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Trench, Rossi e Watanabe
Advogados

1 July 2022

The Manager
Market Announcements Office
ASX Limited

Dear Sir/Madam

Off-market takeover bid by Australian Laboratory Services Pty. Ltd. for HRL Holdings Ltd (ASX: HRL) - Bidder's statement

We act for ALS Limited (ACN 009 657 489) (ASX: ALQ) and its wholly-owned subsidiary, Australian Laboratory Services Pty. Ltd. (ACN 009 936 029) (**ALSPL**).

In accordance with item 5 of subsection 633(1) of the *Corporations Act 2001* (Cth) (**Corporations Act**), we enclose a copy of ALSPL's bidder's statement (including the offer document) dated 1 July 2022 (**Bidder's Statement**) in relation to the off-market takeover bid by ALSPL under Chapter 6 of the *Corporations Act* for all of the fully paid ordinary shares in HRL Holdings Ltd (ASX: HRL) (**HRL**) which it does not already own.

ALSPL gives notice, for the purposes of section 633(4) of the *Corporations Act*, that the Register Date (being the date for determining the people to whom the Bidder's Statement is to be sent) is 7.00pm (Sydney time) on 1 July 2022.

The Bidder's Statement has been lodged with the Australian Securities and Investments Commission and served on HRL today.

In accordance with *ASIC Market Integrity Rules (Securities Markets) 2017*, ALSPL confirms that it intends to purchase HRL shares on-market during the period from the date of the Bidder's Statement to the end of the Offer Period (as defined in the Bidder's Statement) at prices at or below \$0.16 per HRL share.

Yours sincerely



Derek Pocock
Partner

+61 7 3069 6234
Derek.Pocock@bakermckenzie.com

Bidder's Statement

for an unconditional off-market takeover offer by

Australian Laboratory Services Pty. Ltd.
(ACN 009 936 029)

(a wholly-owned Subsidiary of ALS Limited
(ACN 009 657 489))

to acquire all of your fully paid ordinary shares in

HRL Holdings Ltd
(ACN 120 896 371)

for \$0.16 cash for every HRL Share you hold

ACCEPT the Offer

The HRL Directors have unanimously recommended that you accept the Offer, in the absence of a Superior Proposal and subject to an Independent Expert (if engaged by HRL) not determining that the Offer is neither fair nor reasonable

This is an important document and requires your immediate attention.

If you are in any doubt as to how to deal with this document, you should consult your Broker or financial, legal or other professional adviser as soon as possible.

You should call 1300 229 418 (within Australia) or +61 2 9066 4051 (outside Australia), Monday to Friday between 9.00am and 5.00pm (Sydney time), if you have any questions.

HIGHBURY
— PARTNERSHIP —

Corporate Adviser

**Baker
McKenzie.**

Legal Adviser

Important information

This is a Bidder's Statement given by Australian Laboratory Services Pty. Ltd. (ACN 009 936 029) (**ALSPL**) under Part 6.5 of Chapter 6 of the Corporations Act in relation to the Offer. ALSPL is a wholly-owned Subsidiary of ALS Limited (ACN 009 657 489) (**ALS**). Unless the context indicates otherwise, references to ALS in this Bidder's Statement are a reference to ALSPL and ALS together. This Bidder's Statement is an important document and should be read in its entirety before deciding whether to accept the Offer.

This Bidder's Statement is dated 1 July 2022 and includes an Offer dated [●] 2022 on the terms set out in this Bidder's Statement.

ASIC and ASX

A copy of this Bidder's Statement was lodged with ASIC and ASX on 1 July 2022. Neither ASIC, ASX nor any of their respective officers take any responsibility for the contents of this Bidder's Statement.

Investment decision

The information contained in this Bidder's Statement does not constitute financial product advice and this Bidder's Statement does not take into account the individual investment objectives, financial situation or particular needs of each HRL Shareholder. You should seek independent financial and taxation advice before making the decision whether or not to accept the Offer.

Forward looking statements

This Bidder's Statement may contain forward looking statements, which have not been based solely on historical facts, but are rather based on ALSPL's current expectations about future events. Such statements are subject to inherent risks and uncertainties in that they may be affected by a variety of known and unknown risks, variables and other factors many of which are beyond the control of ALSPL. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement.

None of ALSPL, ALS, their officers or any person named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement make any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any such statement.

The forward looking statements in this Bidder's Statement reflect views held only as at the date of this Bidder's Statement.

Information on HRL

HRL is listed on ASX and is obliged to comply with the continuous disclosure requirements of ASX. Information on HRL may also be obtained from HRL's website at <https://hrlholdings.com/> and the ASX website at www.asx.com.au.

The information on HRL has been prepared by ALSPL using publicly available information as at the date of this Bidder's Statement. ALSPL has not had the opportunity to independently verify the information about HRL contained in this Bidder's Statement. Neither ALSPL nor ALS make, to the maximum extent permitted by law, any representation or warranty (express or implied), nor assume any responsibility, as to the accuracy or completeness of such information. The information on HRL in this Bidder's Statement should not be considered to be comprehensive.

Privacy collection statement

Personal information relating to your HRL Shares has been collected by ALSPL in accordance with its rights under the Corporations Act. ALSPL will share this information on a confidential basis with its advisers, service providers and regulators such as ASIC and the Australian Taxation Office when necessary for the purposes of the Offer. ALSPL and its advisers and service providers will use the information solely for purposes relating to the Offer. You can contact the Offer Information Line if you have any queries about the privacy practices of ALSPL.

Notice to foreign shareholders

The distribution of this Bidder's Statement may in some countries be restricted by law or regulation. Accordingly, persons who come into possession of this Bidder's Statement should inform themselves of and observe those restrictions. This Bidder's Statement does not constitute an offer in any jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer.

Time

Unless indicated otherwise, all references to time in this Bidder's Statement are to Sydney, Australia time.

Defined terms

A number of defined terms are used in this Bidder's Statement. The definitions are in Section 11. All references to \$ refer to Australian dollars, except where otherwise stated.

Maps and diagrams

All maps and diagrams appearing in this Bidder's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in charts, maps, graphs and tables in this Bidder's Statement is based on information available to ALSPL as at the date of this Bidder's Statement.

Further information

If you have any questions about the Offer or how to accept the Offer, you should call the Offer Information Line on 1300 229 418 (within Australia) or +61 2 9066 4051 (outside Australia), Monday to Friday between 9.00am and 5.00pm (Sydney time).

Table of contents

1.	Summary of the Offer	4
2.	Why you should accept the Offer	7
3.	Frequently asked questions	10
4.	Information about ALSPL and ALS	12
5.	Information about HRL	15
6.	Funding	20
7.	ALS' intentions in relation to HRL	22
8.	Australian tax considerations	27
9.	Additional information	32
10.	Offer terms	38
11.	Definitions and interpretation	48
12.	Approval of Bidder's Statement	53
	CORPORATE DIRECTORY	54

How to accept the Offer

There are several ways to accept the Offer:

Issuer Sponsored HRL Shareholders	If "Issuer Sponsored" appears next to "Sub-register" on the Acceptance Form, your HRL Shares are held on HRL's issuer sponsored sub register. To accept the Offer, you must complete and sign the Acceptance Form and return it to the address indicated on the Acceptance Form before the Offer closes.
CHESS HRL Shareholders	If "CHESS" appears next to "Sub-register" on the Acceptance Form, your HRL Shares are in a CHESS Holding. To accept the Offer either: <ul style="list-style-type: none">▪ instruct your Controlling Participant (usually your Broker) to accept the Offer on your behalf; or▪ complete and sign the Acceptance Form and return it to the address indicated on the form, before the Offer closes.
Participants	If you are a Participant, you must initiate acceptance of the Offer in accordance with the ASX Settlement Operating Rules before the Offer closes.

To validly accept the Offer for your HRL Shares, your acceptance must be received before 7.00pm (Sydney time) on [●] 2022, unless the Offer Period is extended in accordance with the Corporations Act.

Full details on how to accept the Offer are set out in Sections 10.13 to 10.28.

Key dates

Announcement Date	28 June 2022
Bidder's Statement lodged with ASIC	1 July 2022
Date of the Offer (Offer opens)	[●] 2022
Closing Date for the Offer (unless extended)	7.00pm (Sydney time) on [●] 2022

All dates following the date of the Offer are indicative only and subject to change. The Closing Date for the Offer may change as permitted by the Corporations Act. Any changes to the above timetable will be announced through ASX.

Chairman's letter

1 July 2022

Dear HRL Shareholder

I am pleased to enclose the unconditional, cash offer being made by ALS Limited (ACN 009 657 489) (**ALS**) through its wholly-owned Subsidiary, Australian Laboratory Services Pty. Ltd. (ACN 009 936 029) (**ALSPL**), to buy all your shares in HRL Holdings Ltd (**HRL**).

ALSPL is offering \$0.16 for every HRL Share you hold.

Recommendation

The HRL Directors have unanimously recommended that HRL Shareholders accept the Offer, in the absence of a Superior Proposal and subject to an Independent Expert (if engaged by HRL) not determining that the Offer is neither fair nor reasonable. As at the date of this Bidder's Statement, no Superior Proposal has been received by HRL.

Each HRL Director who has a Relevant Interest in HRL Shares (representing approximately 18.59% of HRL Shares on issue in aggregate) has informed the HRL Board that they intend to accept the Offer in respect of those HRL Shares in the absence of a Superior Proposal and subject to an Independent Expert (if engaged by HRL) not determining that the Offer is neither fair nor reasonable.

Compelling offer for HRL Shareholders

The Offer provides HRL Shareholders with significant benefits as follows:

- The Offer represents a substantial premium over the recent and historical market price of HRL Shares. The Offer Price represents a premium of:¹
 - 95.1% to \$0.082, being the closing price of HRL Shares on 27 June 2022, being the last trading day prior to the public announcement by HRL that ALS had issued a confidential, non-binding indicative proposal to acquire HRL Shares (**Announcement Date**);
 - 85.8% to the 30-day VWAP of HRL Shares up to and including 27 June 2022, being the last trading day prior to the Announcement Date;
 - 84.2% to the 90-day VWAP of HRL Shares up to and including 27 June 2022, being the last trading day prior to the Announcement Date;
 - 43.8% to the two-year VWAP of HRL Shares up to and including 27 June 2022, being the last trading day prior to the Announcement Date; and
 - 0% to \$0.16, being the closing price of HRL Shares on 30 June 2022, being the last trading day prior to the date this Bidder's Statement was lodged with ASIC.
- The Offer has been unanimously recommended by the HRL Directors in the absence of a Superior Proposal and subject to an Independent Expert (if engaged by HRL) not determining that the Offer is neither fair nor reasonable.
- The HRL Share price is likely to fall, at least in the short term, if the Offer does not proceed and no alternative proposal is made for HRL at or above the Offer Price.

¹ Trading data provided by S&P Capital IQ. S&P Capital IQ is not required to consent, and has not consented, to the use of any such references in this Bidder's Statement.

- The Offer is unconditional and provides you with a straightforward cash exit for your HRL Shares, allowing you to realise your cash proceeds within five Business Days after receipt of your valid acceptance.

The Offer is not subject to any conditions. The terms of the Offer are set out in Section 10.

This Bidder's Statement sets out details of the Offer and the benefits which it provides to HRL Shareholders. I encourage you to read it carefully. To accept the Offer, you should follow the instructions set out in this Bidder's Statement. If you have any questions about the Offer or how to accept the Offer, you should call the Offer Information Line on 1300 229 418 (within Australia) or +61 2 9066 4051 (outside Australia), Monday to Friday between 9.00am and 5.00pm (Sydney time).

We look forward to your acceptance of the Offer.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Bruce Phillips', written in a cursive style.

Bruce Phillips
Chair
ALS Limited

1. Summary of the Offer

- 1.1 This Section provides a summary of the key features of the Offer but does not contain all of the information that you should consider before accepting the Offer. Section 10 contains the full terms and conditions of the Offer. You should read this Bidder's Statement and HRL's Target's Statement in full before deciding whether or not to accept the Offer.

The Offer

- 1.2 ALSPL is offering to buy all of your HRL Shares by way of an unconditional off-market cash takeover offer. You may only accept the Offer for all of your HRL Shares.
- 1.3 The Offer also extends to HRL Shares issued before the end of the Offer Period and any HRL Shares issued on the conversion of, or the exercise of rights attached to, HRL Options and HRL Performance Rights before the end of the Offer Period.

Offer Price

- 1.4 ALSPL is offering \$0.16 cash for every HRL Share you hold (**Offer Price**).

How to accept the Offer

- 1.5 Depending on the nature of your HRL Shareholding, you may accept the Offer in the following ways before the end of the Offer Period:

Issuer Sponsored HRL Shareholders	<p>If "Issuer Sponsored" appears next to "Sub-register" on the Acceptance Form, your HRL Shares are held on HRL's issuer sponsored sub register.</p> <p>To accept the Offer, you must complete and sign the Acceptance Form and return it to the address indicated on the Acceptance Form before the Offer closes.</p>
CHESS HRL Shareholders	<p>If "CHESS" appears next to "Sub-register" on the Acceptance Form, your HRL Shares are in a CHESS Holding.</p> <p>To accept the Offer, either:</p> <ul style="list-style-type: none">▪ instruct your Controlling Participant (usually your Broker) to accept the Offer on your behalf; or▪ complete and sign the Acceptance Form and return it to the address indicated on the form, <p>before the Offer closes.</p>
Participants	<p>If you are a Participant, you must initiate acceptance of the Offer in accordance with the ASX Settlement Operating Rules before the Offer closes.</p>

To validly accept the Offer for your HRL Shares, your acceptance must be received before 7.00pm (Sydney time) on [●] 2022, unless the Offer Period is extended in accordance with the Corporations Act.

Full details on how to accept the Offer are set out in Sections 10.13 to 10.28.

Delivery and mailing addresses

- 1.6 Please use the reply paid envelope enclosed with this Bidder's Statement. Alternatively, the mailing address is:

Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

When you can accept the Offer

- 1.7 You may accept the Offer at any time during the Offer Period, which is scheduled to close at 7.00pm (Sydney time) on [●] 2022. This period may be extended in accordance with the Corporations Act.

Payment date

- 1.8 If you validly accept the Offer, ALSPL will pay the Offer Price to you within five Business Days after receipt of your valid acceptance.

No conditions

- 1.9 The Offer is not subject to any conditions.

Compulsory acquisition

- 1.10 If you do not accept the Offer and ALSPL becomes entitled to acquire your HRL Shares under the compulsory acquisition provisions of the Corporations Act, ALSPL intends to acquire your HRL Shares. In that case, you will have to claim the consideration from HRL and be paid the Offer Price in respect of each of your HRL Shares later than HRL Shareholders who accept the Offer. Sections 9.19 to 9.21 contain a more detailed description of the compulsory acquisition provisions in relation to the Offer.

Tax consequences

- 1.11 Section 8 includes a general outline of the Australian tax consequences that may apply for certain HRL Shareholders. Your own circumstances may affect your own taxation position. Accordingly, you should consult your own financial and taxation advisers regarding the tax consequences of accepting the Offer to take into account your own particular circumstances.

Further information

- 1.12 If you have any questions about the Offer or how to accept the Offer, you should call the Offer Information Line on 1300 229 418 (within Australia) or +61 2 9066 4051 (outside Australia), Monday to Friday between 9.00am and 5.00pm (Sydney time).

