

Notice of Annual General Meeting and Explanatory Memorandum

HRL Holdings Ltd ACN 120 896 371

Date of Meeting: Thursday, 22 October 2020

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

Place of Meeting: Level 7, Waterfront Place, 1 Eagle Street, Brisbane Qld 4000

If Shareholders wish to attend the Meeting in person they will need to contact the Company Secretary Mr Paul Marshall (email: paul.marshall@hrlholdings.com) in order for the Company to ensure it is able to maintain compliance with COVID related restrictions applicable as at the Meeting date.

As a precaution in relation to COVID-19, each Resolution will be decided by poll, based on proxy votes and by votes from Shareholders in attendance at the Meeting. Shareholders are strongly encouraged to vote online (www.linkmarketsecurities.com.au) or by lodging the proxy form attached to this Notice in accordance with the instructions set out on that form by no later than 11.00am on 20 October 2020.

Notice of Annual General Meeting

Notice is given that the Annual General Meeting of Shareholders of HRL Holdings Ltd ACN 120 896 371 (**Company**) will be held at Level 7, Waterfront Place, 1 Eagle Street, Brisbane Qld 4000, on Thursday, 22 October 2020 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 for the financial year ended 30 June 2020.

1. Resolution 1: Remuneration Report

To consider and, if thought fit, pass the following Resolution, with or without amendment, as an Advisory Resolution of the Company:

"That the Remuneration Report for the year ended 30 June 2020 (as set out in the Directors Report) is adopted."

The vote on this Resolution 1 is advisory only and does not bind the Directors or the Company.

Voting restriction pursuant to section 250R(4) of the Corporations Act

A vote on this Resolution 1 must not be cast (in any capacity) by or on behalf of either of the following persons:

- a member of the Key Management Personnel (**KMP**) details of whose remuneration are included in the Remuneration Report; and
- a Closely Related Party of such a member.

However, the above persons may cast a vote on Resolution 1 if:

- the person does so as a proxy;
- the vote is not cast on behalf of a member of the KMP details of whose remuneration are included in the Remuneration Report or a Closely Related Party of such a member; and
- either:
 - the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or

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- the voter is the chair of the meeting and the appointment of the chair as proxy:
 - o does not specify the way the proxy is to vote on the Resolution; and
 - o 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 KMP for the Company or, if the Company is part of a consolidated entity, for the entity.

Voting intention of the 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 may change his/her voting intention on any Resolution, in which case an ASX announcement will be made. Further details, in relation to the ability of the Chair to vote on undirected proxies are set out in the accompanying proxy form.

2. Resolution 2: Re-election of Mr Stephen Howse as a Director

To consider and, if thought fit, pass the following Resolution, with or without amendment, as an Ordinary Resolution of the Company:

“That Mr Stephen Howse, 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 of the Company.”

3. Resolution 3: Re-election of Mr Richard Stephens as a Director

To consider and, if thought fit, pass the following Resolution, with or without amendment, as an Ordinary Resolution of the Company:

“That Mr Richard Stephens, who was recently 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.”

4. Resolution 4: Approval for issue of performance rights to Mr Stephen Howse

To consider and, if thought fit, pass the following Resolution, with or without amendment, as an 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 199,890 Performance Rights to Mr Stephen 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.”

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

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Voting exclusion statement – Listing Rule 10.14

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

- Mr Stephen Howse; or
- an associate of Mr Stephen Howse.

However, this does not apply to a vote cast in favour of a resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the Chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Exclusion Statement – Chapter 2E of the Corporations Act

For the purposes of Chapter 2E of the Corporations Act, a vote on Resolution 4 must not be cast (in any capacity) by or on behalf of:

- Mr Stephen Howse and any other related party of the Company to whom the Resolution would permit a financial benefit to be given; and
- an associate of those related parties.

However, this does not prevent the casting of a vote on Resolution 4 if:

- it is cast by a person appointed 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 related party or associate of a kind referred to above.

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 4 must not be cast by or on behalf of Mr Stephen Howse or any associate of him.

