HGL

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20 November 2002

Company Announcements Office
Australian Stock Exchange Limited
Level 4
20 Bridge Street
Sydney NSW 2000

AUSTRALIAN STOCK EXCHANGE
HNG000661

Dear Sirs

HGL BID FOR LEMARNE: DESPATCH OF OFFERS

In accordance with section 633(1) item 8 of the Corporations Act 2001 (Cth), HGL Limited notifies that Offers and Acceptance Forms have been sent as required by section 633(1) item 6.

In accordance with section 633(6) and ASIC Class Order 01/1543 para 8, **enclosed** is a copy of the bid booklet as sent.

Yours faithfully

M P Mahoney
Company Secretary

Encl

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION

This document contains the Offer and the Bidder's Statement.

If you have any doubts as to how to deal with this document, please consult your financial or other professional adviser immediately.

Offer

by

HGL

HGL Limited

ACN 009 657 961

to acquire all **or** part of your shares in

Lemarne Corporation Limited

(ACN 004 834 584)

for

$1.70 cash

for each of your Lemarne Shares

Table of Contents

The Acceptance Form was enclosed separately with this document. If you did not receive a form or have mislaid it please phone Computershare Investor Services Pty Ltd on 1300 855 080 for a replacement.

HGL Limited

ACN 009 657 961

20 November 2002

Dear Lemarne Shareholder

I am pleased to **enclose** an Offer by HGL Limited ("HGL") to acquire all **or** part of your shares in Lemarne for $1.70 per share.

HGL and a wholly-owned subsidiary together own 20.1% of Lemarne.

Of that 20.1%, we acquired 19.9% of your company in the 8 months from October 2001 to May 2002. During this period approximately 3.9 million shares changed hands, with HGL acquiring about 3.3 million shares, or 85%, at an average price of $1.27. In the period since May 2002 and before we announced our Offer on 6 November 2002, approximately 250,000 shares traded at an average price of $1.26 per share.

We are now offering to buy all, or if you choose, part of your shares for $1.70 a share. This is:

- a 35% premium above the $1.26 average share price since May 2002 and before we announced our Offer.
- a 15% premium above the $1.48 share price on the day before our Offer was announced.

I recommend our Offer for your consideration.

See page 3 of this booklet on how to accept our Offer.

Yours sincerely

PG Miller
Chairman
HGL Limited

HGL

SUMMARY OF HGL'S OFFER

Consideration

- HGL is offering $1.70 cash per share for all **or** part of your Lemarne Shares.

Payment to you

- Payment will be made to you on or before the later of:
  - one month after the date you accept the Offer; and
  - one month after the date the Offer becomes or is declared unconditional,

  and in any event (assuming the Offer becomes or is declared unconditional), no later than 21 days after the end of the Offer Period.

No brokerage or stamp duty

- No brokerage or stamp duty will be payable by you on acceptance of the Offer.

Closing date

- The closing date for acceptance of the Offer, unless extended, is 7.00 pm Sydney time on 23 December 2002.

Conditions of the Offer (prescribed occurrences only)

- The HGL Offer is subject only to the condition that no prescribed occurrences (as set out in clause 9.1 of the Offer) are to occur in the period beginning on 4 November 2002 and ending at the end of the Offer Period.

HOW TO ACCEPT THE HGL OFFER

Acceptances must be received prior to the close of the Offer Period at 7.00 pm Sydney time on 23 December 2002, unless extended.

There are several ways to accept the Offer depending on the nature and type of your holding:

- **For CHESS Holdings of Lemarne Shares** – instruct your stockbroker or CHESS Controlling Participant to initiate acceptance of the Offer on your behalf. If you are neither a broker nor a Non-Broker Participant, you may accept by instructing your stockbroker to accept on your behalf, or you may complete and sign the enclosed Acceptance Form, and return it or deliver it to either of the addresses below.