Why you should accept the Offer

1

You can receive a substantial cash premium

2

The HRL Directors unanimously recommend the Offer, in the absence of a Superior Proposal and subject to an Independent Expert (if engaged by HRL) not determining that the Offer is neither fair nor reasonable

3

The Offer is unconditional and gives you the certainty of cash

4

The HRL Share price is likely to fall if the Offer does not proceed

5

No Superior Proposal or alternative offer has been made for HRL Shares

6

You risk becoming a minority HRL Shareholder if the Offer does not proceed

7

No stamp duty or brokerage fees in accepting the Offer

2. Why you should accept the Offer

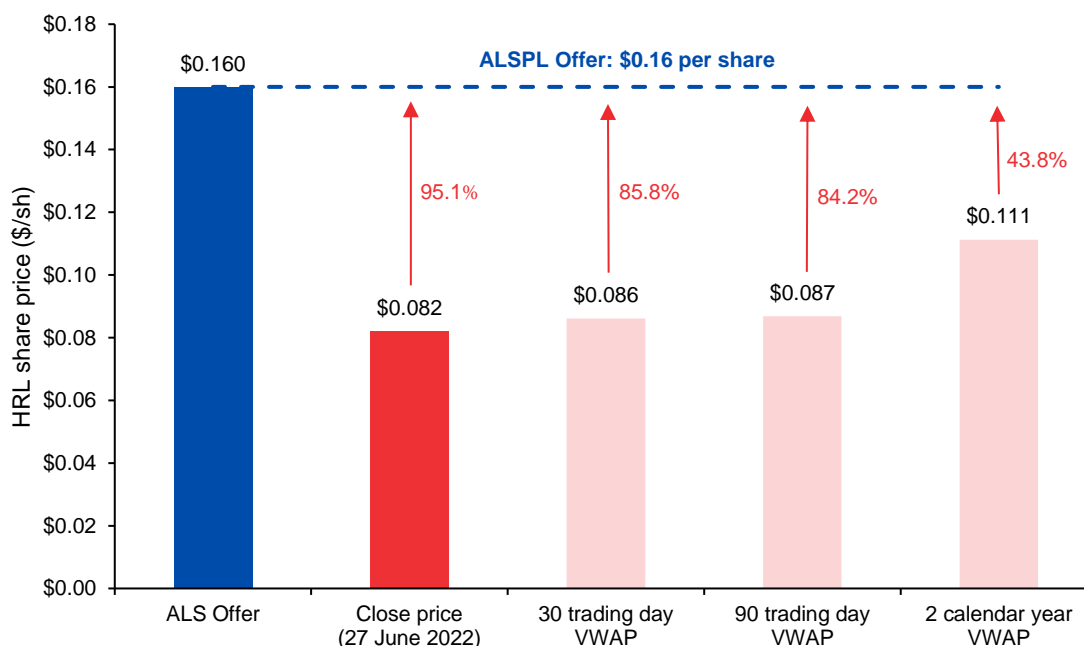
2.1 The Offer provides significant benefits to you as a HRL Shareholder. The key reasons why you should accept the Offer are as follows:

The Offer Price represents a substantial premium to HRL's recent and historical trading price

2.2 The Offer Price of \$0.16 cash for each HRL Share represents a substantial premium over the recent and historical market price of HRL Shares.

2.3 The Offer Price represents a premium of:

- (a) 95.1% to \$0.082, being the closing price of HRL Shares on 27 June 2022, the last trading day prior to the Announcement Date;
- (b) 85.8% to the 30-day VWAP of HRL Shares up to and including 27 June 2022, being the last trading day prior to the Announcement Date;
- (c) 84.2% to the 90-day VWAP of HRL Shares days up to and including 27 June 2022, being the last trading day prior to the Announcement Date;
- (d) 43.8% to the two-year VWAP of HRL Shares up to and including 27 June 2022, being the last trading day prior to the Announcement Date; and
- (e) 0% to \$0.16, being the closing price of HRL Shares on 30 June 2022, being the last trading day prior to the date this Bidder's Statement was lodged with ASIC.



Source: Capital IQ²

2.4 The price of HRL Shares is likely to fall, at least in the short term, if the Offer does not proceed and no alternative offer is made for HRL at or above the Offer Price.

² Capital IQ is not required to consent, and has not consented, to the use of any such references in this Bidder's Statement.

Recommendation

- 2.5 HRL's Directors have unanimously recommended that HRL Shareholders accept the Offer, in the absence of a Superior Proposal and subject to an Independent Expert (if engaged by HRL) not determining that the Offer is neither fair nor reasonable.
- 2.6 Each HRL Director who has a Relevant Interest in HRL Shares (representing approximately 18.59% of HRL Shares on issue in aggregate) has informed the HRL Board that they intend to accept the Offer in respect of those HRL Shares in the absence of a Superior Proposal and subject to an Independent Expert (if engaged by HRL) not determining that the Offer is neither fair nor reasonable.

100% cash consideration: certain value for HRL Shares

- 2.7 The Offer by ALSPL to acquire HRL Shares is for 100% cash consideration. This gives HRL Shareholders certainty about the value of the consideration being offered.

The HRL Share price is likely to fall if the Offer lapses

- 2.8 For the 52-week period prior to the Announcement Date, the HRL Share price traded between \$0.075 and \$0.135, closing at \$0.082 on 27 June 2022, the last trading day prior to the Announcement Date. The HRL Share price traded between \$0.155 and \$0.165 and closed at \$0.16 on 30 June 2022, being the last trading day prior to the date this Bidder's Statement was lodged with ASIC.
- 2.9 While there are many factors that might influence the market price of HRL Shares, there is a risk that the HRL Share price is likely to fall, at least in the short term, if the Offer does not proceed and no alternative offer is made for HRL at or above the Offer Price.

No Superior Proposal or alternative offer

- 2.10 The Offer by ALSPL for HRL is currently the highest consideration available for your HRL Shares. The Offer by ALSPL is also the only offer available to HRL Shareholders as at the date of this Bidder's Statement.
- 2.11 There has been opportunity for another bidder to make a superior or alternative offer. However, no other offer has emerged before or since HRL announced that ALS had issued a confidential, non-binding indicative proposal to acquire HRL Shares on 27 June 2022.
- 2.12 Accepting the Offer now provides HRL Shareholders with certainty and a substantial premium over the historical trading price of HRL Shares, rather than waiting for a Superior Proposal or other alternative offer to emerge, which may never eventuate.

You may risk becoming a minority HRL Shareholder

- 2.13 If ALSPL gains a majority shareholding in HRL (but is not entitled to compulsorily acquire HRL), those HRL Shareholders who do not accept the Offer will become minority HRL Shareholders with possibly less influence over the future direction and control of HRL.
- 2.14 HRL may remain a listed entity in this case (see Sections 7.19 to 7.32 on ALS' intentions for HRL as a partly owned company) however, with ALSPL as the majority shareholder, there may be very limited liquidity in HRL Shares. This may mean that minority HRL Shareholders may find it more difficult to buy and sell HRL Shares.
- 2.15 ALS intends to appoint nominees to the HRL Board in proportion to its shareholding. ALS may gain control over the HRL Board and, in this case, ALS (through its representatives on the HRL Board) will control the decisions and the future direction of HRL to the extent permissible by law and the Listing Rules.

- 2.16 ALS may assess the appropriateness of paying dividends to shareholders, and may be able to decide on the timing and quantum of any future dividends.

No stamp duty or brokerage fees in accepting the Offer

- 2.17 You will not be obliged to pay stamp duty if you accept the Offer.
- 2.18 If your HRL Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to ALSPL, you will not incur any brokerage in connection with your acceptance of the Offer.
- 2.19 If your HRL Shares are registered in a CHESS Holding, or if you are a beneficial owner whose HRL Shares are registered in the name of a Broker, bank, custodian or other nominee, you should ask your Controlling Participant (usually your Broker) or that nominee whether it will charge any transaction fees or service charges in connection with acceptance of the Offer.

3. Frequently asked questions

Set out below are summary answers to some key questions which HRL Shareholders may have in relation to the Offer. This information is a summary only and should be read together with all sections of the Bidder's Statement.

Question	Answer	Further information
Offer structure		
What is the Offer?	ALSPL is offering to buy all of your HRL Shares. The Offer Price is \$0.16 per HRL Share.	Section 10
Who is making the Offer?	The Offer is being made by ALS Limited (ACN 009 657 489) (ASX: ALQ) through its wholly-owned Subsidiary, Australian Laboratory Services Pty. Ltd. (ACN 009 936 029).	Sections 4 and 10.1
What do the HRL Directors recommend?	The HRL Directors have unanimously recommended that HRL Shareholders accept the Offer, in the absence of a Superior Proposal and subject to an Independent Expert (if engaged by HRL) not determining that the Offer is neither fair nor reasonable.	Sections 2.5 and 2.6
Are there any conditions to the Offer?	No, the Offer is an unconditional cash offer.	Sections 1.2 and 1.9
What are the tax consequences if I accept the Offer?	Please consult your financial, tax or other professional adviser on the tax implications of acceptance of the Offer. However, a general outline of the tax implications of accepting the Offer for HRL Shareholders is set out in Section 8.	Section 8
What is the effect of the Offer on HRL Options and HRL Performance Rights?	No separate takeover offer is being made for HRL Options or HRL Performance Rights. ALSPL may elect to make private treaty offers to holders of HRL Options as contemplated in section 5.24. However, ALSPL has not committed to make such private treaty offers.	Sections 5.19 to 5.28
Offer terms and conditions		
How do I accept the Offer?	To accept the Offer you should follow the instructions set out in Sections 10.13 to 10.28. To be effective, your acceptance must be received by ALSPL or Boardroom Pty Limited (ACN 003 209 836) before 7.00pm (Sydney time) on the Closing Date.	Sections 10.13 to 10.28
What choices do I have as a HRL Shareholder?	As a HRL Shareholder, you have the following choices in respect of your HRL Shares: <ul style="list-style-type: none"> accept the Offer for all of the HRL Shares you hold; sell some or all of your HRL Shares on ASX (unless you have previously accepted the Offer for your HRL Shares). If you sell some of your HRL Shares you can accept the Offer for the balance of your HRL Shares; or do nothing. <p>From the date of this Bidder's Statement until the end of the Offer Period, ALSPL intends to purchase HRL Shares on-market for prices at or below \$0.16 per HRL Share in accordance with item 2 of section 611 of the Corporations Act. ALSPL has appointed Morgans Financial Limited (ACN 010 669 726) to make such on-market purchases on its behalf.</p>	Section 9.12

Question	Answer	Further information
Can I accept the Offer for part of my holding in HRL?	No. You may only accept the Offer for ALL of your HRL Shares.	Sections 10.3 to 10.5
Can I withdraw my acceptance?	Under the terms of the Offer, you cannot withdraw your acceptance unless a withdrawal right arises under the Corporations Act.	Sections 10.32, 10.35 and 10.36
What happens if I do not accept the Offer?	If you do not accept the Offer, you will remain a HRL Shareholder unless ALSPL becomes entitled to proceed to compulsory acquisition of HRL Shares under the Corporations Act.	Sections 2 and 7
Can I be forced to sell my HRL Shares?	Only if ALSPL becomes entitled to proceed to compulsory acquisition under the Corporations Act.	Section 7 and Sections 9.19 to 9.21
When does the Offer close?	The Offer is currently scheduled to close at 7.00pm (Sydney time) on [●] 2022, unless it is extended in accordance with the Corporations Act.	Sections 10.32 to 10.34
Can ALSPL extend the Offer Period?	Yes, the Offer can be extended at ALSPL's election or otherwise in accordance with the Corporations Act.	Sections 10.33 and 10.34
If I accept the Offer, when will I receive payment?	If you accept the Offer, you will be paid the Offer Price within five Business Days after receipt of your valid acceptance.	Sections 10.38 and 10.39
Will I need to pay brokerage or stamp duty if I accept the Offer?	No, but your Broker, bank, custodian or other nominee may charge you transactional fees or services charges in connection with acceptance of the Offer.	Sections 10.46 to 10.48
General		
What is this Bidder's Statement?	This Bidder's Statement was prepared by ALSPL for distribution to HRL Shareholders. It sets out the terms of the Offer, information relating to the Offer and the Offer Price you will receive if ALSPL acquires your HRL Shares under the Offer.	
What is the Target's Statement?	HRL's Target's Statement will be prepared by HRL for distribution to HRL Shareholders. It will set out HRL's response to ALSPL's Offer, including the recommendation of the HRL Directors.	
Is there a number that I can call if I have further queries in relation to the Offer?	If you have any questions about the Offer or how to accept the Offer, you should call the Offer Information Line on 1300 229 418 (within Australia) or +61 2 9066 4051 (outside Australia), Monday to Friday between 9.00am and 5.00pm (Sydney time).	

4. Information about ALSPL and ALS

Overview of ALSPL and ALS

- 4.1 The Offer is being made by Australian Laboratory Services Pty. Ltd. (ACN 009 936 029) (**ALSPL**), a wholly-owned Subsidiary of ALS Limited (ACN 009 657 489) (**ALS**).
- 4.2 ALS is an ASX-listed (ASX: ALQ) leading testing, inspection, certification and verification company head quartered in Brisbane, Australia. Servicing multiple industries globally, ALS employs over 15,000 staff in more than 65 countries and operates from more than 300 sites across Africa, Asia, Australia, Europe and the Americas. Part of the S&P/ASX 100, ALS operates one of the world's largest analytical and testing services businesses with partnerships spanning major sectors including mining, natural resources, environmental, food, pharmaceutical, industrial and inspection services.
- 4.3 ALSPL, which is a holding entity in the ALS Group directly owned by ALS, holds a large proportion of the ALS Group's assets.

History of ALS

- 4.4 ALS can trace its corporate history back to Peter Morrison Campbell who established a small chemical company in Australia in 1863. That company, Campbell Brothers Limited, became a publicly traded company when it listed on ASX in 1952.
- 4.5 ALSPL started a small geochemistry laboratory in 1976 in Brisbane to service mineral exploration companies exploring the eastern part of Australia. In 1981, Campbell Brothers Limited acquired ALSPL and began a journey that would see ALS become one of the largest, commercial laboratory services companies in the world.
- 4.6 Following rapid growth and diversification across Australia in the 1980s, ALS expanded into Asia and South America in the 1990s, before expanding into North America, Africa and Europe in the early 2000s and finally the Middle East in 2011.
- 4.7 In 2012, ALS was inducted into the Queensland Business Leaders Hall of Fame.

Key operations and business

- 4.8 The principal activities of the ALS Group include the provision of professional technical services, primarily in the areas of testing, measurement and inspection, supporting:
- environmental monitoring;
 - food and pharmaceutical quality assurance;
 - mining and mineral exploration;
 - commodity certification;
 - equipment maintenance; and
 - asset care operations.
- 4.9 ALS' life sciences division provides analytical testing and sampling services and remote monitoring for the environmental, food, pharmaceutical, and consumer product markets. It is a leader in global comprehensive analytical testing, demonstrating expertise in microbiological, physical, and chemical testing services. The commodities division is a leading full-service provider of testing services for the global mining industry in four key business streams, being geochemistry, metallurgy, inspection, and coal quality, with an

extensive client base of explorers, miners and traders. ALS' industrial division is a leading provider of diagnostic testing and engineering solutions for the energy, resources, transportation, and infrastructure sectors.

- 4.10 During the financial year ended 31 March 2022, the ALS Group expanded and diversified its technical service capabilities through acquisitions in Australia for geochemistry testing, in Europe for environmental and pharmaceutical testing, and in contract research and clinical testing through the acquisition of a 49% stake in Nuvisan based in Germany.

