1 of the Company's Constitution, the Board has the power at any time to appoint any person as a Director. A Director appointed under this Rule holds office only until the next annual general meeting of the Company, and is then eligible for re-election. Mr Greg Kilmister was appointed by the Board as a Director on 11 February 2019.

Pursuant to Rule 36.2 of the Company's Constitution, Mr Kilmister retires in accordance with the Company's Constitution and, being eligible, offers himself for re-election as a Director.

Mr Kilmister was the Managing Director and Chief Executive Officer of ALS Limited, the global provider of laboratory testing, inspection, certification and verification solutions from 2005 until his retirement in July 2017. He is recognised as the pivotal force in the growth and transformation of ALS from a diversified industrial group to a globally respected Testing, Inspection & Certification (TIC) player and an ASX100 company. During his tenure ALS's market cap grew from \$381 million in 2005 to over \$3 billion in 2017 and the staff numbers increased from approximately 4,000 to over 13,000 worldwide when he retired.

He has vast experience in operating laboratory focused businesses in the Environmental, Food, Pharmaceutical, Life Sciences, Minerals, Energy and Industrial sectors in more than seventy countries in Africa, Europe, Asia, Australia, and North and South America.

His extensive Board and Joint Venture experience in Australia and internationally will be invaluable to HRL as it looks to grow its operations currently based in Australia and New Zealand.

Board recommendation

The Directors (with Mr Kilmister abstaining) recommend that you vote in favour of this Ordinary Resolution.

Explanatory Memorandum

5. Resolution 3 - Re-election of James Todd as a Director

Rule 38.1 of the Company's Constitution and ASX Listing Rule 14.4 requires that at each AGM, one-third of the Directors in office (excluding Directors appointed to fill casual vacancies or a Managing Director) must stand for re-election, with Directors required to retire based upon length of tenure. Rule 38.6 of the Company's Constitution requires that a Director shall not continue in office for a period in excess of three (3) consecutive years or until the third annual general meeting following her/his appointment, whichever is the longer, without submitting himself for re-election.

Mr James Todd was appointed on 1 March 2018. Pursuant to Rule 38.6 of the Company's Constitution Mr James Todd retires in accordance with the Company's Constitution and, being eligible, offers himself for re-election as a Director.

Mr Todd is an experienced company Director, corporate adviser and investor. He commenced his career in investment banking and has taken active roles in a range of private and public companies. He was until recently Managing Director of Wolseley Private Equity, an independent private equity firm he co-founded in 1999.

Mr Todd holds a Bachelor of Commerce and a Bachelor of Laws from the University of New South Wales, and a Graduate Diploma of Applied Finance from the Financial Services Institute of Australasia (FINSIA), where he is a Fellow. He is also a member of the Australian Institute of Company Directors.

Mr Todd is currently a Director of the following other ASX listed companies:

- (a) IVE Group Limited (appointed June 2015)
- (b) Coventry Group Limited (appointed September 2018)

Board recommendation

The Directors (with Mr Todd abstaining) recommend that you vote in favour of this Ordinary Resolution.

6. Resolution 4 - Increase in amount available for Non-Executive Director remuneration

In order for the total aggregate annual remuneration payable to non-executive Directors of the Company to be increased, Listing Rule 10.17 of the ASX Listing Rules and Rule 39.5 of the Company's Constitution must be complied with. The ASX Listing Rules and the Constitution provide that the Company must not increase the amount of remuneration payable to non-executive Directors of the Company unless Shareholders approve such an increase.

Additionally, Listing Rule 10.17.2 of the ASX Listing Rules provides that if non-executive Directors are paid, they must be paid a fixed sum. All non-executive Directors will be paid a fixed sum as determined at the sole discretion of the Board.

Currently, non-executive Directors of the Company are entitled to receive board fees as follows:

- (a) Mr Greg Kilmister (non-executive Chairman) - \$90,000 per annum (inclusive of superannuation contributions)
- (b) Mr James Todd (non-executive Director) - \$60,000 per annum (inclusive of superannuation contributions)

Explanatory Memorandum

- (c) Mr John Taylor (non-executive Director) - \$60,000 per annum (inclusive of superannuation contributions)
- (d) Mr Darren Anderson (non-executive Director) - \$60,000 per annum (inclusive of superannuation contributions)

Shareholder approval is sought to increase the total aggregate annual remuneration payable to non-executive Directors of the Company from \$250,000 to a maximum aggregate amongst all non-executive Directors of \$400,000 (to be divided between non-executive Directors as the Board determines).