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

A vote in on Resolution 4 must not be cast by and the Company will disregard any votes cast on this Resolution by:

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- (a) any member of the 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 Chair of 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.

Special business

5. Resolution 5: Adoption of New Constitution

To consider and, if thought fit, pass the following resolution, as a Special Resolution of the Company:

“That, with effect from the close of this Meeting, for the purposes of section 136(2) of the Corporations Act and for all other purposes, the Company is authorised to repeal its existing constitution and adopt a new constitution in the form set out in Schedule 1 to the Explanatory Memorandum which accompanies and forms part of this Notice of Meeting.”

General business

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

By order of the Board

Paul Marshall

Company Secretary
24 September 2020

Explanatory Memorandum

1. Introduction

This Explanatory Memorandum is provided to Shareholders of HRL Holdings Ltd ACN 120 896 371 (**Company**) to explain the Resolutions to be put to Shareholders at the Annual General Meeting to be held at Level 7, Waterfront Place, 1 Eagle Street, Brisbane Qld 4000 on Thursday, 22 October 2020 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 9.

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 for the financial year ended 30 June 2020 was released to the ASX Limited on 30 July 2020 and subsequently dispatched to shareholders as required.

Shareholders can access a copy of the Company's Annual Report at www.hrlholdings.com. 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.

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

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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.

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.

4. Resolution 2 - Re-election of Mr Stephen Howse 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 28.6 of the Company's Constitution requires that a Director shall not continue in office for a period in excess of three consecutive years or until the third annual general meeting following her/his appointment, whichever is the longer, without submitting himself for re-election.

Mr Stephen Howse has an honours degree in Agricultural Science from Massey University, and has almost 30 years' executive experience working in New Zealand science and technology businesses, with a focus on agribusiness and commercial analytical testing. Mr Howse was a director of Synlait Farms Ltd leading up to its sale in 2014 and was deputy chair from 2014 to 2018 of Waikato Institute of Technology in New Zealand. Mr Howse is a member of the New Zealand Institute of Directors.

Mr Howse was a former shareholder and director of Analytica Laboratories Limited. Mr Howse continues his role with Analytica as Key Accounts & Special Projects Manager with a particular responsibility for strategy, key clients, and business development.

Mr Howse has not been a Director of any other Australian listed company in the last three years.

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

5. Resolution 3 – Re-election of Mr Richard Stephens 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 (subject to the qualifications set out in Rule 34). A Director appointed under this Rule shall hold office until the next annual general meeting of the Company and is then eligible for re-election. Mr Richard Stephens was appointed as a Director by the Board on 3 September 2020.

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

Mr Richard Stephens is a Chartered Accountant with senior executive experience at ASX-listed companies in the Testing, Inspection and Certification (TIC) and Banking and Finance sectors.

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From 2010 to 2018 Mr Stephens was Chief Financial Officer of ALS Limited which is the global provider of laboratory focused TIC services. Mr Stephens has a deep knowledge of the value drivers in the industry and was heavily involved in extensive acquisition and funding activities at ALS during that time. Mr Stephens previously held senior finance roles with Suncorp and Metway Bank.

Mr Stephens has wide-ranging financial governance experience with businesses spanning multiple jurisdictions. In particular, Mr Stephens' expertise in the areas of capital management, debt and equity capital raisings, mergers and acquisitions, risk management and financial instruments will be invaluable as the Company seeks to expand its existing operations.

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

6. Resolution 4 – Approval for issue of performance rights to Mr Stephen Howse

6.1 Introduction

The Company is seeking the approval of its Shareholders to issue 199,890 performance rights (**Performance Rights**) to Mr Stephen Howse under the Company's long-term incentive (equity) plan (**LTI Plan**), as part of his long-term incentive arrangements.

The Board has established the LTI Plan to encourage invited executives and other key employees to share in the ownership of the Company via performance rights and to promote the long-term success of the Company as a goal shared by all employees.

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;
- (d) encourage share ownership in the Company for executives and key employees;
- (e) drive teamwork and increased performance of the Company by focusing on various 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.

It is noted that the Company is not seeking the approval of shareholders for the LTI Plan itself.