- **For Issuer Sponsored Holdings of Lemarne Shares** - complete and sign the enclosed Acceptance Form (in accordance with the instructions on the back of the form) and return it in the reply paid envelope to:

  Computershare Investor Services Pty Ltd
  GPO Box 7045
  Sydney NSW 1115

  or deliver it to:

  Computershare Investor Services Pty Ltd
  Level 6
  60 Carrington Street
  Sydney NSW 2000

- You can accept this Offer for all **or** part of your shares.

- If you have any questions regarding acceptance of the Offer, contact:

  Computershare Investor Services Pty Ltd on 1300 855 080

OFFER

by

HGL LIMITED (ACN 009 657 961)

TO PURCHASE ALL OR PART OF YOUR ORDINARY SHARES IN

LEMARNE CORPORATION LIMITED (ACN 004 834 584)

1. DEFINED TERMS

Terms used in this Offer are defined in clause 11.1.

2. OFFER BY HGL

2.1 Offer for all or part of your shares

HGL offers to acquire all or part of your Lemarne Shares.

2.2 Cash offered

The consideration offered is $1.70 cash for each of your Lemarne Shares.

2.3 Terms

This Offer is made on the terms and conditions set out below.

3. OFFEREES

3.1 To whom the Offers are being made

An Offer in this form is being made:

(a) to all holders of Lemarne Shares as at 7.00 pm Sydney time on Thursday, 7 November 2002, being the date set by HGL under section 633(2) of the Corporations Act in the Statement; and

(b) to any person who becomes a holder of Lemarne Shares during the period from 7.00 pm Sydney time on Thursday, 7 November 2002 to the end of the Offer Period due to the exercise of any of the Key Executive Options.

3.2 Transferees

A person who is able during the Offer Period to give good title to a parcel of Lemarne Shares and has not already accepted an Offer under the Bid for those Lemarne Shares may, in accordance with section 653B of the Corporations Act, accept an Offer under the Bid as if an Offer on terms identical with the other Offers made under the Bid had been made to that person in relation to those Lemarne Shares.

3.3 Shares issued on exercise of Key Executive Options

If you are the holder of Key Executive Options, you may only accept this Offer for Lemarne Shares issued during the period from 7.00 pm Sydney time on Thursday, 7 November 2002 to the end of the Offer Period on exercise of those Key Executive Options in accordance with their terms of issue.

3.4 Trustees and nominees

A person who holds one or more parcels of Lemarne Shares as trustee or nominee for, or otherwise on account of, another person, may accept as if a separate Offer had been made in relation to each of those parcels as well as any parcel they hold in their own right. To accept this Offer in relation to more than one parcel of Lemarne Shares, you may phone Computershare Investor Services Pty Ltd on 1300 855 080 for additional copies of this Offer and the accompanying Acceptance Form.

4. OFFER PERIOD

This Offer will, unless withdrawn, remain open for acceptance during the period commencing on the date of this Offer and ending at 7.00 pm Sydney time on:

(a) 23 December 2002; or

(b) any date to which the period of this Offer is extended in accordance with the Corporations Act,

whichever is the later.

5 HOW TO ACCEPT THIS OFFER

5.1 All or part of your holding

This Offer is for all or part of your Lemarne Shares.

5.2 When you may accept

You may accept this Offer at any time during the Offer Period.

5.3 Acceptance procedure

The manner by which you may accept this Offer will depend on whether your Lemarne Shares are:

(a) in a CHESS Holding - your Lemarne Shares are in a CHESS Holding if they are sponsored by a broker or other Controlling Participant or you yourself are a Broker or Non-Broker Participant; or

(b) in an Issuer Sponsored Holding - your Lemarne Shares are in an Issuer Sponsored Holding if they are sponsored directly by Lemarne as issuer.

If you have any queries about how to accept this Offer, please phone Computershare Investor Services Pty Ltd on 1300 855 080 or contact your broker or other financial or professional adviser.