History of engagement with HRL

- 4.11 On 28 June 2022, ALS and HRL announced that ALS had approached the HRL Board with an unsolicited confidential non-binding all-cash proposal submitted on 30 May 2022 to acquire all of the HRL Shares at a price of \$0.16 per HRL Share, which was subject to a number of conditions, including satisfactory completion of due diligence and entry into mutually agreeable transaction documentation.
- 4.12 In response to ALS' proposal, ALS and HRL then entered into binding confidentiality and exclusivity arrangements whereby HRL committed to a period of exclusive due diligence and negotiations with ALS in relation to ALS' proposal. Pursuant to these arrangements, ALS was provided with the opportunity to undertake due diligence and negotiate transaction documentation on an exclusive basis to 20 July 2022. HRL agreed to certain due diligence, exclusivity, notification and break fee provisions during this period. Further details in respect of such provisions are included in HRL's ASX announcement dated 28 June 2022.

Financial overview

- 4.13 For details of ALS' financial status, please refer to 2022 full year statutory accounts which are available on the ASX website (www.asx.com.au) or on ALS' website (<https://www.alsglobal.com/>).

Board of directors

- 4.14 As at the date of this Bidder's Statement, the directors of ALSPL are:
- Raj Naran, *Director*, and
 - Michael Burcham, *Director*.
- 4.15 As at the date of this Bidder's Statement, the directors of ALS are:
- Bruce Phillips, *Chairman and Independent Non-Executive Director*,
 - Raj Naran, *Managing Director and Chief Executive Officer*,
 - John Mulcahy, *Independent Non-Executive Director*,
 - Charlie Sartain, *Independent Non-Executive Director*,
 - Tonia Dwyer, *Independent Non-Executive Director*,
 - Siddhartha Kadia, *Independent Non-Executive Director*, and
 - Leslie Desjardins, *Independent Non-Executive Director*.

Management

- 4.16 As at the date of this Bidder's Statement, the current executive team of ALS comprises:
- Raj Naran, *Managing Director and Chief Executive Officer*,

- Bruce McDonald, *Executive Vice President - Global Geochemistry*;
- Luis Damasceno, *Chief Financial Officer*;
- Andreas Jonsson, *General Manager - Life Sciences*; and
- Timothy Kilmister, *General Manager - Asia Pacific*.

Further information on ALS

4.17 Further information on ALS can be found at ALS' website at <https://www.alsglobal.com/>. However, no information on that website is incorporated by reference into this Bidder's Statement.

5. Information about HRL

Introduction

- 5.1 This Section provides an overview of HRL, its principal activities and recent history. HRL is listed on ASX and is obliged to comply with the continuous disclosure requirements of ASX. Information on HRL may also be obtained from HRL's website at <https://hrlholdings.com/> and ASX website at www.asx.com.au.
- 5.2 The information on HRL in this Bidder's Statement has been prepared by ALSPL using publicly available information and has not been independently verified. To the extent permitted by law, ALSPL does not make any representation or warranty (express or implied), nor assume any responsibility, as to the accuracy or completeness of such information. The information on HRL in this Bidder's Statement should not be considered to be comprehensive. Further information in relation to the business of HRL will be included in HRL's Target's Statement.

Overview of HRL and its business

- 5.3 HRL is an Australian public company listed on ASX (ASX: HRL). It was incorporated in 2006 and its head office is in Brisbane, Australia.
- 5.4 The HRL Group is a diversified environmental and laboratory service provider with offices and laboratory facilities across Australia and New Zealand, providing sampling, laboratory testing, and data management services across those jurisdictions. The HRL Group offers services including analytical chemistry laboratory testing specialising in mass spectroscopy analysis to the milk, honey, drugs of abuse and environmental markets, industrial hygiene (with a focus on asbestos and hazardous materials management), property contamination testing and workplace drug testing, environmental services (air, water and soil, including contaminated land), environmental and property management software solutions and specialised NATA/IANZ accredited laboratory analysis and on-site testing and monitoring. Further details on these services are included below.
- 5.5 Its HAZMAT services include:
- (a) industrial hygiene, with a focus on asbestos and hazardous materials management;
 - (b) property contamination testing and workplace drug testing;
 - (c) environmental testing services (air, water and soil including contaminated land);
 - (d) environmental and property management software solutions; and
 - (e) specialised NATA/IANZ - on-site testing and monitoring.
- 5.6 Its food and environmental laboratory services include:
- (a) honey laboratory testing;
 - (b) milk and dairy laboratory testing;
 - (c) food origin testing;
 - (d) drugs of abuse laboratory testing;
 - (e) asbestos laboratory analysis;

- (f) environmental laboratory testing (air, water, soil including organic and inorganics); and
- (g) other laboratory research and development.

5.7 Its software services include:

- (a) information management software solutions for asbestos and hazardous materials;
- (b) innovative field management software solutions; and
- (c) customised compliance solutions and applications relating to workplace health and safety.

Key operations and assets

5.8 HRL delivers its services via Subsidiary brands in the following markets:

- (a) food, natural products and environmental testing – Analytica;
- (b) occupational hygiene – OCTIEF (Australia) and Precise (New Zealand); and
- (c) data management – OCTFOLIO.

5.9 HRL divested its construction material testing and geotechnical engineering business unit in May 2022 by way of asset sale.

5.10 The HRL Group also has joint venture interests, including a 26% interest in CAIQTest (Pacific) Limited, a New Zealand based laboratory providing pre-shipment testing services for clients exporting goods from Australasia to China, assisting greatly with supply chain bottlenecks, and a 50% interest in Foodlab Pacific Limited, a 50:50 joint venture company with MilkTest NZ Limited Partnership, which has received its first and second phase of accreditations from IANZ, allowing it to provide an initial range of analytical testing services to customers in the wider New Zealand dairy industry (while continuing to focus on business development with customers and the remaining phases of its method accreditation). The joint venture with MilkTest NZ Limited Partnership represents an expansion of the pre-existing strategic alliance between the HRL Group and MilkTest NZ Limited Partnership, which was focused on liquid milk testing.

Financial overview

5.11 For details of HRL's financial status, please refer to HRL's Half Yearly Report as at 31 December 2021 and HRL's 2021 Annual Report available on the ASX website (www.asx.com.au) or on HRL's website (<https://hrlholdings.com/>).

Board of directors

5.12 As at the date of this Bidder's Statement, the HRL Directors are:

- Greg Kilmister, *Non-Executive Chairman*;
- Steve Howse, *Executive Director*;
- James Todd, *Non-Executive Director*;
- Richard Stephens, *Non-Executive Director*;
- Alex White, *Non-Executive Director*; and
- Edmon Odza, *Alternate Director for Alex White*.

Interests of HRL Directors in HRL Shares

- 5.13 As at the date of this Bidder's Statement, as far as is known to ALSPL based on documents provided by HRL to ASX, the HRL Directors have direct or indirect interests in the following HRL Shares:

Director	No. of HRL Shares	% of HRL Shares on issue*
Greg Kilmister	1,100,000	0.22%
Steve Howse	7,190,297	1.45%
James Todd	500,000	0.10%
Richard Stephens	102,099	0.02%
Alex White**	83,001,733	16.79%

* Excludes the effect of dilution on exercise of any HRL Options and HRL Performance Rights.

** Shares held by JP Morgan Nominees Australia Ltd as investment manager for Richard Hill Capital Pty Ltd. Mr White is a director and portfolio manager of Richard Hill Capital Pty Ltd.

- 5.14 Each HRL Director who has a Relevant Interest in HRL Shares (representing approximately 18.59% of HRL Shares on issue in aggregate) has informed the HRL Board that they intend to accept the Offer in respect of those HRL Shares in the absence of a Superior Proposal and subject to an Independent Expert (if engaged by HRL) not determining that the Offer is neither fair nor reasonable.

HRL securities on issue

- 5.15 According to documents provided by HRL to ASX, as at the date of this Bidder's Statement, HRL's issued securities consist of:

Class	No. on issue
HRL Shares (quoted)	494,381,306
HRL Options (unquoted)	15,000,000
HRL Performance Rights (unquoted)	4,415,333

- 5.16 If all HRL Options and HRL Performance Rights vest and are exercised (as applicable), the total number of HRL Shares on issue would be 513,796,639. Refer to Sections 5.19 to 5.28 for further information regarding HRL Options and HRL Performance Rights.
- 5.17 ALSPL's Offer is to acquire all of the issued HRL Shares as at the Register Date as well as any HRL Shares that are issued or otherwise come into existence during the period from the Register Date to the end of the Offer Period as a result of the conversion of, or exercise of rights attached to, securities convertible into HRL Shares (including HRL Options and HRL Performance Rights) that are on issue at the Register Date.

Substantial holders of HRL

- 5.18 As at the date of this Bidder's Statement, as far as is known to ALSPL based on publicly available information, the following entities had notified HRL of current substantial holdings in HRL:

Shareholder	Relevant Interest in HRL Shares	Voting Power in HRL
Australiansuper Pty Ltd	53,869,466	10.90%
National Nominees Ltd	47,120,098	9.53%
ALSPL	98,876,260	19.99%
Richmond Hill Capital Pty Ltd	83,001,733	16.79%

HRL employee incentive plans

HRL Performance Rights

- 5.19 As at the date of this Bidder's Statement, as far as is known to ALSPL, HRL has granted 4,415,333 HRL Performance Rights to senior executives under the terms of HRL's long term incentive plan. Each HRL Performance Right entitles its holder to one HRL Share, subject to the applicable vesting conditions being satisfied.
- 5.20 Under the terms of HRL's existing long term incentive plan documentation:
- (a) 50% of all unvested HRL Performance Rights vest automatically, if a bona fide takeover bid is declared unconditional and the bidder has acquired a Relevant Interest of at least 50%; and
 - (b) the HRL Board has, as a result of the Offer, discretion to waive any unsatisfied vesting conditions in relation to the HRL Performance Rights.
- 5.21 Under the Implementation Deed, HRL has agreed to procure that:
- (a) half of all unvested HRL Performance Rights vest automatically if ALSPL obtains a Relevant Interest in at least 50% of HRL Shares; and
 - (b) if ALSPL becomes entitled to proceed to compulsorily acquire HRL Shares under section 661A of the Corporations Act, the HRL Board resolves to waive unsatisfied vesting conditions, so that all remaining HRL Performance Rights convert to HRL Shares.
- 5.22 The Offer does not extend to HRL Performance Rights. The Offer does, however, extend to HRL Shares that are issued or otherwise come into existence during the period from the Register Date to the end of the Offer Period due to the conversion of, or exercise of rights attached to, securities convertible into HRL Shares (including HRL Performance Rights) that are on issue at the Register Date.

HRL Options

- 5.23 As at the date of this Bidder's Statement, as far as is known to ALSPL, HRL has issued 15,000,000 HRL Options to the Chief Executive Officer and Chief Financial Officer under an executive option deed. Each HRL Option which vests and is exercised converts to one HRL Share at an exercise price of \$0.12.

- 5.24 Under the Implementation Deed, HRL may, in consultation with ALSPL, seek a waiver of Listing Rule 6.23.2 to permit HRL to cancel the HRL Options for consideration, provided that the amount payable on cancellation is reasonable and agreed by ALSPL and HRL and that such consideration is payable only on ALSPL becoming entitled to proceed to compulsory acquisition under section 661A of the Corporations Act. To the extent that the HRL Options are not cancelled in this manner, or otherwise for no consideration, ALSPL may elect to make private treaty offers to holders of HRL Options. If such an election is made, these offers will be subject to ALSPL being entitled to proceed to compulsory acquisition under section 661A of the Corporations Act.
- 5.25 Instead of accepting any private treaty offer, holders of HRL Options may become eligible to exercise their HRL Options during the Offer Period and to accept the Offer upon receiving their HRL Shares on exercise of their HRL Options.
- 5.26 ALSPL has not committed to make private treaty offers to holders of HRL Options and so encourages holders of HRL Options who are entitled to do so, to exercise their HRL Options and accept the Offer in respect of the HRL Shares issued upon exercise.
- 5.27 If holders of HRL Options do not exercise their options and accept the Offer in respect of any HRL Shares issued upon exercise of those options and ALSPL reaches the compulsory acquisition thresholds of the Corporations Act, ALSPL will be bound to make offers for your HRL Options and may also be entitled to compulsorily acquire those options. In that case, holders of HRL Options will have to claim the consideration from HRL and be paid the Offer Price per HRL Share considerably later than if they accepted the Offer in respect of any HRL Shares issued upon exercise of their HRL Options before the end of the Offer Period. If ALSPL does not become entitled to compulsorily acquire HRL Options, holders of those HRL Options will remain holders of HRL Options.
- 5.28 These HRL securities are currently subject to certain trading and vesting restrictions and conversion procedures. ALSPL understands that the holders of these securities will be provided with further guidance as to how to deal with their securities in HRL's Target's Statement or other documentation issued by HRL. These holders should refer to these materials before deciding how to deal with their securities.

Recent HRL Share prices

- 5.29 The last recorded sale price of HRL Shares on ASX as at close of trading on ASX on 27 June 2022, being the last trading day before the Announcement Date, was \$0.082. The last recorded sale price of HRL Shares on ASX as at close of trading on ASX on 30 June 2022, being the last trading day before the date this Bidder's Statement was lodged with ASIC was \$0.16.
- 5.30 The highest recorded sale price of HRL Shares on ASX in the 52-week period prior to the Announcement Date was \$0.135 and the lowest recorded sale price of HRL Shares on ASX in the 52-week period prior to the Announcement Date was \$0.075.

6. Funding

Total cash consideration

- 6.1 ALSPL's offer is a 100% cash offer and the Offer Price is \$0.16 per HRL Share.
- 6.2 The maximum amount of cash that ALSPL would be required to pay under the Offer for all HRL Shares currently on issue (excluding the HRL Shares already owned by ALSPL as at the date of this Bidder's Statement, being 98,876,260 HRL Shares), is approximately \$63,280,807.
- 6.3 Further HRL Shares may be issued on the exercise of HRL Options and HRL Performance Rights. If all HRL Options and Performance Rights which are on issue as at the date of this Bidder's Statement, being 15,000,000 HRL Options and 4,415,333 HRL Performance Rights, vest and are exercised (if applicable), there would be 513,796,639 HRL Shares on issue and the maximum amount of cash that ALSPL would be required to pay under the Offer for all HRL Shares on issue (excluding the HRL Shares already owned by ALSPL as at the date of this Bidder's Statement, being 98,876,260 HRL Shares) would be approximately \$66,387,260 (**Offer Amount**), plus all associated transaction costs.

Source of funding

- 6.4 ALSPL and ALS have entered into a takeover funding deed (**Funding Deed**) under which ALS has undertaken to provide, or procure the provision (supported by it) of, such amounts to ALSPL which in aggregate are required to satisfy ALSPL's obligations under the Offer, together with amounts required to cover all transaction costs associated with the Offer.
- 6.5 Under the terms of the Funding Deed, ALS has provided an undertaking in favour of ALSPL:
- (a) to use its reasonable endeavours to satisfy the relevant conditions to a drawdown of funds under ALS' bank facilities as necessary to meet its obligations under the Funding Deed; and
 - (b) not to do, or omit to do, anything which will, or is likely to, result in the prevention of a drawdown of funds under the bank facilities.
- 6.6 ALSPL's right to receive payments under the Funding Deed is not subject to any conditions precedent and no demand for repayment of funds provided to ALSPL may be made during the period in which ALSPL has an outstanding obligation to make payment under the Offer. Funds may be provided to ALSPL through any combination of cash contribution, equity subscription, loan arrangement or other debt financial arrangements as ALS and ALSPL see fit.