It is important to note that whilst the Company is seeking approval to increase the maximum amount that may potentially be payable to non-executive Directors, the Board anticipates that the proposed revised maximum payment limit will not be met in the short term.

The Board considers that this increase in the total aggregate annual remuneration payable to non-executive Directors is necessary to provide an ability to increase the remuneration payable to the current non-executive Directors, to cover for any additional non-executive Directors who might join the Board and to allow for Mr Darren Anderson's move from an executive Director to a non-executive Director position as from 1 July 2019. The current total aggregate annual remuneration amount of \$250,000 was set when the Company first listed in 2007, and hasn't been amended since that date. Further details on the remuneration paid to non-executive Directors are set forth in the Remuneration Report contained in the Directors' Report section of the Annual Report.

No securities have been issued to a non-executive Director under Listing Rule 10.11 or 10.14 at any time within the preceding 3 years.

A voting exclusion statement for Resolution 4 is included in the Notice of Meeting.

The Company believes that all relevant information concerning Resolution 4 required in respect of Listing Rule 10.17 is included in the text, and accompanying notes, of this resolution in the Notice of Meeting.

7. Approval for issue of performance rights to Mr Steve Howse

7.1 Introduction

The Company is seeking the approval of its Shareholders to issue up to a maximum of 250,000 performance rights (**Performance Rights**) to Mr Steve Howse under the Company's long term incentive (equity) plan (**LTI Plan**), as part of his long term incentive arrangements.

The Board has put in place a LTI Plan to provide the opportunity for invited executives and other key employees to receive shares in the company via performance rights. Performance rights give participants the right to obtain Shares in the Company at zero cost, upon the Company achieving certain performance hurdles and the participant meeting ongoing employment requirements. Note that the Company is not seeking the approval of shareholders for the LTI Plan itself.

The LTI Plan aims to:

- (a) act as a retention tool for key, high performing personnel;
- (b) reward high performing executives/employees by allowing them to access shares to nil cost;
- (c) align executives' financial reward more closely with shareholders' reward;

Explanatory Memorandum

- (d) encourage share ownership in the Company for executives and key employees;
- (e) drive teamwork and increased performance of the Company by focusing on company performance hurdles; and
- (f) provide a wealth creation vehicle for executives/employees.

The LTI Plan is an equity-based scheme which will allow the Company to grant performance-based awards to eligible employees of the Company, depending upon the prevailing circumstances and having regard to market practices generally. Performance rights issued under the LTI Plan will allow invited participants to acquire Shares, subject to remaining engaged by the Company and based on the performance of the Company. If performance rights vest, the relevant participants are entitled to be issued with a corresponding number of Shares without being required to pay any monetary consideration.

The Company seeks Shareholder approval in accordance with section 208(1) (Chapter 2E) of the Corporations Act as well as pursuant to Listing Rule 10.14 for the issue of Performance Rights (and shares to be issued on the exercise of those Performance Rights) to Mr Steve Howse and for this reason, and for all other purposes, the following information is provided to Shareholders.

7.2 Relevant Law

ASX Listing Rules

(a) Listing Rule 10.14

Listing Rule 10.14 states that a company must not issue or agree to issue Equity Securities under an employee incentive scheme (such as the LTI Plan) to any of the following persons without the approval of holders of ordinary securities:

- (1) a Director;
- (2) an associate of a Director; and
- (3) a person whose relationship with the company or a person to in (1) or (2) directly above is, in the ASX's opinion, such that approval should be obtained.

If Shareholder approval is obtained under Listing Rule 10.14, further approval is not required under Listing Rule 7.1 (Listing Rule 7.2, Exception 14) or under Listing Rule 10.11 (Listing Rule 10.12, Exception 4).

Accordingly, as the issue of the Performance Rights will result in a Director acquiring Equity Securities under the LTI Plan, Shareholder approval has been sought pursuant to Listing Rule 10.14 for the issue of the Performance Rights to Mr Steve Howse.

If Resolution 5 is not passed, the Performance Rights will not be issued to Mr Steve Howse.