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 the Performance Rights (and shares to be issued on the exercise of those Performance Rights) to Mr Stephen Howse and for this reason, and for all other purposes, the following information is provided to Shareholders.

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6.2 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 is being sought pursuant to Listing Rule 10.14 for the issue of the Performance Rights to Mr Stephen Howse.

If Resolution 4 is not passed, the Performance Rights will not be issued to Mr Stephen Howse.

(a) Information required pursuant to Listing Rule 10.15

For the purposes of Listing Rules 10.15 the Company provides the following information with respect of Resolution 4, seeking approval to issue the Performance Rights:

LR 10.15.1: The name of the person.	The Performance Rights are being issued to Mr Stephen Howse.
LR 10.15.2: Which category in rules 10.14.1 – 10.14.3 the person falls within and why.	Mr Howse is a Director of the Company and falls within the Listing Rule 10.14.1 category.
LR 10.15.3: The number and class of securities proposed to be issued to the person under the scheme for which approval is being sought.	The Company is seeking approval to issue 199,890 Performance Rights to Mr Stephen Howse. On vesting, Mr Howse will be entitled to a number of fully paid ordinary shares in the Company equivalent to the number of Performance Rights issued.
LR 10.15.4: If the person is a Director or an associate of a Director, details (including the amount) of the Director's current total remuneration package.	Being an executive Director of the Company, Mr Howse's current remuneration package includes: <ol style="list-style-type: none"> (a) A salary of NZD161,216 (approx. AUD146,853) per annum, inclusive of superannuation contributions; (b) Director fees of AUD25,000 per annum, inclusive of statutory superannuation contributions; and (c) Short term incentive cash bonuses upon the achievement of certain profit targets.
LR 10.15.5: The number of securities that have previously	226,215 performance rights have previously been issued to Mr Howse pursuant to the LTI Plan following Shareholder

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<p>been issued to the person under the scheme and the average acquisition price (if any) paid by the person for those securities.</p>	<p>approval at the Company's last AGM. Those performance rights were issued for nil cash consideration.</p>
<p>LR 10.15.6: If the securities are not fully paid ordinary securities:</p> <ul style="list-style-type: none"> • A summary of the material terms of the securities; • An explanation of why that type of security is being used; and • The value the entity attributes to that security and its basis. 	<p>The Company plans to issue Mr Howse with Performance Rights, which on vesting will be capable of conversion into fully paid ordinary 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 subparagraph (e) below and Schedule 2 to this Explanatory Memorandum).</p> <p>The Company considers the Performance Rights to be an effective incentive as they will only vest and become exercisable where relevant performance hurdles and employment service conditions have been met.</p> <p>The indicative value of each performance right is \$0.0982 per right, which correlates with the current issue price of securities in the Company.</p>
<p>LR 10.15.7: The date or dates on or by which the entity will issue the securities to the person under the scheme. This must be no later than 3 years after the date of the meeting.</p>	<p>If this Resolution is passed, the Performance Rights will be issued and allotted within 3 years of the date of the Meeting, on the terms and conditions as set out in the LTI Plan (which is summarised in Schedule 2 to this Explanatory Memorandum).</p>
<p>LR 10.15.8: The price at which the entity will issue the securities to the person under the scheme.</p>	<p>The Performance Rights will be issued for nil cash consideration.</p>
<p>LR 10.15.9: A summary of the material terms of the scheme.</p>	<p>A summary of the material terms of the LTI Plan is set out at Schedule 2 to Explanatory Memorandum.</p>
<p>LR 10.15.10: A summary of the material terms of any loan that will be made to the person in relation to the acquisition.</p>	<p>There is no loan provided under the LTI Plan.</p>
<p>LR 10.15.11: A statement as per 10.15.11.</p>	<p>Details of any securities issued under the LTI Plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14.</p> <p>Any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of securities under the LTI Plan after this Resolution is approved and who were not named in the Notice of Meeting will not participate until approval is obtained under that Rule.</p>
<p>LR 10.15.12: A voting exclusion statement.</p>	<p>A voting exclusion statement in relation to this Resolution is set out in the Notice of Meeting to which this Explanatory Memorandum is attached.</p>

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6.3 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.