Overview of ALS' funding arrangements

- 6.7 ALS will source the necessary funds to be made available to ALSPL to pay the Offer Amount (and costs associated with the Offer) from committed and undrawn facilities under the ALS revolving bank facility agreements.
- 6.8 Funds are available for drawdown under the ALS facilities for, among other matters, general corporate purposes.
- 6.9 As at the date of this Bidder's Statement, an aggregate of at least \$308 million is available for drawdown under the ALS bank facilities which is intended to be utilised to fund the Offer Amount.

- 6.10 The ability to drawdown under the ALS facilities is subject to certain conditions precedent (which ALS considers to be standard for facilities of this nature and capable of being satisfied), including, without limitation:
- (a) delivery of a compliant funding notice; and
 - (b) no default subsisting at the time of drawdown.

Sufficiency of funding

- 6.11 Having regard to the matters set out above in this Section 6, ALSPL is of the opinion that it has a reasonable basis for forming the view, and it holds the view, that it will be able to pay the consideration required for the acquisition of HRL Shares pursuant to the Offer and to satisfy its obligations under the Offer.
- 6.12 The Offer is not subject to any financing conditions.

7. ALS' intentions in relation to HRL

Approach

- 7.1 This Section 7 sets out ALS' current intentions in relation to:
- (a) the continuation of the business of HRL;
 - (b) any major changes to be made to the business of HRL, including any redeployment of the fixed assets of HRL; and
 - (c) the future employment of the present employees of HRL.
- 7.2 These intentions have been formed on the basis of facts, information and circumstances concerning HRL, its business operations and the general industry environment which were known to ALS at the time of preparing this Bidder's Statement. ALS and its advisers have reviewed the publicly available information concerning HRL at the date of this Bidder's Statement, have had limited discussions with HRL and have undertaken some due diligence in relation to HRL and its businesses (see Section 9.32). ALS' intentions have been formed on the basis of this information.
- 7.3 ALS does not currently have sufficient information on the business or operations of HRL to allow it to make any final decisions on the matters discussed in this Section 7. Final decisions on these matters will only be reached in the light of all material facts and circumstances (including the commercial, operational, financial and taxation implications of any decision) at the relevant time. Accordingly, the statements set out in this Section 7 are statements of ALS' current intentions only which may change as new information becomes available or as circumstances require.
- 7.4 Some of the intentions noted in this Section 7 contemplate future synergy and cost-saving benefits to ALS that are not currently available to HRL Shareholders. The exact extent and timing of these benefits is currently uncertain and the ability of HRL to capture any benefits will depend on, among other things, the results of the strategic review detailed below and whether or not ALSPL is able to acquire 100% of the HRL Shares. Acquiring less than 100% of the HRL Shares will reduce these benefits, and some of the benefits may not be realisable at all if ALSPL does not acquire 100% of the HRL Shares, which in each case will affect both HRL and minority HRL Shareholders.
- 7.5 Any attempt to quantify these benefits at this time would be speculative.

Intentions upon acquisition of 90% or more of HRL Shares

- 7.6 Set out below are ALS' current intentions if ALSPL acquires a Relevant Interest in 90% or more of the HRL Shares and is, therefore, entitled to compulsorily acquire all outstanding HRL Shares after the Offer.

Compulsory acquisition

- 7.7 If it becomes entitled to do so, ALSPL intends to compulsorily acquire any outstanding HRL Shares in accordance with section 661B of the Corporations Act.

Delisting

- 7.8 ALS intends to arrange for HRL to be removed from the official list of ASX.

Amend HRL's constitution

- 7.9 ALS intends to amend the constitution of HRL to reflect its status as a wholly-owned Subsidiary of ALS and will seek to convert HRL from a public company to a proprietary company.

Head office and regional locations

- 7.10 ALS intends to undertake a review of head office structures and associated functions currently operated by ALS and HRL. Whilst the registered corporate head office would be in Brisbane, technology allows for functional expertise to exist in different locations. Duplication will be removed within the review process whilst retaining best practice functional support.
- 7.11 Similarly, ALS intends to undertake a review of HRL's regional office functions and locations and remove duplication whilst retaining best practice operational performance.

Operational and strategic review

- 7.12 ALS intends to proceed with a detailed review of HRL's assets, strategy and operations in the light of the more detailed information then available to it. It is anticipated that this review will take approximately six months. The review will pay particular attention to:
- (a) integration of management operating systems and platforms, administrative procedures, systems and reporting lines, the intention being to bring these into line with ALS' standards and practises and to optimise operating costs;
 - (b) review of management and operations, including a review of head office locations and executive leadership functions;
 - (c) potential synergies and cost savings, including overheads, board expenses, ASX listing costs, insurances, professional advisory fees and other synergistic operational costs;
 - (d) HRL's current financing arrangements and future funding requirements to determine the optimal capital structure. HRL's need for additional capital, either in the form of debt or equity will be assessed, including ALS' ability to provide HRL with such capital; and
 - (e) HRL's asset portfolio and other business interests with the view to add value/expedite development and growth opportunities, particularly in relation food testing capability and services in New Zealand.

Business integration

- 7.13 ALS intends to centralise certain of HRL's corporate head office functions such as the company secretarial, financial management and information technology functions in order to eliminate duplication and reduce those costs where possible. Other similar functions within ALS and HRL will be reviewed and either totally merged where relevant or continue to trade under current arrangements. In addition, some functions of HRL's head office may no longer be necessary if HRL is removed from the official list of ASX following the conclusion of the Offer.

Board composition

- 7.14 ALS intends to replace all the members of the HRL Board and the members of the boards of directors of HRL's Subsidiaries with nominees of ALS. Replacement board members will likely be the current directors and officers of ALSPL.

Impact on management and employees

- 7.15 It is ALS' intention to retain the management personnel of HRL in roles appropriate to their skills, expertise, performance and strategic fit.
- 7.16 As a result of the implementation of the above intentions, it is possible that certain head office functions in the various operations of HRL will become redundant (particularly executive leadership roles). While some job losses may occur as a result, the incidence, extent and timing of such job losses cannot be predicted in advance and will depend on the outcome of the strategic review.
- 7.17 If redundancies do occur, ALS may seek to find new roles for such employees. If that is not feasible, the relevant employees will receive benefits in accordance with their contractual and other legal entitlements.

Dividend policy

- 7.18 ALS' view on the payment of dividends by HRL may be different to those of the current HRL Board, which may result in their increase or decrease. No determination has been made by ALS at this time regarding HRL's dividend and capital management policies after the conclusion of the Offer.

Intentions upon acquisition of between 50% and 90% of HRL Shares

- 7.19 Set out below are ALS' current intentions if ALSPL does not become entitled to compulsorily acquire all outstanding HRL Shares and, consequently, HRL is controlled by ALS but is not a wholly-owned Subsidiary of ALS.
- 7.20 Notwithstanding that HRL is not a wholly-owned Subsidiary of ALS, ALSPL may gain sufficient acceptances such that HRL is consolidated within the ALS Group for financial reporting purposes. This could only occur if ALS considered itself to have control of sufficient HRL Shares to exercise control over the management and operations of HRL.

Operational and strategic review

- 7.21 Should ALSPL acquire control of HRL, ALS intends to undertake the detailed review of HRL's assets, strategy and operations as outlined above in Section 7.12. However, as a result of HRL not being a wholly-owned Subsidiary of ALS, ALS' ability to implement changes to HRL's operations will be limited and it is unlikely that the full potential benefits will be realised.

Head office and regional locations

- 7.22 ALS would not seek to combine the corporate head offices and regional locations of ALS and HRL unless it acquires 100% of HRL Shares. However, ALS would ask the HRL Board to consider possible site cost reductions as part of a general operational review.

ASX listing

- 7.23 ALS would seek to have HRL removed from the official list of ASX. ASX guidance indicates that ASX would approve an application for HRL to be removed from the official list of ASX without the need for shareholder approval if:
- (a) at the end of the Offer, ALSPL and its Related Bodies Corporate own or control at least 75% of the HRL Shares and the Offer has remained open for at least two weeks after ALSPL and its Related Bodies Corporate attained ownership or control of at least 75% of the HRL Shares; and
 - (b) the number of HRL Shareholders (other than ALSPL and its Related Bodies Corporate) having holdings with a value of at least \$500 is fewer than 150.

- 7.24 In addition, ASX guidance indicates that ASX would approve an application for HRL to be removed from the official list of ASX with HRL Shareholder approval and, where such removal is sought later than 12 months after the close of the Offer, ALSPL would be entitled to vote on the resolution approving the removal.
- 7.25 ALS may also consider (or ask the HRL Board to consider) taking further actions following the Offer as may be permitted by the Corporations Act, the Listing Rules and HRL's constitution, to manage the resultant spread of HRL Shareholders and liquidity of HRL Shares, including, without limitation, considering the use of a sale facility for unmarketable parcels held by HRL Shareholders.
- 7.26 If HRL continues to be listed on ASX, HRL Shareholders who do not accept the Offer should be aware that the liquidity of HRL Shares may be materially diminished given the reduced free float of HRL Shares.

Board composition

- 7.27 ALS intends, subject to the Corporations Act and HRL's constitution, to appoint nominees to the HRL Board in such proportion as reflects ALSPL's shareholding in HRL, constituting a majority of the HRL Board. ALS would seek to achieve this by making additional appointments to the HRL Board and/or replacing existing HRL Directors with its nominees. Candidates to be appointed or replaced in this way have not yet been identified by ALS and their identity will depend on circumstances at the relevant time.

Intentions for management and employees

- 7.28 It is ALS' intention to retain the management personnel of HRL in roles appropriate to their skills, expertise, performance and strategic fit.
- 7.29 ALS intends to continue the employment of HRL's present employees in accordance with their current terms of employment, assuming those terms of employment are standard and commercially reasonable.

Dividend policy

- 7.30 The payment of a dividend by HRL would be at the discretion of the HRL Board and will be a function of a number of factors, including (but not limited to) the general business and financial conditions, the operating results and capital expenditure requirements of HRL, future funding requirements (including potential acquisition opportunities), capital management initiatives, taxation considerations (including the level of franking credits available), any contractual, legal or regulatory restrictions on the payment of dividends by HRL, and any other factors the HRL Board may consider relevant.

Further acquisition of HRL Shares

- 7.31 ALSPL may, at some later stage, acquire further HRL Shares in a manner consistent with the Corporations Act.

Compulsory acquisition

- 7.32 If ALSPL becomes entitled at some future time to exercise general compulsory acquisition rights under the Corporations Act, it will likely exercise those rights.

Intentions upon acquisition of less than 50% of HRL Shares

- 7.33 Set out below is ALS' current intentions if HRL does not become a controlled entity of ALS. In those circumstances:
- (a) ALS intends to seek to obtain representation on the HRL Board;

- (b) ALS does not expect to be in a position to give effect to the intentions set out in Sections 7.19 to 7.32 but will use its best endeavours to encourage the HRL Board to give effect to those intentions to the extent they remain appropriate; and
- (c) ALS intends to continue to hold any stake in HRL with a view to maximising returns for its investment (which may include ALSPL acquiring additional HRL Shares, to the extent permitted by law).

Other intentions

- 7.34 Subject to the matters described above in this Section 7 and elsewhere in this Bidder's Statement and, in particular, the completion of the strategic review of HRL's operations, it is the current intention of ALS, on the basis of the facts and information concerning HRL that are known to it and the existing circumstances affecting the assets and operations of HRL at the date of this Bidder's Statement:
- (a) to continue the business of HRL in substantially the same manner as it is presently being conducted;
 - (b) not to make any major changes to the business of HRL or the deployment of HRL's assets; and
 - (c) to continue the employment of the vast majority of HRL employees.

Limitations on intentions

- 7.35 The intentions and statements of future conduct set out in this Section 7 must be read as being subject to:
- (a) HRL's constitution, the law (including the Corporations Act) and the Listing Rules, including in relation to related party transactions and conflicts of interest. These requirements may, in some circumstances, require the approval of minority HRL Shareholders in order to implement a particular transaction;
 - (b) the outcome of reviews referred to in this Section 7; and
 - (c) the legal obligation of the HRL Directors at the time, including any candidates for the HRL Board nominated by ALS, to act in good faith in the best interests of HRL and for proper purposes and to have regard to the interests of all HRL Shareholders.
- 7.36 To the extent that HRL is not a wholly-owned Subsidiary of ALS and there are minority HRL Shareholders, ALS intends to ensure that the candidates for the HRL Board nominated by ALS act, at all times, in accordance with their fiduciary duties and that all requisite shareholder approvals and other legal requirements are complied with in pursuing any of the intentions outlined above.
- 7.37 The requirement to have regard to those fiduciary duties in the context of a partly owned company and the possible requirements of minority shareholder approval may prevent the particular objective being achieved.

8. Australian tax considerations

Introduction

- 8.1 The following is a general outline of the Australian tax consequences that may apply for certain HRL Shareholders who dispose of their HRL Shares by accepting the Offer.
- 8.2 It does not take into account the specific circumstances of any particular HRL Shareholder. Accordingly, HRL Shareholders should not rely on this general outline in deciding whether or not to accept the Offer. Shareholders should consult their own independent tax advisor regarding the tax consequences of accepting the Offer to take into account their particular circumstances.
- 8.3 This outline reflects the Australian tax law and practice as at the date of this Bidder's Statement. This general outline does not take into account or anticipate changes in the law after the date of this Bidder's Statement, whether by way of judicial decision or legislative action, nor does it take into account tax legislation of countries apart from Australia.
- 8.4 This general outline does not apply to all HRL Shareholders. For example, it does not apply to HRL Shareholders that:
- (a) hold their HRL Shares on revenue account (for example, as trading stock, in the course of carrying on a business or for the purposes of re-sale at a profit);
 - (b) are exempt from Australian tax;
 - (c) are subject to the application of the taxation of financial arrangements rules included in Division 230 of the Tax Law;
 - (d) acquired their HRL Shares under an employee share or option scheme or otherwise acquired their HRL Shares in respect of employment or services provided by them;
 - (e) obtained rollover relief in connection with acquiring their HRL Shares;
 - (f) acquired their HRL Shares by exercising an option (including by the exercise of any HRL Options or HRL Performance Rights);
 - (g) hold, or have held, their HRL Shares as part of an enterprise carried on, at, or through a permanent establishment outside their country of tax residence;
 - (h) are, or have been, temporary residents of Australia for the purposes of the Tax Law;
 - (i) have not been resident in the same country for tax purposes throughout the period they have owned their HRL Shares; or
 - (j) have their HRL Shares compulsorily acquired under Part 6A.1 of the Corporations Act.
- 8.5 If a HRL Shareholder is a trustee, this outline also does not consider the tax consequences for the underlying beneficiaries.
- 8.6 Such HRL Shareholders should consult their own independent tax adviser regarding the tax consequences of accepting the Offer to take into account their particular circumstances.
- 8.7 The tax consequences for a HRL Shareholder disposing of their HRL Shares may depend, in part, upon whether they are an individual or an entity (e.g. a company, the trustee of a trust or a complying superannuation fund). Unless otherwise indicated, this outline applies to HRL Shareholders who are individuals.

- 8.8 HRL Shareholders that are not residents of Australia for the purposes of the Tax Law should seek their own independent professional advice regarding the tax consequences under the laws of their country of residence, as well as under Australian law and under any Double Tax Treaty between your country of residence and Australia, in relation to the Offer.