CHESS Holdings

(c) If any of your Lemarne Shares are in a CHESS Holding, acceptance of this Offer in respect of those Lemarne Shares can only be made in accordance with the SCH Business Rules.

To accept this Offer in respect of those Lemarne Shares you should:

(i) if you are a Broker or a Non-Broker Participant, initiate acceptance of this Offer in accordance with Rule 16.3 of the SCH Business Rules before the end of the Offer Period;

(ii) if you are neither a Broker nor a Non-Broker Participant:

(A) you may, instruct your Controlling Participant (normally your stockbroker) to initiate acceptance of this Offer in accordance with Rule 16.3 of the SCH Business Rules before the end of the Offer Period; or

(B) you may complete and sign the Acceptance Form in accordance with the instructions on it, and deliver it or send it (together with all other documents required by those instructions) to either of the addresses in clause 5.3(d) so that they are received before the end of the Offer Period.

If you complete and sign the Acceptance Form you will be deemed under clause 7(e) to have authorised and directed HGL (by its directors, servants or agents) to accept the Offer on your behalf and HGL shall during the Offer Period effect such acceptance in accordance with the SCH Business Rules and the Corporations Act.

Issuer Sponsored Holdings

(d) If any of your Lemarne Shares are in an Issuer Sponsored Holding, then to accept this Offer in respect of those Lemarne Shares you must complete and sign the accompanying Acceptance Form in accordance with the instructions on it (which forms part of this Offer and must be observed in accepting the Offer in respect of any Lemarne Shares held in an Issuer Sponsored Holding) and deliver or send it by post to:

Computershare Investor Services Pty Ltd
GPO Box 7045
Sydney NSW 1115

or deliver to:

Computershare Investor Services Pty Ltd
Level 3
60 Carrington Street
Sydney NSW 2000

together with all other documents required by those instructions so that they are received before the end of the Offer Period. A reply pre-paid envelope is enclosed.

Holders of Lemarne Shares are advised that the method chosen to deliver the Acceptance Form and other documents is at the risk of each accepting shareholder.

Acceptance of the Offer in respect of your Lemarne Shares which are in an Issuer Sponsored Holding shall not be complete until the properly completed Acceptance Form has been received at the address set out in this clause 5.3(d), provided that HGL may in its sole discretion waive at any time, prior to the end of the Offer Period, all or any of those requirements.

If some of your Lemarne Shares are held in a number of forms

(e) If some of your Lemarne Shares are in different holdings, your acceptance of this Offer will require action under clauses 5.3(c) and (d) in relation to the separate portions of your Lemarne Shares.

Nominee holdings

(f) Beneficial owners whose Lemarne Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee should contact that nominee for assistance in accepting this Offer.

New Lemarne Shares (on exercise of Key Executive Options)

(g) You may accept this Offer in relation to Lemarne Shares issued upon exercise of Key Executive Options during the period in clause 3.3 before the holding statement for those Lemarne Shares is received by you provided that:

  (i) you have validly exercised your Key Executive Options; and

  (ii) you have completed the payments required for the issue of Lemarne Shares upon the exercise of Key Executive Options; and

  (iii) in all other respects you comply with clause 5 and the instructions on the Acceptance Form,

and if this paragraph applies to you, you must deliver the relevant holding statements to HGL as soon as possible after they are received by you.

Status of Acceptance Form

(h) The Acceptance Form which accompanies this Offer forms part of it. The requirements of the Acceptance Form must be observed in accepting this Offer in respect of any Lemarne Shares held in an Issuer Sponsored Holding. Acceptance of this Offer for Lemarne Shares held in an Issuer Sponsored Holding will be effective only when (subject to clause 5.3(i)), the properly completed Acceptance Form (together with any document required by the instructions on the Acceptance Form) have been received at the address specified clause 5.3(d).