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 4, if passed, will confer a financial benefit on Mr Stephen 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 4 would permit the financial benefit to be given is Mr Stephen 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 199,890 Performance Rights to Mr Stephen Howse.

The Performance Rights will 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 (e) below and Schedule 2 to this Explanatory Memorandum).

- (c) Director recommendations and interests

All Directors, other than Mr Stephen Howse recommend that Shareholders vote in favour of this Resolution 4. The reasons for their recommendation include:

- (1) the grant of the Performance Rights as proposed to Mr Stephen Howse will provide him with reward and incentive for future services he will provide to the Company to further the progress of the Company;
- (2) the Performance Rights are not intended as a substitute for salary or wages or as a means for compensation for past services rendered; and
- (3) 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.

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Mr Stephen Howse has a material personal interest in the outcome of Resolution 4 as it is proposed that approval be given to issue him Performance Rights under the LTI Plan and as such, makes no recommendation to Shareholders in respect of this Resolution.

No other Director has an interest in the outcome of Resolution 4.

(d) Valuation of Performance Rights

The Company has obtained an independent valuation of the performance rights applicable to Mr Howse. The indicative value of each performance right is \$0.0982 per right. The total value of the 199,890 performance rights at \$0.0982 per right is \$19,629.20. 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.

(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 11 September 2020	Closing price during prior 6 months	Closing Price during prior 12 months
High	\$0.105	\$0.120	\$0.160
Low	\$0.105	\$0.069	\$0.069

(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.

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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 Stephen Howse under this Resolution 4, and all performance Rights vest and are subsequently converted into Shares, is as follows:

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 Stephen Howse)	481,586,938	97.53%	481,586,938	97.49%
Mr Stephen Howse (2)	12,190,297	2.47%	12,390,187	2.51%
Total	493,777,235	100.00%	493,977,125	100.00%

Notes:

(1) Assuming that no other Shares are issued.

(2) Shares held by JNLJ Trust whose trustee is JNLJ Company Ltd. SH is a director of the trustee company and is both settlor and a beneficiary of the JNLJ Trust.

7. Resolution 5 – Adoption of New Constitution

This Resolution 5 is a Special Resolution and seeks Shareholder approval to repeal the current Constitution of the Company and replace it with a new constitution for the Company (**New Constitution**).

The Constitution has not been comprehensively updated for many years. In light of various changes to the applicable regulatory requirements (including the Corporations Act and ASX Listing Rules), as well as developments in corporate governance practices for ASX listed companies, the Directors believe that it is appropriate to revise and update the Constitution in various – mainly to ensure the constitution is compatible with ASX listing rules and that the company has greater flexibility in holding meetings, communicating with shareholders and passing resolutions using current technology.

The proposed New Constitution is set out in Schedule 1 to this Explanatory Memorandum.

The Directors recommend that you vote in favour of this Special Resolution.

8. Interpretation

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

Annual Report means the annual report for the Company released to the ASX on 30 July 2020.

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

AUD or **\$** means Australian Dollars.

Board means the board of directors of the Company.

Chair means the person who chairs the Meeting.

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 Ltd ACN 120 896 371.

Constitution means the constitution of the Company current as at the commencement of the Meeting.

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

Director means a director of the Company.

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, Annual General Meeting or **AGM** means the annual general meeting to be held at Level 7, Waterfront Place, 1 Eagle Street, Brisbane Qld 4000 on Thursday, 22 October 2020 as convened by the accompanying Notice of Meeting.

New Constitution means the proposed new constitution of the Company, the approval of which is the subject of Resolution 3.

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

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NZD means New Zealand Dollars.

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

Performance Rights means 199,890 performance rights to be issued to Mr Stephen Howse, approval for which is being sought under Resolution 4, as described in section 11 of this Explanatory Memorandum.

Remuneration Report means the remuneration report as contained in the annual Directors Report of the Company for the financial year ending 30 June 2020.

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:

- (a) of which notice has been given as set out in paragraph 249L(1)(c) of the Corporations Act; and
- (b) that has been passed by at least 75% of the votes cast by members entitled to vote on the resolution.