Calculation of capital gain or loss on disposal

- 8.9 Outlined below is a guide to calculating the capital gain or capital loss on the disposal of HRL Shares by accepting the Offer. Unless otherwise mentioned, the below guide only applies to HRL Shareholders holding their HRL Shares on capital account. Generally, HRL Shareholders who hold their HRL Shares with a view to deriving dividend income and / or generating long term capital growth will be considered to hold their HRL Shares on capital account. Foreign HRL Shareholders (i.e. HRL Shareholders tax resident in a country outside Australia) should refer to the section entitled "Foreign HRL Shareholders".

Guide for calculating the capital gain or loss on the disposal of HRL Shares

CGT event	The disposal of a HRL Share by a HRL Shareholder by accepting the Offer will give rise to a CGT event. The time of the CGT event will be when any contract that results from the acceptance of the Offer is formed but no later than when you transfer the HRL Share to ALSPL.
Capital gain	If the capital proceeds received by a HRL Shareholder from the disposal of a HRL Share exceed the Share's cost base, a capital gain should arise.
Capital loss	<p>If the capital proceeds received by a HRL Shareholder from the disposal of a HRL Share are less than the Share's reduced cost base, a capital loss should arise.</p> <p>A capital loss can only be used to offset a capital gain made in the same income year, and a net capital loss (see section below entitled "Amounts included in assessable income") may be carried forward to offset future capital gains, subject to certain conditions.</p>
Pre-CGT shares	If a HRL Shareholder acquired a HRL Share before 20 September 1985, a capital gain or capital loss that the HRL Shareholder makes in respect of the disposal of that HRL Share may be disregarded.
Capital proceeds	The capital proceeds for a HRL Share should equal the Offer Price.
Cost base or reduced cost base	<p>The cost base of a HRL Shareholder's HRL Share should generally include the cost of acquisition plus certain incidental costs of acquisition and disposal (e.g. brokerage and stamp duty) to the extent not otherwise deductible to you.</p> <p>If a HRL Shareholder acquired a Share before 11.45am on 21 September 1999, it may be possible to index expenditure incurred at or before that time in working out the cost base (but not the reduced cost base). The CGT discount will not be available if a HRL Shareholder uses a cost base that has been calculated with reference to indexation.</p> <p>Certain amounts are excluded from, or may reduce, the "reduced cost base" for the purposes of calculating a capital loss.</p>

Amounts included in assessable income	<p>Capital gains and capital losses of a taxpayer are aggregated each income year to determine if the taxpayer made a net capital gain or a net capital loss. A capital loss may only be deducted against capital gains for income tax purposes.</p> <p>Any net capital gain for the income year is included in assessable income and is subject to income tax at your marginal tax rate.</p> <p>Net capital losses may be carried forward to offset against capital gains derived in future income years. Specific loss recoupment rules apply to HRL Shareholders that are companies and trusts. These rules may, among other things, limit the ability to offset or obtain capital losses in a current or future income year. These loss rules are complex. Companies and trustees should seek their own independent professional advice as to how these rules apply to them and their beneficiaries, having regard to their own particular circumstances.</p>
CGT discount	<p>The CGT discount may apply to reduce a HRL Shareholder's net capital gain. A HRL Shareholder may be eligible to apply the CGT discount to their net capital gain to the extent that, broadly speaking:</p> <ul style="list-style-type: none"> • the net capital gain (after first reducing the capital gain by any available capital losses) includes a capital gain from the disposal of a HRL Share they acquired (for the purposes of the Tax Law) at least 12 months (excluding the date of acquisition and the date of the CGT event) prior to the time of the CGT event (for the purposes of the Tax Law); • they are an individual, the trustee of a trust, or a complying superannuation entity; and • if they acquired a HRL Share on or before 11.45am on 21 September 1999, the cost base has not been calculated with reference to indexation. <p>Broadly, individuals and trusts may be entitled to a CGT discount of 50% (i.e. only 50% of their net capital gain may be included in assessable income) while complying superannuation entities may be entitled to a CGT discount of 33⅓%. The rules for applying the CGT discount in relation to trusts are complex. Trustees should seek their own advice as to how the discount capital gains provisions apply to them and their beneficiaries, having regard to their own particular circumstances.</p> <p>If you are unsure about your eligibility for the above CGT concessions, you should consult with your tax adviser.</p> <p>The CGT discount is not available to a company.</p>
Foreign HRL Shareholders	<p>Foreign HRL Shareholders holding their HRL Shares on capital account may disregard the whole of the capital gain or capital loss they make on the disposal of a HRL Share if, broadly speaking:</p> <ul style="list-style-type: none"> • they are not a resident of Australia for the purposes of the Tax Law just before the CGT event happens; • they have not at any time held the HRL Share as part of an enterprise carried on through an Australian permanent establishment; and • they (together with any associates for the purposes of the Tax Law) do not hold an interest of 10% or more in HRL at the time they dispose of (for the purposes of the Tax Law) their HRL Shares, and have not held an interest of 10% or more in HRL

throughout a 12 month period during the 24 months preceding the disposal of their HRL Shares.

Foreign HRL Shareholders that have held 10% or more of HRL Shares, either alone or together with their associates (for the purposes of the Tax Law), should obtain specific advice on the application of the Australian CGT rules to any gain or loss that arises on disposal. The capital gain or capital loss made on disposal of your HRL Shares may still be disregarded if you meet the first two requirements above and your HRL Shares are not indirect Australian real property interests (very broadly, the HRL Shares may be indirect Australian real property interests if the HRL Shares principally derive their value from interests in Australian real property).

If you have previously resided in Australia and held the HRL Shares when you left Australia, you should seek advice on the Australian income tax consequences which may arise from the disposal of your HRL Shares.

Foreign HRL Shareholders should also obtain specific advice on the application of the laws of their country of residence and any Double Tax Treaty between their country of residence and Australia in determining the tax consequences of the disposal of their HRL Shares.

HRL Shareholders holding HRL Shares on revenue account

- 8.10 The following discussion sets out the income tax consequences that will generally apply where you hold your HRL Shares on revenue account. Generally, HRL Shareholders who hold their HRL Shares as part of a share trading business or with a view to deriving a short term profit by selling their HRL Shares may be viewed as holding those HRL Shares on revenue account.
- 8.11 For HRL Shareholders tax resident in Australia, if you hold your HRL Shares as trading stock, or otherwise in certain circumstances for the purpose of sale at a profit, the profit or loss that you realise on the disposal of your HRL Shares will effectively be included in the calculation of your taxable income or loss. How the gain or loss is worked out and shown in your tax return may differ depending on whether you hold your HRL Shares as trading stock or otherwise for the purpose of sale at a profit, and what choices you have made under the trading stock rules. The profit or loss you include in your assessable income is calculated without reference to discounts on disposal, unlike the case with capital gains.
- 8.12 For Foreign HRL Shareholders, you may be subject to Australian tax on profits from disposal of shares in certain circumstances. You should obtain advice on the application of the Australian income tax law and any Double Tax Treaty between your country of residence and Australia in determining the tax consequences of the disposal of your HRL Shares. You should also obtain specific advice on the application of the laws of your country of residence in determining the tax consequences of the disposal of your HRL Shares.

Stamp duty

- 8.13 No stamp duty will be payable by any HRL Shareholder on the disposal of HRL Shares to ALSPL. ALSPL, as the transferee/acquirer of those HRL Shares, will be the party who will be liable for any stamp duty that is payable in respect of the acquisition of those HRL Shares.

GST

- 8.14 A HRL Shareholder will not be liable to pay GST on the consideration received in respect of a disposal of their HRL Shares. A HRL Shareholder may not be entitled to input tax credits for

GST paid on the acquisition of goods and services (for example, financial advisory or legal services) relating to the disposal of their HRL Shares. This will depend on the HRL Shareholder's personal circumstances.

9. Additional information

Bid Implementation Deed

- 9.1 On 29 June 2022, ALSPL and HRL entered into the Implementation Deed in relation to the Offer. The Implementation Deed sets out the agreed terms on which ALSPL has made the Offer, and the obligations of both HRL and ALSPL in relation to the Offer.
- 9.2 Under the Implementation Deed, HRL agreed that, amongst other things:
- (a) it will conduct its business and operations and maintain its assets in the ordinary course and consistent with past practices;
 - (b) it will not perform or allow for any prohibited action to occur, which includes, amongst other things, taking or failing to take any action that constitutes or could reasonably be expected to result in or otherwise give rise to a Prescribed Occurrence, disposing or acquiring, or agreeing to dispose or acquire, any securities, businesses, assets, joint venture interests, entities or undertakings the price or value of which exceeds \$500,000 (individually or in aggregate); and
 - (c) various representations and warranties are provided by it in favour of ALSPL.
- 9.3 In addition, HRL has agreed to certain exclusivity arrangements until the earlier of the date on which the Offer Period Ends, the date the Implementation Deed is validly terminated, or the date which is six months after the date of the Implementation Deed or such later date as the parties may agree in writing (**Exclusivity Period**). The Implementation Deed contains no shop, no talk and no due diligence restrictions on HRL during the Exclusivity Period (to the extent that complying with these restrictions does not involve a breach of the HRL directors' fiduciary duties).
- 9.4 The Implementation Deed also confers a matching right to ALSPL, under which HRL must provide notice to ALSPL of a Competing Proposal, and allow ALSPL the right to counter offer. A break fee of \$800,000 (being approximately 1% of the value of the consideration offered under the Offer) is payable by HRL to ALSPL in certain circumstances.
- 9.5 A copy of the Implementation Deed was attached in full to HRL's ASX announcement dated 30 June 2022.

Offers for HRL securities other than HRL Shares

- 9.6 There is no separate offer for HRL Options and HRL Performance Rights. The Offer does, however, extend to HRL Shares that are issued or otherwise come into existence during the period from the Register Date to the end of the Offer Period due to the conversion of, or exercise of rights attached to, securities convertible into HRL Shares (including HRL Performance Rights and HRL Options) that are on issue at the Register Date.
- 9.7 Refer to Sections 5.19 to 5.28 for further information regarding HRL Options and HRL Performance Rights.

Details of Relevant Interests of ALS and ALSPL in HRL Shares and Voting Power in HRL

- 9.8 As at the date of this Bidder's Statement, ALS and ALSPL each have a Relevant Interest in 98,876,260 HRL Shares, and ALSPL's Voting Power in HRL is 19.99%.

Independent Expert's Report

- 9.9 As at the date of this Bidder's Statement, the HRL Directors have not decided to commission an expert's report in relation to the Offer (**Independent Expert's Report**). If an Independent Expert's Report is commissioned, it will be set out in HRL's Target's Statement.

Consideration provided for HRL Shares during the previous four months

- 9.10 Set out below are details of acquisitions of HRL Shares by, or on behalf of, ALS or its Associates in the four month period before the date of this Bidder's Statement: #

Date	No. of HRL Shares acquired	Consideration
29 June 2022	98,876,260	\$0.16

ALS has announced ALSPL's intention to purchase HRL Shares on-market for prices at or below \$0.16 per HRL Share in accordance with item 2 of section 611 of the Corporations Act. Any on-market purchases of HRL Shares between the date of this Bidder's Statement and the end of the Offer Period will be disclosed to ASX in substantial shareholder notices which ALSPL is required to lodge under the Corporations Act.

- 9.11 Other than as indicated in Section 9.10, neither ALSPL nor any of its Associates provided, or agreed to provide, any form of consideration for HRL Shares under a purchase or agreement in the four month period before the date of this Bidder's Statement.

On-market purchases

- 9.12 In accordance with rule 5.13.1 of the *ASIC Market Integrity Rules (Securities Markets) 2017*, ALSPL confirms that it intends to purchase HRL Shares on-market during the period from the date this Bidder's Statement is lodged with ASIC to the end of the Offer Period for prices at or below \$0.16 per HRL Share. ALSPL has appointed Morgans Financial Limited (ACN 010 669 726) to make such on-market purchases on its behalf.

- 9.13 Any on-market purchases will be disclosed to ASX in substantial holder notices which ALSPL is required to lodge under the Corporations Act.

- 9.14 HRL Shareholders who sell their HRL Shares on ASX:

- (a) will receive payment on a T+2 basis (being two Business Days after the date of the relevant transaction);
- (b) cannot subsequently accept the Offer in respect of their HRL Shares sold on ASX; and
- (c) may incur brokerage charges and GST on brokerage charges which they may not incur if they accept the Offer.

No escalation agreement

- 9.15 Neither ALSPL nor any of its Associates has entered into an escalation agreement that is prohibited by section 622 of the Corporations Act.

No collateral benefits

- 9.16 Except as referred to elsewhere in this Bidder's Statement, neither ALSPL nor any of its Associates has, during the period of four months up to the date of the Offer, given or offered or agreed to give, a benefit to another person that was likely to induce the other person, or an associate of that person, to:

- (a) accept the Offer; or

- (b) dispose of HRL Shares,

which benefit is not offered to all HRL Shareholders under the Offer.

Agreements or arrangements with HRL Directors

- 9.17 Except as referred to above or elsewhere in this Bidder's Statement, there are no agreements or arrangements made between ALS or ALSPL with the directors or senior management of HRL in connection with the Offer.

Interests of ALS and ALSPL directors in contracts entered into by HRL

- 9.18 No director of ALS or ALSPL has any interest in any contract entered into by HRL.

Post-bid compulsory acquisition provisions

- 9.19 If ALSPL becomes entitled to compulsorily acquire any HRL Shares under section 661A of the Corporations Act, ALSPL will give notices under section 661B of the Corporations Act to compulsorily acquire all outstanding HRL Shares at the Offer Price.

- 9.20 ALSPL will be entitled to compulsorily acquire HRL Shares under section 661A of the Corporations Act if, during or at the end of the Offer Period:

- (a) ALSPL and its Associates have a Relevant Interest in at least 90% (by number) of HRL Shares; and
- (b) ALSPL and its Associates have acquired at least 75% (by number) of the HRL Shares that ALSPL offered to acquire under the Offer.

- 9.21 Holders of the HRL Shares covered by a compulsory acquisition notice under section 661B of the Corporations Act may apply to the court for an order that their shares not be compulsorily acquired. The court may only make such an order if it is satisfied that the consideration is not fair value for the securities.

Institutional acceptance facility

- 9.22 As at the date of this Bidder's Statement, ALSPL has not made a decision as to whether to introduce an institutional acceptance facility in connection with the Offer. However, ALSPL reserves the right to introduce such a facility.

Regulatory approvals and relief

- 9.23 Except as disclosed in this Bidder's Statement, there are no regulatory approvals or other relief that ALSPL needs to obtain before acquiring HRL Shares under the Offer.

Consents

- 9.24 The following persons have given and have not, before the date of this Bidder's Statement, withdrawn, their consent to being named in this Bidder's Statement in the form and context in which its name appears:

- (a) Baker & McKenzie to being named as legal adviser to ALSPL in relation to the Offer;
- (b) Highbury Partnership Pty Ltd (ACN 162 169 502) to being named as corporate adviser to ALSPL in relation to the Offer;
- (c) Boardroom Pty Limited (ACN 003 209 836) to being named as ALS' share registry;

- (d) Morgans Financial Limited (ACN 010 669 726) to being named as ALSPL's Broker in respect of on-market purchases during the period from the date of this Bidder's Statement to the end of the Offer Period; and
- (e) each HRL Director to being named in this Bidder's Statement and to the inclusion of each statement they have made and each statement which is said to be based on a statement they have made.

9.25 None of the above persons or entities has caused or authorised the issue of this Bidder's Statement, makes or purports to make any statement in this Bidder's Statement or any statement on which a statement in this Bidder's Statement is based and takes no responsibility for any part of this Bidder's Statement other than the reference to its name.

ASIC modifications and exemptions

9.26 ASIC has published various class orders and instruments providing for modifications and exemptions that apply generally to all persons, including ALSPL, about the operation of Chapter 6 of the Corporations Act.