(b) Information required pursuant to Listing Rule 10.15A

For the purposes of Listing Rules 10.15A the Company provides the following information with respect of Resolution 5, seeking approval to issue the Performance Rights:

- (1) up to a maximum of 250,000 Performance Rights may be issued pursuant to Resolution 5 under the terms of the LTI Plan as set out in Attachment A;

Explanatory Memorandum

- (2) each Performance Right is exercisable, subject to the satisfaction of the vesting conditions and being exercised during the applicable period for exercise, for one Share;
 - (3) the Performance Rights will be issued for nil consideration on the basis that their issue represents an incentive for future performance, and will be subject to performance based vesting conditions;
 - (4) it is a term of the Performance Rights Plan that the Performance Rights have a nil exercise price.
 - (5) no persons referred to in Listing Rule 10.14 have received securities under the LTI Plan since the last approval, because the LTI Plan has not been approved by Shareholders;
 - (6) a voting exclusion statement in relation to Resolution 5 is set out in the Notice of Meeting;
 - (7) there is no loan provided under the LTI Plan;
 - (8) the Performance Rights may be issued and allotted within 36 months of the Meeting, on the terms and conditions as set out in the LTI Plan;
 - (9) the Board of the Company, at their discretion, will invite executives and other key employees to participate in the LTI Plan. As at the date of this Explanatory Memorandum, those so invited who are referred to in Listing Rule 10.14 consist only of:
 - (A) Steve Howse as Executive Director.
 - (10) Details of any securities issued under the LTI Plan will be published in each annual report of the Company relating to a period in which securities have been issued, and that approval for the issue of securities was obtained under listing rule 10.14; and
 - (11) Any additional persons to whom Listing Rule 10.14 applies who become entitled to participate in the LTI Plan after this Resolution 5 is approved and who were not named in this Notice will not participate until approval is obtained under Listing Rule 10.14.
- (c) Listing Rule 7.1 - Issues exceeding 15% of capital

Listing Rule 7.1 prohibits a listed company, except in certain cases, from issuing in any 12 month period new Equity Securities equivalent in number to more than 15% of the total number of ordinary securities on issue at the beginning of the twelve month period (**15% Capacity**) without the prior approval of a majority of disinterested shareholders, or the issue otherwise comes within one of the exceptions to Listing Rule 7.1 (**15% Rule**). However, under Listing Rule 7.2 (Exception 14), if approval is being sought under Listing Rule 10.14, approval will not be required under Listing Rule 7.1. Therefore the Performance Rights issued to Mr Howse will not count towards the Company's 15% Capacity under Listing Rule 7.1 if Resolution 5 is approved.

Regulatory Requirements for Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of a public company without shareholder approval unless the benefit falls within one of various exceptions to the general prohibition. The process for, and requirements that need to be met for, the convening of the Shareholder's meeting are set out in Chapter 2E of the Corporations Act.

Explanatory Memorandum

A “related party” for the purposes of the Corporations Act is defined widely and includes a director of a public company, and entities controlled by him or her.

A “financial benefit” for the purposes of the Corporations Act has a very wide meaning. It includes the public company issuing securities to a related party. In determining whether or not a financial benefit is being given, it is necessary to look to the economic and commercial substance and effect of what the public company is doing (rather than just the legal form). Any consideration which is given for the financial benefit is to be disregarded, even if it is full or adequate.

The proposed Resolution 5, if passed, will confer a financial benefit on Mr Steve Howse, who is a Director. Directors, together with entities controlled by them, are considered a related party of the Company. The Company therefore seeks Shareholder approval in accordance with the requirements of Chapter 2E of the Corporations Act. For this reason and for all other purposes the following information is provided to Shareholders:

(a) The related party to whom Resolution 5 would permit the financial benefit to be given is Mr Steve Howse, a Director of the Company.

(b) The nature of the financial benefit

The nature of the proposed financial benefit to be given is the issue of up to 250,000 Performance Rights to Mr Steve Howse.

The Performance Rights be issued for nil consideration, and shall be capable of conversion into Shares in accordance with the terms of the LTI Plan provided that certain vesting requirements have been met (further details of which can be found in sub-paragraph (d) below and Annexure A of this Explanatory Memorandum). A Director’s recommendation in relation to Resolution 5 is set out in section 7.3 below.