HGL's discretion

(i) Despite clause 5.3(c), (d), (e), (g) and (h) above, HGL may in its discretion treat any Acceptance Form received before the end of the Offer Period (at the address specified in clause 5.3(d) or such other address as may, in its absolute discretion, be acceptable to HGL as valid or waive any requirement of clause 5.3(c), (d), (e), (g) and (h) in any case, and the payment of the consideration in accordance with an Offer will not be made until any irregularity has been resolved or waived and any other documents required to procure registration have been received by HGL.

6. PAYMENT OF THE CONSIDERATION FOR YOUR SHARES

6.1 Time for payment

Subject to clause 6.3, HGL will provide the consideration for your Lemarne Shares by whichever of the following periods ends earlier:

(a) one month after the Offer is accepted or, if the Offer is subject to a defeating condition when accepted, within one month after the contract resulting from acceptance of the Offer becomes unconditional;

(b) 21 days after the end of the Offer Period.

6.2 Method of payment

A cheque in Australian currency for the cash amount to which you are entitled by accepting this Offer will be posted to you by prepaid ordinary mail or, in the case of an address outside Australia, by prepaid airmail, to the address shown on the Acceptance Form.

6.3 If additional documents are required from you

Where the Acceptance Form requires an additional document to be given with your acceptance (such as a power of attorney):

(a) if that document is given with your acceptance, HGL will provide the consideration in accordance with clause 6.1;

(b) if that document is given after acceptance and before the end of the Offer Period while the Offer is subject to a defeating condition, HGL will provide the consideration by the end of whichever of the following period ends earlier:

   (i) within one month after the contract resulting from acceptance of the Offer becomes unconditional;

   (ii) 21 days after the end of the Offer Period;

(c) if that document is given after acceptance and before the end of the Offer Period while the Offer is not subject to a defeating condition, HGL will provide the consideration by the end of whichever of the following periods ends earlier:

(i) one month after the document is given;

(ii) 21 days after the end of the Offer Period;

(d) if the document is given after the end of the Offer Period, HGL will provide the consideration within 21 days after that document is given.

6.4 Proscribed persons (anti-terrorism measures)

If you are a person who is proscribed under the Charter of United Nations (Anti-terrorism Measures) Regulations 2001 (Cth) 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 you obtain the written permission of the Commonwealth Minister for Foreign Affairs under that Regulation. The lists of proscribed persons are available on the website of the Commonwealth Department of Foreign Affairs and Trade at www.dfat.gov.au/icat/.

6.5 Rights attaching to your shares

It is a term of this Offer that HGL will be entitled to all Rights which arise or accrue after 5 November 2002 in respect of Lemarne Shares which HGL acquires pursuant to this Offer. You must give to HGL all documents necessary to vest title to those Rights in HGL, or otherwise give HGL the benefit or value of those Rights. If you do not do so before HGL has provided the consideration to you, HGL will be entitled to deduct from the consideration otherwise due to you the amount or value (as reasonably assessed by HGL) of such Rights.

7. THE EFFECT OF ACCEPTANCE

It is a term of this Offer that by signing and returning an Acceptance Form in accordance with clause 5.3 or initiating acceptance of this Offer in accordance with clause 5.3(c), you will or will be deemed to have:

(a) accepted this Offer (subject to its terms and conditions) in respect of the number of your Lemarne Shares specified in the Acceptance Form;

(b) subject to the Offer being declared free from the conditions in clause 9.1 or such conditions being fulfilled or waived, agreed to transfer those of your Lemarne Shares specified in the Acceptance Form to HGL for the consideration specified in this Offer;

(c) represented and warranted to HGL that each of the Lemarne Shares in respect of which you accept this Offer is one of the type and number of Lemarne Shares as defined in clause 11.1, that you have the right and power to transfer those Lemarne Shares to HGL and that such Lemarne Shares and any Rights will be transferred to HGL, free from all mortgages, charges, liens, encumbrances or third party interests (whether legal or equitable) of any kind;