9.27 This Bidder's Statement includes statements which are made in, or based on statements made in, documents lodged with ASIC or given to ASX. Under the terms of ASIC Class Order [CO 13/521], the parties making those statements are not required to consent to, and have not consented to, inclusion of those statements in this Bidder's Statement. Where statements in this Bidder's Statement refer to, or are based on, statements made in, or announcements made by ALS or HRL to ASX, ALS will provide a copy of those announcements free of charge to any person who asks for it during the Offer Period. A list of all such documents is set out below:

Date lodged	Announcement
ALS	
30 June 2022	Becoming a substantial holder for HRL
30 June 2022	ALS enters into Bid Implementation Deed with HRL
30 June 2022	HRL: HRL Enters Into Bid Implementation Agreement With ALS
28 June 2022	HRL: Receipt of Non-Binding Indicative Offer from ALS Limited
28 June 2022	Response to media speculation - HRL Holdings
25 May 2022	ALS Full Year Statutory Accounts FY22
HRL	
30 June 2022	Change of Director's Interest Notice x 2
30 June 2022	Ceasing to be a substantial holder
30 June 2022	Change in substantial holding
30 June 2022	ALQ: ALS enters into Bid Implementation Deed with HRL
30 June 2022	HRL Enters Into Bid Implementation Agreement With ALS
30 June 2022	Becoming a substantial holder from ALS
28 June 2022	Receipt of Non-Binding Indicative Offer from ALS Limited
28 June 2022	ALQ: Response to media speculation - HRL Holdings
31 May 2022	Sale of Geotechnic Business Unit

Date lodged	Announcement
28 January 2022	Half Yearly Report and Accounts
21 January 2022	Change in substantial holding from AEF
28 October 2021	Change in substantial holding
20 September 2021	Change in substantial holding
20 September 2021	Ceasing to be a substantial holder
25 August 2021	Change in substantial holding
4 August 2021	Correction to Appendix 4E and Annual Report to Shareholders

- 9.28 Any requests for copies of those announcements may be made by calling the Offer Information Line on 1300 229 418 (within Australia) or +61 2 9066 4051 (outside Australia), Monday to Friday between 9.00am and 5.00pm (Sydney time). ALSPL will, on request during the Offer Period, provide copies of any of these announcements free of charge to any HRL Shareholder within two business days of the request.
- 9.29 As permitted by *ASIC Corporations (Consents to Statements) Instrument 2016/72 (ASIC Corporations Instrument 2016/72)*, this Bidder's Statement may include or be accompanied by certain statements:
- (a) fairly representing a statement by an official person; or
 - (b) from a public official document or a published book, journal or comparable publication.
- 9.30 In addition, as permitted by ASIC Corporations Instrument 2016/72, this Bidder's Statement contains security price trading data sourced from S&P Capital IQ without its consent.

Consent to early despatch

- 9.31 The HRL Directors have consented to ALSPL sending this Bidder's Statement to HRL Shareholders earlier than would otherwise be permitted under the Corporations Act.

Due diligence

- 9.32 For the purpose of confirming its assessment of whether or not to offer to acquire all of the HRL Shares, ALS was given access by HRL to certain financial, corporate and operational information concerning HRL and its Subsidiaries which has not been disclosed generally to HRL Shareholders. Much of this information was reviewed over a short timeframe and was limited due to confidentiality constraints. This information allowed ALS to confirm information which has been publicly disclosed by HRL.
- 9.33 None of the information to which ALS was given access was, in the opinion of ALS, of such a nature or quality that, if the information was generally available, a reasonable person would expect the information to have a material effect on the price or value of HRL Shares or, except as disclosed in this Bidder's Statement, would otherwise be material to the decision by a HRL Shareholder whether or not to accept the Offer. However, the fact that ALS' decision to make the Offer was confirmed by the information with which it was provided may itself be regarded as information material to the decision of a HRL Shareholder whether or not to accept the Offer.
- 9.34 The HRL Board implemented procedures to ensure that all contact between HRL senior management and ALS prior to announcement of the Offer was conducted in an appropriate manner.

No other material information

9.35 There is no other information which:

- (a) is material to the making of the decision by a person to whom an Offer is made whether or not to accept an Offer;
- (b) is known to ALSPL; and
- (c) has not previously been disclosed to HRL Shareholders, other than as disclosed in this Bidder's Statement.

10. Offer terms

Identity of offeror

10.1 ALSPL is a wholly-owned Subsidiary of ALS. ALSPL is incorporated in Queensland, Australia with Australian Company Number 009 657 489. Details of ALSPL and ALS are set out in Section 4.

Date

10.2 The Offer is dated [●] 2022.

Off-market takeover offer

10.3 ALSPL offers to acquire all of your HRL Shares on the terms of, and subject to the conditions set out in, this Section 10.

10.4 The Offer also extends to any HRL Shares issued on the exercise of rights attached to HRL Performance Rights and HRL Options or any other convertible securities or rights to be issued HRL Shares in existence as at the Register Date and which are exercised before the end of the Offer Period.

10.5 You may only accept the Offer in respect of all of your HRL Shares.

Persons to whom the Offer is made

10.6 The Offer is made to:

- (a) each holder of HRL Shares registered in HRL's register of shareholders on the Register Date; and
- (b) each person who, during the period from the Register Date to the end of the Offer Period, becomes registered, or entitled to be registered, as the holder of any HRL Shares issued on the exercise of rights attached to HRL Performance Rights and HRL Options or any other convertible securities or rights to be issued HRL Shares in existence as at the Register Date and which are exercised before the end of the Offer Period.

10.7 If at the time the Offer is made to you, or at any time during the period from the Register Date to the end of the Offer Period and before you accept the Offer, another person is, or is entitled to be, registered as the holder of some or all of your HRL Shares to which the Offer relates, then:

- (a) a corresponding offer on the same terms and conditions as the Offer will be deemed to have been made to that other person in respect of those HRL Shares;
- (b) a corresponding offer on the same terms and conditions as the Offer will be deemed to have been made to you in respect of any other HRL Shares you hold to which the Offer relates; and
- (c) the Offer is deemed to have been withdrawn immediately after making those corresponding offers.

10.8 If at any time during the Offer Period, you hold one or more parcels of HRL Shares as a trustee or nominee, or otherwise on account of another person, a separate and distinct offer is deemed to have been made in relation to each of those parcels and any parcel you hold in your own right. You may accept two or more such deemed separate corresponding offers at

the same time as if they were a single offer for each distinct portion of HRL Shares. Your acceptance of one of the offers which is deemed to exist in respect of a distinct portion of HRL Shares is ineffective unless you have given ALSPL a notice which:

- (a) if it relates to HRL Shares in an Issuer Sponsored Holding, must be in writing; or
- (b) if it relates to HRL Shares in a CHESS Holding, must be in an electronic form approved under the ASX Settlement Operating Rules for the purposes of part 6.8 of the Corporations Act,

stating that the relevant HRL Shares consist of a distinct portion and your acceptance specifies the number of HRL Shares in the distinct portion to which the acceptance relates. If this applies to you, you should call the Offer Information Line on 1300 229 418 (within Australia) or +61 2 9066 4051 (outside Australia), Monday to Friday between 9.00am and 5.00pm (Sydney time) for additional copies of this Bidder's Statement and the Acceptance Form, if required.

Offer Price

- 10.9 The consideration which ALSPL offers you is a cash payment of \$0.16 for each HRL Share you hold. However, in accordance with Section 10.12, the amount of consideration you are paid by ALSPL may be reduced by the amount or value of any Rights attaching to the HRL Shares which you (or any previous holder of your HRL Shares) receive.

Improved Offer Price

- 10.10 If you have accepted the Offer and ALSPL subsequently improves the Offer Price, you will be entitled to the improved consideration and ALSPL will pay it to you:
- (a) if the Offer Price has not yet been paid to you, the improved consideration will be paid to you at the time when the consideration under the Offer is paid to you; or
 - (b) if the Offer Price has been paid to you prior to the time ALSPL improves the Offer Price, the improved consideration will be paid to you as soon as practicable.

Rights

- 10.11 ALSPL will be entitled to all Rights in respect of HRL Shares which it acquires under the Offer.
- 10.12 If ALSPL becomes entitled to any Rights as a result of your acceptance of the Offer, it may require you to give to ALSPL all documents necessary to vest title to those Rights in ALSPL, or otherwise to give ALSPL the benefit or value of those Rights. If you do not give those documents to ALSPL, or if you have received or are entitled to receive (or any previous holder of your HRL Shares has received or is entitled to receive) the benefit of those Rights, ALSPL will be entitled to deduct the amount (or an amount equal to the value, as reasonably assessed by ALSPL) of those Rights from any consideration otherwise payable to you under the Offer. If ALSPL does not, or cannot, make such a deduction, you must pay that amount to ALSPL, except to the extent that ALSPL elects to waive its entitlement to those Rights.

How to accept the Offer

General

- 10.13 The method by which you can accept the Offer will depend on whether your HRL Shares are in an Issuer Sponsored Holding or in a CHESS Holding.
- 10.14 Your HRL Shares will be in an Issuer Sponsored Holding if they are sponsored directly by HRL as issuer. Your HRL Shares will be in a CHESS Holding if they are sponsored by a

Controlling Participant (usually your Broker) or if you are a Participant. The enclosed Acceptance Form indicates whether you have an Issuer Sponsored Holding (as indicated by "Issuer Sponsored" appearing next to "Sub-register" on the Acceptance Form) or a CHESS Holding (as indicated by "CHESS" appearing next to "Sub-register" on the Acceptance Form).

Issuer Sponsored Holdings

- 10.15 If any of your HRL Shares are in an Issuer Sponsored Holding, to accept the Offer in respect of those HRL Shares you must:
- (a) complete and sign the enclosed Acceptance Form in accordance with the terms of the Offer and the instructions on the form; and
 - (b) ensure that the Acceptance Form (including any other documents required by the terms of the Offer and the instructions on the Acceptance Form) is sent so that it is received before the expiry of the Offer Period at the address shown on the Acceptance Form.

Mailing and delivery details

- 10.16 A reply paid envelope has been enclosed with this Bidder's Statement to enable HRL Shareholders with Australian addresses to return their completed Acceptance Form. Overseas HRL Shareholders should return their Acceptance Form by airmail.
- 10.17 The method chosen to deliver the Acceptance Form and other documents is at the risk of each accepting HRL Shareholder.

CHESS Holdings

- 10.18 If any of your HRL Shares are in a CHESS Holding, to accept the Offer in respect of those HRL Shares, you must:
- (a) if you are not a Participant, instruct your Controlling Participant (usually your Broker) to initiate acceptance of the Offer on your behalf in accordance with the ASX Settlement Operating Rules before the expiry of the Offer Period; or
 - (b) if you are a Participant, initiate acceptance of the Offer in accordance with the ASX Settlement Operating Rules before the expiry of the Offer Period.
- 10.19 Alternatively, you may authorise ALSPL to instruct your Controlling Participant to initiate acceptance of the Offer on your behalf. To effect acceptance of the Offer in this manner you must complete, sign and send the Acceptance Form (including any other documents required by the terms of the Offer and the instructions on the Acceptance Form) in respect of your HRL Shares which are in a CHESS Holding in accordance with the instructions on the Acceptance Form. You must ensure that the Acceptance Form is received by ALSPL in time for ALSPL to give instructions to your Controlling Participant and your Controlling Participant to carry out those instructions before the expiry of the Offer Period. You will be taken to have completed acceptance of the Offer when your Controlling Participant initiates acceptance of the Offer in respect of your HRL Shares in accordance with the ASX Settlement Operating Rules.

HRL Shares held in different holdings

- 10.20 If some of your HRL Shares are held in different parcels in different forms, you may need to take the steps set out under Section 10.8 in relation to the different parcels of your HRL Shares to accept the Offer.

Nominee holdings

- 10.21 If your HRL Shares are registered in the name of a Broker, investment dealer, bank, trust company or other nominee, you should contact that nominee for assistance in accepting the Offer.

Status of Acceptance Form

- 10.22 The personalised Acceptance Form which accompanies this Bidder's Statement forms part of the Offer. The requirements on the Acceptance Form must be observed in accepting the Offer.

Power of attorney, deceased estate

- 10.23 When accepting the Offer, you must also forward for inspection:
- (a) if the Acceptance Form is executed by an attorney, an original certified copy of the power of attorney; or
 - (b) if the Acceptance Form is executed by the executor of a will or the administrator of the estate of a deceased HRL Shareholder, original certified copies of the relevant grant of probate, letters of administration or certificate of grant accompanied (where required by law for the purpose of transfer) by a certificate of payment of death or succession duties and (if necessary) a statement in terms of section 1071B(9)(b)(iii) of the Corporations Act.
- 10.24 If the Acceptance Form is executed under power of attorney, the attorney declares by executing the Acceptance Form that the attorney has no notice of revocation of the power of attorney.

When acceptance of the Offer is complete

- 10.25 Subject to Sections 10.13 to 10.23, acceptance of the Offer is complete once either:
- (a) in relation to holdings which are not CHESSE Holdings, the completed Acceptance Form (including any other documents required by the terms of the Offer and the instructions on the Acceptance Form) has been received at the address specified in the Acceptance Form and the requirements of Sections 10.13 to 10.23 (inclusive) have been met; or
 - (b) in relation to CHESSE Holdings, acceptance has been carried out in accordance with the ASX Settlement Operating Rules.

Validity of acceptances

- 10.26 ALSPL will determine, in its sole discretion, all questions as to the form of documents, eligibility to accept the Offer and time of receipt of an acceptance of the Offer. ALSPL is not required to communicate with you prior to making its determination as to any of the matters referred to in this Section 10.26 or any determination to waive any requirement for a valid acceptance of the Offer in respect of any of your HRL Shares. The determination of such matters by ALSPL will be final and binding on you.
- 10.27 ALSPL may at its sole discretion waive any requirement for a valid acceptance of the Offer in respect of any of your HRL Shares. Without limiting the foregoing:
- (a) except in relation to any of your HRL Shares in a CHESSE Holding, ALSPL may treat the receipt by it of an executed Acceptance Form as a valid acceptance of the Offer even though it does not receive any other documents required by the instructions on

the Acceptance Form or there is not compliance with any one or more of the other acceptance requirements; and

- (b) where the requirements for a valid acceptance of the Offer have been complied with for only some of your HRL Shares, ALSPL may deem your acceptance of the Offer complete in respect of all or none of your HRL Shares.

10.28 ALSPL will provide the consideration to you in accordance with Sections 10.37 to 10.42 (inclusive) with respect to any of your HRL Shares in relation to which ALSPL has determined to waive any requirement for a valid acceptance of the Offer.