(c) Interests and other remuneration of the Directors

(1) Steve Howse, Executive Director

Steve Howse has a material personal interest in the outcome of Resolution 5 as it is proposed that approval be given to issue him Performance Rights under the LTI Plan.

Excluding the Performance Rights to be issued to Mr Steve Howse pursuant to Resolution 5, Mr Steve Howse has a relevant interest in 12,190,297 Shares in the Company.

Details of Steve Howse’s remuneration are set out above in section 6.

(2) No other Director has an interest in the outcome of Resolution 5.

(d) Valuation of Plan Shares

HRL has obtained an independent valuation of the performance rights applicable to Mr Howse. The indicative value of each performance right is \$0.10225 per right. The total value of the maximum grant of 250,000 performance rights at \$0.10225 per right is \$25,562.50. As the Performance Rights proposed to be issued to Mr Howse are subject to Shareholder approval and will be issued at a future date, *the valuation included in this notice of meeting is indicative and will need to be revalued at grant date*. It is anticipated that there would not be a material variance between the indicative valuation and the final valuation at the date of issue.

Explanatory Memorandum

- (e) Any other information that is reasonably required by Shareholders to make a decision and that is known to the Company or any of its Directors

There is no other information known to the Company or any of the Directors save and except as follows:

- (1) Trading History of the Shares (over the past 12 months)

The valuation of the Performance Rights noted above is based on a market price of the Shares.

Set out below is the trading history of the Shares over the past 12 months.

	Market Price 2 September 2019	Closing price during prior 6 months	Closing Price during prior 12 months
High	\$0.105	\$0.125	\$0.188
Low	\$0.105	\$0.078	\$0.078

- (2) Opportunity Costs

The issue of the Performance Rights will only have a dilutionary impact on the Company in the event that they vest and are exercised. The dilutionary impact on the Company if this were to occur is shown in a table in subparagraph (4) below.

To the extent that the dilutionary impact caused by the issue of Shares on exercise of the Performance Rights will be detrimental to the Company, this is offset by the advantages accruing from the Company securing the services of experienced and skilled executives on appropriate incentive terms.

- (3) Taxation Consequences

The granting of the Performance Rights should not be subject of GST as the issue of Performance Rights is regarded as a financial supply for GST purposes. The GST on any costs incurred by the Company in respect of the issue of the Performance Rights are not claimable unless the financial acquisitions threshold is not breached or those costs qualify as a reduced credit acquisition.

The Company is not able to claim an income tax deduction in respect of the issue of the Performance Rights.

The Company is not liable to any duty in respect of the issue of the Performance Rights.

- (4) Dilutionary Effect

The dilutionary effect on the issued capital of the Company if all of the Performance Rights are issued to Mr Steve Howse under this Resolution 5, and all performance Rights vest and are subsequently converted into Shares, is as follows:

Explanatory Memorandum

Shareholder	Current Share Holding	% of Total Share Capital Shares on issue)	Shares held upon issue of Performance Rights ¹	% of Total Share Capital Shares on issue) ¹
Current Shareholders (other than Mr Steve Howse)	481,212,330	97.53%	481,212,330	97.48%
Mr Steve Howse	12,190,297	2.47%	12,440,297	2.52%
Total	493,402,627	100%	493,652,627	100%

Notes:

(1) Assuming that no other Shares are issued.

7.3 Director Recommendation

All Directors other than Mr Steve Howse recommend that shareholders vote in favour of Resolution 5. As Mr Howse is interested in the outcome of Resolution 5, he accordingly makes no recommendation to Shareholders in respect of this resolution.

The reasons for the above recommendation include:

- (a) the grant of the Performance Rights as proposed to Mr Steve Howse will provide him with reward and incentive for future services he will provide to the Company to further the progress of the Company;
- (b) the Performance Rights are not intended as a substitute for salary or wages or as a means for compensation for past services rendered; and
- (c) in the Company's circumstances as they existed as at the date of this Explanatory Memorandum, the Directors considered that the incentive provided a cost effective and efficient incentive as opposed to alternative forms of incentives (e.g. cash bonuses, increased remuneration). However, it must be recognised that there will be an opportunity cost to the Company, being the potentially dilutionary impact of the issue of Shares on the conversion of the Performance Rights. It should be noted however that one of the relevant vesting conditions to the issue of Shares on the conversion of Performance Rights is the Company's Share price performance.