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

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

Explanatory Memorandum

- New Constitution



Constitution of HRL Holdings Ltd

ABN 99 120 896 371

Corporations Act 2001 (Cth)

A Company Limited by Shares

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Constitution

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1. Replaceable Rules

The provisions of the Corporations Act relating to a company's internal management which are described as replaceable rules do not apply to the Company.

2. Interpretation

2.1 In this Constitution, unless a contrary intention appears:

ASIC means the Australian Securities and Investments Commission.

ASTC - Regulated Transfer has the meaning given under regulation 1.0.02 of the Corporations Regulations (refer also to rule 2.10.1 and rule 2.13.1 of the ASX Settlement Operating Rules).

ASX Settlement Operating Rules means the settlement rules of the SCH.

Auditor means the auditor of the Company from time to time.

Business Days has the meaning given to it in the Listing Rules.

Call Notice means a notice given under Rule 15.1.

Capital or **Share Capital** means the Capital for the time being issued for the purposes of the Company.

CHESS has the meaning given in the ASX Settlement Operating Rules.

CHESS holding has the meaning given to it in the ASX Settlement Operating Rules.

Claim means any threat, claim or proceedings brought or made by a person against another person relating to or arising from any action, claim, Cost, demand, Damage, debt, expense, Liability, Loss, cause of action or proceeding of any kind, howsoever arising.

Company means HRL Holdings Ltd.

Constitution means this Constitution as amended or added to from time to time.

Corporate Representative means an individual appointed as a Representative of a body corporate member of the Company under section 250D of the Corporations Act.

Corporations Act means the *Corporations Act 2001* (Cth).

Corporations Regulations means the *Corporations Regulations 2001* (Cth) as made under the Corporations Act as amended or replaced from time to time.

Cost includes any cost, charge, expense, outgoing, payment or other expenditure of any nature whatsoever including all legal fees on a full indemnity basis, and whether calculated on a time charge basis or otherwise.

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Damage includes any award, Cost, damage, expense, injunction, injury, judgment, liability, loss and order and includes any such damage suffered, incurred or sustained in connection with any Claim.

Debenture means debenture stock, bonds, notes and other securities and obligations of a corporation whether constituting a charge on its assets or not.

Debt Securities includes bonds, unsecured notes, unsecured deposit notes, mortgage debentures, mortgage debenture stock, Debentures, debenture stock and convertible unsecured notes as those terms are defined from time to time in the Listing Rules.

Director means any person acting as a director of the Company, regardless of that person's title.

Directors or Board means the whole or any number of the Directors of the Company for the time being assembled at a meeting of Directors, being not less than a quorum, or such one or more of them as shall have authority to act for the Company.

Directors Report means a report referred to in Part 2M.3 of the Corporations Act.

Dispose has the meaning given to it in the Listing Rules. A reference to **Disposal** has a corresponding meaning.

Dividend includes distribution of profit by way of a bonus issue of Shares.

Equity means the amount by which the Company's assets exceed the Company's liabilities in accordance with section 254T of the Corporations Act.

Equity Securities means shares (including preference shares), stock, stock units, units, and rights to or options to subscribe for any of the foregoing.

Exchange means ASX Limited ACN 008 624 691.

Executive Director includes any Director of the Company or of a subsidiary of the Company who is retained or otherwise acts in an executive capacity.

Financial Report has the meaning given to it in section 9 of the Corporations Act.

Financial Statements has the meaning given to it in section 9 of the Corporations Act.

Home Branch means a branch of the Exchange designated as such by the Exchange for administrative purposes.

Issuer Sponsored Holding has the meaning given to it in the ASX Settlement Operating Rules.

Joint Holders means two or more persons holding any Share in the Capital of the Company, whatever their interest may be in that Share.

Liabilities means any and all liabilities, debts or obligations, quantified or unquantified, whether actual or contingent, present or future, qualified or unqualified or incurred jointly or severally with any other person. A reference to **Liability** has a corresponding meaning.

Listed means admitted to the Official List of the Exchange.