(d) authorised HGL (by its directors, servants or agents) to complete on the Acceptance Form correct details of your Lemarne Shares, fill in any blanks remaining on the Acceptance Form and rectify any error in or omission from such Acceptance Form as may be necessary to make the Acceptance Form an effective acceptance of this Offer and transfer your Lemarne Shares to HGL;

(e) if your Lemarne Shares are in a CHESS Holding and you sign and return the Acceptance Form in accordance with clause 5.3(c) (which you are not bound, but are requested, to do), irrevocably authorised and directed HGL (by its directors, servants, or agents) to:

  (i) instruct your Controlling Participant to initiate acceptance of this Offer in respect of those Lemarne Shares which are in a CHESS Holdingin accordance with the SCH Business Rules (if you have not already done so); and

  (ii) give any other instructions in relation to those Lemarne Shares to your Controlling Participant on your behalf under the sponsorship agreement between you and the Controlling Participant, as determined by HGL acting in its own interests as a beneficial owner and intended registered holder of those Lemarne Shares;

(f) if at the time of acceptance of the Offer, your Lemarne Shares are in a CHESS Holding, with effect from the time that the Offer is declared free from the conditions in clause 9.1 or such conditions are fulfilled or waived, have authorised HGL to cause a message to be transmitted to SCH in accordance with SCH Business Rule 16.6.1 so as to transfer those Lemarne Shares to HGL's Takeover Transferee Holding. HGL shall be so authorised even though at the time of such transfer, HGL has not paid the consideration due to you under the Offer;

(g) agreed to indemnify HGL 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 in consequence of the transfer of your Lemarne Shares being registered by Lemarne without production of your holder identification number for your Lemarne Shares;

(h) with effect from the time that the Offer is declared free from the conditions in clause 9.1 or such conditions are fulfilled or waived, appointed HGL and each of its directors and company secretaries from time to time, jointly and severally, as your attorney for you and on your behalf to:

  (i) attend and vote in respect of those of your Lemarne Shares specified in the Acceptance Form at any and all general meetings of Lemarne; and

  (ii) execute all forms, notices, instruments (including instruments appointing a director or company secretary of HGL as a proxy in respect of those of your Lemarne Shares specified in the Acceptance Form) and resolutions relating to those Lemarne Shares and generally to exercise all powers and rights which you may have as the registered holder of those Lemarne Shares, and agreed that in exercising the powers conferred by that power of attorney any such director or company secretary may act in the interests of HGL as the beneficial owner and intended registered holder of the Lemarne Shares specified in the Acceptance Form;

(i) agreed not to attend or vote in person at any general meeting of Lemarne or to exercise or purport to exercise any of its powers conferred on HGL (or its directors or company secretaries) in paragraph (h) above;

(j) subject to the Offer being declared free from the conditions in clause 9.1 or such conditions being fulfilled or waived, irrevocably authorised and directed Lemarne to pay to HGL, or to account to HGL for all Rights which arise after 5 November 2002, subject however to any such Rights received by HGL being accounted to you in the event the Offer is withdrawn or the contract resulting from your acceptance of this Offer is rendered void under clause 9.5;

(k) except where Rights have been paid or accounted for under paragraph (j) above, irrevocably authorised HGL to deduct from the consideration payable in respect of your Lemarne Shares, the cash amount of any Rights paid to you or, where the Rights take a non-cash form, an amount equal to the value of the Rights as reasonably assessed by HGL;

(l) agreed to execute all such documents, transfers and assurances that may be necessary or desirable to convey your Lemarne Shares and any Rights to HGL, subject to the Offer being declared free of the conditions in clause 9.1 or such conditions being fulfilled or waived.