8. Interpretation

Advisory Resolution means a Resolution which, the result of voting by Shareholders, does not bind the Company.

AEST means Australian Eastern Standard Time.

AGM means annual general meeting.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 or the Australian Securities Exchange (as applicable).

Board means the board of Directors of the Company.

Chair means the person who chairs the Meeting.

Explanatory Memorandum

Closely Related Party (as defined in the Corporations Act) of a member of the Key Management Personnel for an entity means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the regulations for the purposes of this definition.

Company means HRL Holdings Limited ACN 120 896 371.

Constitution means the constitution of the Company from time to time.

Corporations Act means the *Corporations Act 2001* (Cth) as amended, varied or replaced from time to time.

Director means a Director of the Company.

Directors Report means the annual Directors report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

Equity Securities has the meaning given in the Listing Rules.

Explanatory Memorandum means this explanatory memorandum accompanying the Notice of Meeting.

Key Management Personnel or **KMP** has the definition given in Accounting Standards *AASB 124 Related Party Disclosure* as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of that entity.

Listing Rule means the official listing rules of the ASX as amended from time to time.

LTI Plan means the Company's Long Term Incentive (Equity) Plan for the period 1 July 2019 to 30 June 2022.

Meeting or **Annual General Meeting** means the annual general meeting to be held at HopgoodGanim Lawyers, Level 7, Waterfront Place, 1 Eagle Street, Brisbane QLD 4000 on Thursday, 17 October 2019 as convened by the accompanying Notice of Meeting.

Notice of Meeting or **Notice** means the notice of meeting giving notice to Shareholders of the Meeting, accompanying this Explanatory Memorandum.

Ordinary Resolution means a resolution passed by more than 50% of the votes cast at a general meeting of shareholders.

Performance Rights means 250,000 performance rights to be issued to Mr Steve Howse, approval for which is being sought under Resolution 5, as described in section 7.1.

Remuneration Report means the remuneration report as contained in the annual Directors Report of the Company for the financial year ending 30 June 2019.

Explanatory Memorandum

Resolution means a resolution as set out in the Notice of Meeting.

Share means an ordinary fully paid share in the issued capital of the Company.

Shareholder means a holder of Shares in the Company.

Special Resolution means a resolution passed by more than 75% of the votes cast at a general meeting of shareholders.

Any inquiries in relation to the Resolutions or the Explanatory Memorandum should be directed to Paul Marshall (**Company Secretary**):

paul.marshall@hrlholdings.com
Level 12
145 Eagle Street
Brisbane Qld 4000

(07) 3105 5960

Explanatory Memorandum

Annexure A: Summary of LTI Plan

1. The LTI Plan is a long term incentive scheme aimed at creating a stronger link between an eligible employees performance and reward whilst increasing Shareholder value in the Company, and provides the opportunity for invited executives and other key employees to receive shares in the company via Performance Rights.
2. The Board, at their discretion, will invite executives and other key employees to participate in the LTI Plan. Awards will be at the sole discretion of the Board.
3. The participant's position within the Company will dictate the quantum of the award which will be based on the size of the business that they are managing and their strategic importance to the business as well to retain scarce skillsets or business contacts.
4. The price used to determine a participant's initial allocation of Performance Rights is normally the weighted average price of Shares during the 20 trading days following the date of announcement of the final full year results immediately preceding issue date.
5. Participation in the LTI Plan will be optional and no discrimination will accrue to invited executives/employees who choose not to participate in the plan.
6. Performance Rights under the LTI Plan will be issued free of charge, and will vest upon the Company meeting certain Earnings per Share Measure (**EPS**), Earnings before Interest, Taxes, Depreciation and Amortization (**EBITDA**), Total Shareholder Return (**TSR**) and Return on Capital Employed (**ROCE**) performance hurdles and will run over a 3 year performance period, being 1 July 2019 – 30 June 2022.
7. The Performance Rights will only vest and become exercisable where the relevant performance hurdles and employment service conditions have been met. The performance hurdles are as follows