Effect of acceptance

10.29 By accepting the Offer in accordance with Sections 10.13 to 10.28, you will, or will be deemed to have:

- (a) irrevocably accepted the Offer (and any variation of it) for all of your HRL Shares and irrevocably agreed to transfer (or consented to the transfer in accordance with the ASX Settlement Operating Rules) all your HRL Shares to ALSPL (regardless of the number of HRL Shares specified in the Acceptance Form or other acceptance);
- (b) authorised ALSPL (and its directors, officers or agents) to complete or alter the Acceptance Form by:
 - (i) inserting correct details of your HRL Shares;
 - (ii) filling in any blanks remaining in the Acceptance Form; and
 - (iii) rectifying any errors in or omissions from the Acceptance Form (including, without limitation, altering the number of HRL Shares stated to be held by you if it is otherwise than as set out in the Acceptance Form),

as may be necessary to make the Acceptance Form an effective acceptance of the Offer or to enable the transfer of all of your HRL Shares to ALSPL to be registered;

- (c) if you signed the Acceptance Form in respect of any of your HRL Shares in a CHESS Holding, irrevocably authorised ALSPL to:
 - (i) instruct your Controlling Participant to initiate acceptance of the Offer in respect of all such HRL Shares in accordance with the ASX Settlement Operating Rules; and
 - (ii) give to your Controlling Participant any other instructions concerning those HRL Shares on your behalf which are contemplated by the sponsorship agreement between you and the Controlling Participant and are necessary or appropriate to facilitate your acceptance of the Offer in respect of all such HRL Shares,

and ALSPL will be so authorised even though at the time of such transfer it has not paid the Offer Price due to you under the Offer;

- (d) represented and warranted to ALSPL, as a fundamental condition of the contract resulting from your acceptance that, both at the time of acceptance of the Offer and at the time you transfer your HRL Shares to ALSPL:
 - (i) your HRL Shares (including any Rights) will be fully paid and free from Encumbrances and that you have paid to HRL all amounts which are due for payment in respect of your HRL Shares;

- (ii) you have full power, capacity and authority to sell and to transfer your HRL Shares (including the power, capacity and authority to transfer the legal and beneficial ownership of your HRL Shares and any Rights to ALSPL); and
 - (iii) unless you have notified ALSPL in accordance with Sections 10.6 to 10.8, your HRL Shares do not consist of several parcels of HRL Shares;
- (e) agreed with ALSPL that you will execute all such instruments as ALSPL may require for the purposes of vesting in it all Rights attaching to or arising from your HRL Shares;
- (f) irrevocably appointed ALSPL and each of its directors, secretaries and officers severally as your attorney, agent and proxy (such power of attorney, being coupled with an interest, being irrevocable) in your name and on your behalf, to:
 - (i) do all things which you could lawfully do concerning your HRL Shares or in exercise of any right derived from the holding of your HRL Shares, including powers and rights to requisition, convene, attend and vote in person, by proxy or by body corporate representative, at all general meetings of HRL in respect of your HRL Shares and to request HRL to register in the name of ALSPL or its nominee, your HRL Shares, as appropriate, with full power of substitution;
 - (ii) execute all documents, forms and notices (including an instrument appointing one of ALSPL's directors, secretaries or officers as a proxy in respect of any or all of your HRL Shares and any application to HRL for a replacement share certificate in respect of any share certificate which has been lost or destroyed for your HRL Shares) and resolutions relating to your HRL Shares, and generally to exercise all powers and rights which you have as a registered holder of your HRL Shares; and
 - (iii) receive from HRL or any other party, and retain, any share certificates which were held by HRL or any other party, whether pursuant to the terms of any employee incentive scheme (including an employee share scheme) or otherwise for your HRL Shares;
- (g) agreed that in exercising the powers conferred by the power of attorney in Section 10.29(f), each attorney may act in the interests of ALSPL as the intended registered holder and beneficial holder of your HRL Shares;
- (h) agreed to do all such acts, matters and things that ALSPL may require to give effect to the matters the subject of this Section 10.29 (including the execution of a written form of proxy to the same effect as this Section 10.29 which complies in all respects with the requirements of the constitution of HRL) if requested by ALSPL;
- (i) irrevocably authorised and directed HRL to pay ALSPL or to account to ALSPL for all Rights in respect of your HRL Shares it acquires under the Offer subject, however, to any such Rights received by ALSPL being accounted for by ALSPL to you if the Offer is withdrawn or the contract formed by your acceptance of the Offer is rescinded or rendered void;
- (j) except where the Rights have been paid or accounted for under paragraph (i) above, irrevocably authorised ALSPL and its directors to deduct from the consideration payable to you in accordance with the terms of the Offer the amount of all Rights referred to in paragraph (i) above or any amount equal to the value of those Rights as reasonably assessed by ALSPL;

- (k) authorised ALSPL (or its agents or nominees) to do all things necessary or desirable to transfer your HRL Shares into the name of ALSPL;
- (l) if at the time of acceptance of the Offer any of your HRL Shares are in a CHESS Holding, authorised ALSPL (or its agents or nominees) to cause a message to be transmitted to ASX Settlement in accordance with the ASX Settlement Operating Rules so as to transfer those HRL Shares to ALSPL's takeover transferee holding;
- (m) agreed to indemnify ALSPL and each of its agents in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your Holder Identification Number or Securityholder Reference Number or in consequence of the transfer of your HRL Shares being registered by HRL without production of your Holder Identification Number or Securityholder Reference Number; and
- (n) agreed not to attend or vote in person at any meeting of HRL in respect of your HRL Shares or to exercise or purport to exercise any of the powers conferred on ALSPL or any of its directors, secretaries or officers under Section 10.29(f) above.

10.30 The undertakings and authorities in Section 10.29 will remain in force after you receive the consideration for your HRL Shares acquired by ALSPL and after ALSPL becomes the registered holder of them.

Date for determining holders of securities

10.31 For the purposes of section 633(2) of the Corporations Act, the date for determining the persons to whom information is to be sent under items 6 and 12 of section 633(1) of the Corporations Act is the Register Date.

Offer Period

10.32 The Offer will remain open for acceptance until 7.00pm (Sydney time) on [●] 2022, unless it is withdrawn or extended in accordance with the Corporations Act.

10.33 ALSPL expressly reserves its right under section 650C of the Corporations Act, exercisable in its sole discretion, to extend the period during which the Offer remains open for acceptance.

10.34 If within the last seven days of the Offer Period the Offer is varied to improve the consideration offered or if within the last seven days of the Offer Period ALSPL's Voting Power in HRL increases to more than 50%, then in either case the Offer Period will be automatically extended in accordance with section 624(2) of the Corporations Act, so that it ends 14 days after the relevant event.

Withdrawal of Offer

10.35 In accordance with section 652B of the Corporations Act, unaccepted Offers may be withdrawn with the written consent of ASIC. ASIC may consent subject to conditions.

10.36 If this occurs, ALSPL will give notice of the withdrawal to ASX and to HRL and will comply with any other conditions imposed by ASIC.

Manner of payment of the Offer Price

10.37 ALSPL will pay to you the consideration for your HRL Shares by cheque (or as otherwise agreed by ALSPL) in Australian currency. The cheque will be sent at your risk to you at your address as shown on the Acceptance Form by prepaid ordinary mail or courier or, in the case of addresses outside Australia, by prepaid airmail.

Timing of payment of the Offer Price

- 10.38 Subject to Sections 10.26 to 10.41 and the Corporations Act, if you accept the Offer, ALSPL will provide the consideration for your HRL Shares to you on or before the day that is five Business Days after receipt of your valid acceptance.
- 10.39 Where the Acceptance Form or the Offer requires any one or more additional documents to be given to ALSPL with your acceptance (such as a power of attorney) to enable ALSPL to become the holder of your HRL Shares:
- (a) if the documents are delivered with your acceptance, ALSPL will provide the consideration in accordance with Section 10.38; or
 - (b) if the documents are delivered after the end of the Offer Period, ALSPL will provide the consideration to you within five Business Days after the documents are delivered to ALSPL.
- 10.40 If you do not provide ALSPL with the required additional documents within one month after the end of the Offer Period, ALSPL may, in its sole discretion, rescind any contract resulting from your acceptance of the Offer.
- 10.41 If ALSPL determines to waive any requirement for a valid acceptance of the Offer in respect of any of your HRL Shares, payment of the Offer Price in accordance with the Offer may be delayed until any irregularity has been resolved or waived and ALSPL has received any other documents required to procure registration of the relevant HRL Shares.
- 10.42 No interest will be paid on the consideration payable under the Offer, regardless of any delay in paying the consideration or any extension of the Offer.
- 10.43 If:
- (a) the Offer is withdrawn after your Acceptance Form has been sent to ALSPL, but before it has been received; or
 - (b) if you send your Acceptance Form and any accompanying documents and for any other reason ALSPL does not acquire the HRL Shares to which your Acceptance Form relates,

ALSPL will despatch at your risk your Acceptance Form together with all other documents forwarded by you, to your address as shown on the Acceptance Form, where such address is in Australia, prepaid ordinary mail, or where such address is outside Australia, pre-paid airmail.

Non-Australian residents

- 10.44 If, at the time of acceptance of the Offer, any authority or clearance of a Regulatory Authority is required for you to receive any consideration under the Offer or you are resident in or a resident of a place to which, or you are a person to whom any law of Australia or regulation under the Charter of the United Nations that would make it unlawful for ALSPL to provide consideration for your HRL Shares applies, then acceptance of the Offer will not create or transfer to you any right (contractual or contingent) to receive the consideration specified in

the Offer unless and until all requisite authorities or clearances have been obtained by ALSPL.

Withholding of consideration by ALSPL

- 10.45 If any amount (the withholding amount) is required, under any Australian law or by any Regulatory Authority, to be:
- (a) withheld from any consideration otherwise payable to you under the Offer and paid to a Regulatory Authority; or
 - (b) retained by ALSPL out of any consideration otherwise payable to you under the Offer,
- the payment or retention by ALSPL of the withholding amount (as applicable) will constitute full discharge of ALSPL's obligation to pay the consideration to you to the extent of the withholding amount.

Brokerage and other costs

- 10.46 No brokerage, stamp duty or goods and services tax will be payable by you if you accept the Offer.
- 10.47 If your HRL Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to ALSPL, you will not incur any brokerage in connection with your acceptance of the Offer.
- 10.48 If your HRL Shares are registered in a CHESS Holding, or if you are a beneficial owner whose HRL Shares are registered in the name of a Broker, bank, custodian or other nominee, no brokerage is payable by you but you should ask your Controlling Participant (usually your Broker) or that nominee whether it will charge any transactional fees or services charges in connection with acceptance of the Offer.

Variation

- 10.49 ALSPL may vary the Offer as permitted by the Corporations Act.

Foreign laws

- 10.50 The Offer is not registered in any jurisdiction outside Australia (unless an applicable foreign law treats it as registered as a result of this Bidder's Statement being lodged with ASIC). It is your sole responsibility to satisfy yourself that you are permitted by any foreign law applicable to you to accept the Offer.

Notices

- 10.51 Subject to the Corporations Act, any notice, nomination, or other communication to be given by ALSPL to you under the Offer will be deemed to be duly given if it is given in writing and is signed or purports to be signed (whether in manuscript, printed or reproduced form) on behalf of ALSPL by any of its directors, secretaries or officers and is delivered to or sent by post in a pre-paid ordinary mail or by courier (or, in the case of addresses outside Australia, by prepaid airmail) to your address as recorded on the register of HRL Shareholders or the address shown on the Acceptance Form.

10.52 Any notice or other communication given by you to ALSPL in connection with the Offer will be deemed to be duly given if it is in writing and received by mail at the following address:

Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

Return of documents

10.53 If you accept the Offer and:

- (a) the Offer is withdrawn after your Acceptance Form has been sent to ALSPL but before it has been received; or
- (b) for any other reason ALSPL does not acquire your HRL Shares,

you may request ALSPL by notice in writing to despatch (at your risk) your Acceptance Form together with all other documents forwarded by you. The documents will be despatched to you, to your address as recorded on the register of HRL, in accordance with Section 10.51.

Governing law

10.54 The Offer and any contract that results from your acceptance of the Offer are governed by the laws in force in Queensland, Australia. In relation to them and related non-contractual matters each party irrevocably submits to the non-exclusive jurisdiction of courts with jurisdiction in Queensland, and waives any right to object to the venue on any ground.

11. Definitions and interpretation

11.1 In this Bidder's Statement the following words have these meanings unless the contrary intention appears or the context otherwise requires:

Acceptance Form means the acceptance form which accompanies this Bidder's Statement.

ALS means ALS Limited (ACN 009 657 489).

ALSPL means Australian Laboratory Services Pty. Ltd. (ACN 009 936 029).

ALS Group means ALS and each of its Subsidiaries, and a reference to an 'ALS Group member' or 'member of the ALS Group' is to ALS or any of its Subsidiaries.

Announcement Date means the date on which a public announcement was made by HRL that ALS had issued a confidential, non-binding indicative proposal to acquire HRL Shares, being 28 June 2022.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given in Division 2 of Part 1.2 of the Corporations Act as if section 12(1) of that Act included a reference to this Bidder's Statement and HRL is the designated body.

ASX Settlement means ASX Settlement Pty Limited (ACN 008 504 532) as a holder of a licence to operate a clearing and settlement facility.

ASX Settlement Operating Rules means the rules of ASX Settlement from time to time, except to the extent of any relief given by ASX Settlement.

ASX means ASX Limited (ACN 008 624 691) or the financial market it operates, as the context requires.

Bidder's Statement means this Bidder's Statement in respect of the Offer given by ALSPL under Part 6.5 of Chapter 6 of the Corporations Act and any supplementary or replacement bidder's statement.

Broker means a person who is a share broker and a participant in CHESSE.

Business Day means a day on which banks are open for business in Sydney, Australia but not a Saturday, Sunday or public holiday.

CGT means capital gains tax.

CHESSE means Clearing House Electronic Subregister System established and operated by ASX Settlement for the clearing, settlement, transfer and registration of approved securities.

CHESSE Holding means a holding of HRL Shares on the CHESSE subregister of HRL.

Closing Date means [●] 2022, unless extended in accordance with the Corporations Act.

Competing Proposal means any proposal, agreement, arrangement or transaction, which, if entered into or completed, would result in any person other than ALSPL or any of its Related Bodies Corporate (either alone or together with any one or more of its associates):

- (a) acquiring Voting Power in HRL of more than 20%;
- (b) acquiring control (for the purposes of section 50AA of the Corporations Act) of HRL;

- (c) directly or indirectly acquiring or becoming the holder of, or otherwise acquiring or having a right to acquire a legal, beneficial or economic interest in, or control of, all or a substantial part of the HRL's business; or
- (d) otherwise directly or indirectly acquiring, merging or amalgamating with HRL,

whether by way of takeover offer, scheme of arrangement, shareholder approved acquisition, capital reduction or buy-back, sale or purchase of shares or assets, joint venture, dual-listed company structure (or other synthetic merger), or other transaction or arrangement.

Controlling Participant means the Participant who is designated as the controlling participant for HRL shares in a CHES Holding in accordance with the ASX Settlement Operating Rules.

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

Double Tax Treaty means an agreement entered into between Australia and another country for the relief of double taxation and prevention of fiscal evasion.

Encumbrance means a right, interest, power or arrangement in relation to any property which provides security for, or protects against default by a person in, the payment or satisfaction of a debt, obligation or liability, including a mortgage, charge, bill of sale, pledge, deposit, lien, encumbrance or hypothecation and any security interest as defined in section 12(1) and (2) of the PPSA.

Exclusivity Period means a condition set out in Section 9.3.

Foreign HRL Shareholder means a Shareholder who is not, and never has been, and will not at any relevant time be, a resident of Australia for the purposes of the Tax Law.

Funding Deed means a condition set out in Section 6.4.

Government Agency means, whether foreign or domestic:

- (a) a government, whether federal, state, territorial or local or a department, office or minister of a government acting in that capacity; or
- (b) a commission, delegate, instrumentality, agency, board, or other government, semi-government, judicial, administrative, monetary or fiscal body, department, tribunal, entity or authority, whether statutory or not, and includes any self-regulatory organisation established under statute or any stock exchange.

Holder Identification Number has the meaning given to "HIN" in the ASX Settlement Operating Rules.

HRL means HRL Holdings Ltd (ACN 120 896 371).

HRL Board means the board of directors of HRL.