Performance Hurdle	Hurdle requirement	Proportion of Performance Rights that may be exercised if the Performance Hurdle is met
Earnings per Share Measure	Compound annual diluted EPS growth less than 10%	Nil
	Compound annual diluted EPS growth 10% or higher	25% of total grant
Earnings before Interest, Taxes, Depreciation and Amortization	Less than average EBITDA margin of comparator peer companies	Nil
	More than average EBITDA margin of comparator peer companies	25% of total grant
Total Shareholder Return	Below the TSR for ASX Small Ordinaries over the Performance Period	Nil
	Above the TSR for ASX Small Ordinaries over the Performance Period	25% of total grant
Return on Capital Employed	ROCE of less than weighted average cost of capital (WACC) + 2%	Nil
	ROCE of between WACC + 2% and +7%	Straight line vesting of between 0% and 25% of total grant
	ROCE exceeds WACC + 7%	25% of total grant

Explanatory Memorandum

8. The employment service conditions are as follows:
 - (a) should the participant leave or be terminated from the Company during the three year period of the LTI Plan, all unvested Performance Rights will be forfeited;
 - (b) subject to (c) directly below, the participant must be employed on the vesting date (subject to EPS, EBITDA, TSR and ROCE performance criteria being met) to be eligible to exercise their Performance Rights and receive shares under the LTI Plan;
 - (c) (b) above will not apply where termination is due to death or bona fide age or disability retirement, in which case the participant may access their Performance Rights as follows:
 - (1) if terminated within the first year of the LTI - forfeit all Performance Rights;
 - (2) if terminated within second year of the LTI - forfeit two thirds of Performance Rights, with the remaining one third available but dependent upon the calculation at (4) below;
 - (3) if terminated within third year of the LTI - forfeit one third of Performance Rights, with the remaining two thirds available but dependent upon the calculation at (4) below; and
 - (4) the quantity of the remaining proportion that will vest will be calculated based on the average of the previous three years vested plans. Alternatively, eligible participants may choose to wait for the actual scheduled vesting to occur.
 - (d) further exceptions to the above are at the absolute discretion of the Board.
9. At the end of year, participants will be provided with an interim report by 30 September detailing the Company's performance against each hurdle.
10. At the end of the full three year vesting period, the EPS, EBITDA, TSR and ROCE hurdles will be tested to ascertain whether full or partial vesting has occurred.
11. Participants will be advised of the Company's performance against the hurdles and the number of Performance Rights that will vest accordingly.
12. The vesting date will be 30 September 2022, being three months after the close of the 2021-2022 financial year to allow for testing to occur. To exercise vested Performance Rights participants will need to complete and submit a notice of exercise.
13. Once Performance Rights have been exercised, participants will be allocated Shares by the Company.
14. Participants will be able to sell their vested and exercised shares in accordance with the Company's Securities Trading Policy.
15. Participants will not be entitled to any shareholder benefits such as dividends and voting rights until they have been allocated Shares. Once the Shares have been allocated, the participant will then be entitled to receive dividends and exercise voting rights on the Shares, irrespective of any disposal restrictions.
16. In the event that a bona fide takeover bid for the Company is declared unconditional and the bidder has acquired a relevant interest of at least 50% in the Company's securities, then 50% of all unvested shares in years 1, 2 and 3 of the LTI Plan shall vest automatically.



HRL Holdings Limited
ACN 120 896 371

LODGE YOUR VOTE

 **ONLINE**
www.linkmarketservices.com.au

 **BY MAIL**
HRL Holdings Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

 **BY FAX**
+61 2 9287 0309

 **BY HAND**
Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138

 **ALL ENQUIRIES TO**
Telephone: +61 1300 554 474



X99999999999

PROXY FORM

I/We being a member(s) of HRL Holdings Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **11:00am on Thursday, 17 October 2019 at HopgoodGanim Lawyers, Level 7 Waterfront Place, 1 Eagle Street, Brisbane Qld 4000** (the Meeting) and at any postponement or adjournment of the Meeting.

Important for Resolutions 1, 4 & 5: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 1, 4 & 5, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Approval for issue of Performance Rights to Mr Steve Howse	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Greg Kilmister as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
3 Re-election of James Todd as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
4 Increase in amount available for Non-Executive Director remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

 * If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, all shareholders must sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

HRL PRX1901C



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, all shareholders must sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **11:00am on Tuesday, 15 October 2019**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



BY MAIL

HRL Holdings Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138

* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**