HRL Directors means members of the HRL Board, and HRL Director means any one of them.

HRL Group means HRL and each of its Subsidiaries, and a reference to an 'HRL Group member' or a 'member of the HRL Group' is to HRL or any of its Subsidiaries.

HRL Options means options to subscribe for HRL Shares granted by HRL and that are on issue at the Register Date.

HRL Performance Rights means the unlisted performance rights granted by HRL and that are on issue at the Register Date.

HRL Shareholder means a holder of a HRL Share.

HRL Shares means fully paid ordinary shares in the capital of HRL.

Implementation Deed means the bid implementation deed entered into between ALSPL and HRL on 29 June 2022.

Independent Expert means an expert which may be engaged by the HRL Board to opine on whether the Offer is fair and reasonable.

Independent Expert's Report has the meaning given in Section 9.9.

Issuer Sponsored Holding means a holding of HRL Shares on HRL's issuer sponsored sub-register.

Listing Rules means the official listing rules of ASX, except to the extent of any waiver granted by ASX.

Offer means the offers to acquire HRL Shares by ALSPL as set out in this Bidder's Statement.

Offer Amount has the meaning given in section 6.3.

Offer Price has the meaning given in Section 1.4.

Offer Period means the period commencing on [●] 2022 and ending at 7.00pm (Sydney time) on the Closing Date, unless withdrawn in accordance with the Corporations Act.

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

PPSA means the *Personal Property Securities Act 2009* (Cth).

Prescribed Occurrence means an event listed in sections 652C(1)(a) to (h) (inclusive) of the Corporations Act and 652C(2)(a) to (e) (inclusive) of the Corporations Act.

Related Body Corporate has the meaning given to that term in the Corporations Act, and Related Bodies Corporate has a corresponding meaning.

Register Date means the date set by ALSPL under section 633(2) of the Corporations Act, being 10.00am on 1 July 2022.

Regulatory Authority includes:

- (a) ASX, ASIC, the Takeovers Panel, the Australian Competition and Consumer Commission, the Foreign Investment Review Board and the Australian Taxation Office (in Australia) and the Companies Office, Commerce Commission, Overseas Investment Office and Inland Revenue (in New Zealand);
- (b) a Government Agency;
- (c) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation or any government; and
- (d) any regulatory organisation established under statute.

Relevant Interest has the meaning given to that term in sections 608 and 609 of the Corporations Act.

Rights means all accretions, rights or benefits of whatever kind attaching to or arising from or in respect of HRL Shares, whether directly or indirectly, including all rights to receive dividends, distributions or proceeds from any return or reduction of capital, to receive or subscribe for shares, units, notes, options or other securities including by way of any return or reduction of capital and to receive all other distributions or entitlements declared, paid, made or issued by HRL (including by way of any return or reduction of capital) after the Announcement Date which may be paid or payable to HRL Shareholders by HRL but only if the record date for any such dividend occurs before ALSPL is registered as the holder of the relevant HRL Shares.

Representative of a person means an employee, agent, officer, director, adviser or financier of the person and, in the case of advisers and financiers, includes employees, officers and agents of the adviser or financier (as applicable).

Securityholder Reference Number has the same meaning as in the ASX Settlement Operating Rules.

Subsidiary has the meaning given in the Corporations Act.

Superior Proposal means a Competing Proposal which:

- (a) is not the result of a breach by HRL of any of its obligations under clause 6 of the Implementation Deed (it being understood that any actions by a HRL Director, HRL, its Related Bodies Corporate and any of their Representatives in breach of clause 6 of the Implementation Deed will be deemed to be a breach by HRL for these purposes); and
- (b) which HRL Board, acting in good faith, and after receiving written legal advice from its external legal adviser and written advice from its financial adviser, determines:
 - (i) is reasonably capable of being valued and completed in a timely fashion taking into account all aspects of the Competing Proposal, including any timing considerations and conditions precedent, and the identity of the proponent; and
 - (ii) would, if completed substantially in accordance with its terms, be more favourable to HRL Shareholders (as a whole) than the Offer taking into account all terms and conditions of the Competing Proposal (including consideration, conditionality, funding, certainty and timing).

Target's Statement means the target's statement, to be prepared by HRL in response to this Bidder's Statement.

Tax Law means the *Income Tax Assessment Act 1936* (Cth) and the *Income Tax Assessment Act 1997* (Cth).

Voting Power has the meaning given to that term in section 610 of the Corporations Act.

VWAP means the volume weighted average price, calculated as the cumulative value traded on ASX and CHI-X divided by cumulative volume traded on ASX and CHI-X.

- 11.2 Capitalised terms used in this Bidder's Statement and not otherwise defined in this Bidder's Statement have the meaning (if any) given to them for the purposes of Chapter 6 of the Corporations Act or the ASX Settlement Operating Rules unless that meaning is inconsistent with the context in which the term is used.

- 11.3 In this Bidder's Statement, headings are for convenience only and do not affect the interpretation of this Bidder's Statement, and unless the context otherwise requires:
- (a) the singular includes the plural and vice versa;
 - (b) a gender includes all genders;
 - (c) references to persons include corporations, incorporated or unincorporated bodies or associations, and natural persons;
 - (d) references to Sections are to Sections in this Bidder's Statement;
 - (e) references to dollar or \$ are references to Australian currency;
 - (f) references to "you" are to a person to whom the Offer is made under Sections 10.6 to 10.8;
 - (g) the word 'including' or 'includes' means 'including, but not limited to' or 'includes, without limitation';
 - (h) references to legislation, rules or other documents include those instruments as amended, supplemented or replaced, and in the case of legislation includes regulations, rules and instruments made under that legislation; and
 - (i) references to time are references to the prevailing time in Sydney, Australia.

12. Approval of Bidder's Statement

- 12.1 This Bidder's Statement has been approved by a resolution of the directors of Australian Laboratory Services Pty. Ltd. (ACN 009 936 029) on 30 June 2022.

Dated 1 July 2022

Signed on behalf of Australian Laboratory Services Pty. Ltd.

A handwritten signature in black ink, appearing to read 'Raj Naran', with a long horizontal stroke extending to the right.

Raj Naran

Director

CORPORATE DIRECTORY

ALS Directors

Bruce Phillips, *Chairman and Independent Non-Executive Director*

Raj Naran, *Managing Director and Chief Executive Officer*

John Mulcahy, *Independent Non-Executive Director*

Charlie Sartain, *Independent Non-Executive Director*

Tonianne Dwyer, *Independent Non-Executive Director*

Siddhartha Kadia, *Independent Non-Executive Director*

Leslie Desjardins, *Independent Non-Executive Director*

Secretary

Michael Pearson, *General Counsel & Company Secretary*

Registered Office

Level 2, 299 Coronation Drive
Milton QLD 4064

Offer Information Line

1300 229 418 (within Australia)
+61 2 9066 4051 (outside Australia)
Monday to Friday between 9.00am and 5.00pm (Sydney time)

Share Registry for the Offer

Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000

Corporate adviser

Highbury Partnership Pty Ltd
Chifley Plaza, 12/2 Chifley Square
Sydney NSW 2000

Legal adviser

Baker & McKenzie
Level 8, 175 Eagle Street
Brisbane QLD 4000

ACCEPTANCE AND TRANSFER FORM

In respect of the Offer by Australian Laboratory Services Pty. Ltd. (ACN 009 936 029) (a wholly-owned subsidiary of ALS Limited (ACN 009 657 489) (ALSPL) to acquire all of your shares in HRL Holdings Ltd (ACN 120 896 371) (HRL).

**THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION
IF YOU DO NOT UNDERSTAND IT PLEASE CONSULT YOUR FINANCIAL, LEGAL OR OTHER PROFESSIONAL ADVISER IMMEDIATELY**

STEP 1 – Check your details below (see over)

DPID
Name and address
Name and address
Name and address
Name and address
Name and address

Number of Shares you hold

HIN / SRN

Sub-register*

(*A new SRN may be allocated to you solely for the purpose of this Offer)

Barcode

Use this Acceptance Form to accept the Offer by ALSPL for all your HRL Shares on the terms set out in the bidder's statement from ALSPL dated 1 July 2022 (Bidder's Statement). You should read the Bidder's Statement which accompanies this Acceptance Form. Capitalised terms used in this Acceptance Form have the same meaning as in the Bidder's Statement, unless otherwise defined. By accepting the Offer, you are accepting for ALL of your HRL Shares (even if different to the number of shares stated above). You cannot accept for only part of your HRL Shares.

If you need help completing this Acceptance Form, please contact Boardroom on 1300 737 760 (within Australia) or +61 2 9290 9600 (from outside Australia), Monday to Friday between 8.30am and 5.00pm (AEST).

STEP 2 – For Issuer Sponsored Holdings only

If your HRL Shares are held on the Issuer Sponsored Sub-register (see "Sub-register" above) or if at the time of your acceptance you are entitled to be (but are not yet) registered as a holder of your HRL Shares, to accept the Offer you must **sign below** and **return this Acceptance Form**.

OFFER CONSIDERATION

(\$0.16 cash per HRL Share)

STEP 3 – For CHESSE Holdings only

If your HRL Shares are held on the CHESSE Sub-register (see "Sub-register" above) to accept the Offer you can either:

- Contact your Controlling Participant – normally your broker – and instruct them to accept the Offer on your behalf **(If you do that, you do not need to complete and return this Acceptance Form);**

OR

- If you want ALSPL to contact your Controlling Participant on your behalf, write their details here and sign and return this Acceptance Form. By providing these details & signing this Acceptance Form you authorise ALSPL and Boardroom Pty Limited to instruct your Controlling Participant to initiate acceptance of the Offer on your behalf.

BROKER DETAILS (CHESSE HOLDINGS ONLY)

Your Broker's Name:

Your Broker's Address:

Your Broker's Telephone Number:

STEP 4 – Sign as indicated below

I/We, the securityholder(s) named above, being the holder(s) of HRL Shares:

- ACCEPT the Offer in respect of **ALL** of my/our HRL Shares;
- AGREE TO TRANSFER my/our HRL Shares to ALSPL for the consideration specified in the Offer, and in accordance with the terms and conditions of the Offer as set out in the Bidder's Statement;
- AUTHORISE ALSPL and its officers and their respective agents to correct any errors in, or omissions from, this Acceptance Form to make it an effective acceptance of the Offer and enable registration of the transfer of the HRL Shares to ALSPL; and
- AGREE to be bound by the terms of the Offer.

Please refer overleaf for further instructions on how to complete this Acceptance Form

If this Acceptance Form is signed under power of attorney, the attorney declares that they have no notice of the revocation of the power of attorney.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary (delete one)

Dated ___/___/___

Please enter your contact name and telephone number where you may be contacted during business hours

Telephone number: _____

Your acceptance must be received by the end of the Offer Period. If this Acceptance Form is sent by mail, you may use the enclosed reply-paid envelope. Your acceptance of the Offer must be received by 7.00pm (Sydney time) on Wednesday, 17 August 2022 (unless the Offer is withdrawn or extended in accordance with the Corporations Act 2001 (Cth) (Corporations Act)).

How to complete this Acceptance Form and ACCEPT the Offer

1. Your Name & Address details

This is a personalised Acceptance Form for the sole use of the holder in relation to the shareholding recorded overleaf. Your pre-printed name and address is as it appears on the share register of HRL. Please check to ensure your name and address stated are correct. If you are Issuer Sponsored and this information is incorrect, please make the correction on this Acceptance Form and initial the correction. Security holders sponsored by a broker on the CHESSE Sub-register should advise their broker of any changes.

2. Issuer Sponsored Holdings

(as indicated by "Issuer Sponsored" appearing next to "Sub-register" on this Acceptance Form)

If your HRL Shares are in an Issuer Sponsored Holding, then to accept the Offer, **you must fill out this Acceptance Form overleaf and return it to one of the addresses shown below.**

3. CHESSE Holdings

(as indicated by "CHESSE" appearing next to "Sub-register" on this Acceptance Form)

If your HRL Shares are in a CHESSE Holding, you do not need to complete and return this Acceptance Form to accept the Offer. You can contact your Controlling Participant, normally your broker, and instruct them to accept the Offer on your behalf.

It is the responsibility of the eligible security holder to allow sufficient time for their Controlling Participant to initiate acceptance on their behalf in accordance with ASX Settlement Operating Rule 14.14. You must ensure that this Acceptance Form is received by your Controlling Participant in sufficient time **before** the end of the Offer Period to enable your Controlling Participant to effect acceptance on CHESSE by the end of the Offer Period.

If you decide to use this Acceptance Form, follow the instructions below. If your holding is a CHESSE holding and you want ALSPL to contact your Controlling Participant on your behalf, sign and return this Acceptance Form to the addresses shown below so that it is received in sufficient time to allow your instruction to be acted on by the close of the Offer Period. This will authorise ALSPL and Boardroom Pty Limited to request your Controlling Participant to initiate acceptance of the Offer on your behalf. Neither ALSPL nor Boardroom Pty Limited will be responsible for any delays incurred by this process.

4. Signature(s)

You must sign the Acceptance Form as follows in the space provided overleaf:

Individual & Joint Holding:

Where the shareholding is in more than one name, all those persons must sign this Acceptance Form.

Deceased Estate:

All executors and administrators must sign this Acceptance Form and attach a certified copy of probate, letters of administration or certificate of grant accompanied (where required by law for the purpose of the transfer) by a certificate of payment of death or succession duties and (if necessary) a statement in terms of section 1071B(9)(b)(iii) of the Corporations Act.

Power of Attorney:

To sign under power of attorney, you must attach an original certified copy of the power of attorney to this Acceptance Form when you return it. By signing this Acceptance Form under a power of attorney, the attorney declares that he/she has no notice of revocation of the power of attorney.

Companies:

This Acceptance Form must be signed by either 2 directors or a director and a company secretary. Alternatively, where the company has a sole director and, pursuant to the Corporations Act, there is no company secretary, or where the sole director is also the sole company secretary, that director may sign alone. Delete titles as applicable.

Additional Notes

- Recently bought or sold HRL Shares** – if you have recently bought or sold any HRL Shares, your holding may differ from that shown on the front of this Acceptance Form. If so, please alter the number of HRL Shares shown as your registered holding on the front of this Acceptance Form to the number of HRL Shares you now hold (including any HRL Shares of which you are entitled to become registered as holder), initial the alteration and indicate the name of the stockbroker who acted for you. If you have already sold all your HRL Shares, do not complete or return this Acceptance Form.

Information you supply on this Acceptance Form will be used by ALSPL and Boardroom Pty Limited for the purposes of processing your acceptance of the Offer and to provide you with the consideration payable under the Offer. This information may be disclosed to ALSPL's professional advisers, securities brokers, printing and mailing providers and other third parties in connection with the Offer. If you do not supply this information, your acceptance may not be processed and you may not receive the consideration payable. You may have rights to access the personal information you have supplied. Please see Boardroom Pty Limited's privacy policy on its website at <https://boardroomlimited.com.au/corp/privacy-policy>.

Lodgement instructions

If you fill out and return this Acceptance Form by post the postal rule does not apply. If you deliver this Acceptance Form in person, it must be received at the delivery address shown below before the end of the Offer Period.

Mail or deliver the completed and signed Acceptance Form and any other documents required by the above instructions to:

Postal address

Boardroom Pty Limited
ALSPL Takeover Offer
GPO Box 3993
Sydney NSW 2001

or

Delivery in person

Boardroom Pty Limited
ALSPL Takeover Offer
Level 12, 225 George Street
SYDNEY NSW 2000

If the Acceptance Form is sent by mail, you may also use the enclosed reply-paid envelope.