8. NO STAMP DUTY OR BROKERAGE

All costs and expenses of the preparation, despatch and circulation of this Offer and all other Offers and the Statement, and the stamp duty payable on the transfer of Lemarne Shares as a result of an acceptance of an Offer, will be paid by HGL. As long as your Lemarne Shares are registered in your name and you deliver them directly to HGL, you will not incur any brokerage or other transaction fees in connection with your acceptance of this Offer. If you hold your Lemarne Shares through a bank, broker or other nominee, you should ask your bank, broker or other nominee whether it will charge any transaction fees or service charges in connection with your acceptance of this Offer.

9. DEFEATING CONDITIONS (PRESCRIBED OCCURRENCES ONLY)

9.1 Prescribed occurrences

Subject to clause 9.2, this Offer and the contract resulting from acceptance of this Offer are subject to the conditions that none of the following events (as described in section 652C(1) and (2) of the Corporations Act) occurs during the period beginning on 4 November 2002 and ending at the end of the Offer Period:

(a) Lemarne converts all or any of its shares into a larger or smaller number of shares;

(b) Lemarne or a subsidiary resolves to reduce its share capital in any way;

(c) Lemarne or a subsidiary:

    (i) enters into a buy-back agreement; or

    (ii) resolves to approve the terms of a buy-back agreement under subsection 257C(1) or 257D(1) of the Corporations Act;

(d) Lemarne or a subsidiary issues shares, or grants an option over its shares, or agrees to make such an issue or grant such an option;

(e) Lemarne or a subsidiary issues, or agrees to issue, convertible notes;

(f) Lemarne or a subsidiary disposes, or agrees to dispose, the whole, or a substantial part, of its business or property;

(g) Lemarne or a subsidiary charges, or agrees to charge, the whole, or a substantial part, of its business or property;

(h) Lemarne or a subsidiary resolves to be wound up;

(i) a liquidator or provisional liquidator of Lemarne or of a subsidiary is appointed;

(j) a court makes an order for the winding up of Lemarne or of a subsidiary;

(k) an administrator of Lemarne, or of a subsidiary, is appointed under section 436A, 436B or 436C of the Corporations Act;

(l) Lemarne or a subsidiary executes a deed of company arrangement;

(m) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Lemarne or of a subsidiary.

HGL will not treat the issue of shares by Lemarne as a result of the exercise of Key Executive Options as breaching condition (d) above.

On 29 October 2002 Lemvest Ltd (ACN 006 697 703), a 61% owned subsidiary of Lemarne, made an announcement to the ASX in the terms set out in Appendix A to the Statement. HGL will not treat the disposal of the issued shares Lemvest Ltd holds in its subsidiary Richardson Pacific Ltd as breaching condition (f) above if the disposal is on the basis set out in that announcement.

9.2 Notice declaring Offers free from conditions

It is a term of this Offer that HGL may, subject to section 650F of the Corporations Act, declare this Offer and all other Offers and all contracts resulting from acceptance of Offers to be free from the conditions (or any one or more of them or any part thereof) set out in clause 9.1. Any declaration made under this clause 9.2 shall be made by HGL by notice in writing to Lemarne. This notice may be given not later than 3 business days after the end of the Offer Period.

9.3 Notice of status of defeating conditions

The date specified for giving the notice referred to in section 630(3) of the Corporations Act is 13 December 2002, subject to extension in accordance with section 630(2) of the Corporations Act if the Offer Period is extended in accordance with the Corporations Act.

9.4 Conditions subsequent

The conditions contained in clause 9.1 are conditions subsequent. The breach or non-fulfilment of any of the conditions in clause 9.1 does not prevent a contract to sell your Lemarne Shares resulting from your acceptance of this Offer, but entitles HGL by written notice to you, to rescind the contract resulting from your acceptance.

9.5 Contract void if conditions not fulfilled

If:

(a) any of the conditions in clause 9.1 are not fulfilled at the end of the Offer Period; and

(b) HGL has not declared the Offers to be free from that condition by no later than 3 business days after the end of the Offer Period,

then all contracts resulting from the acceptances of the Offer and all such Offers that have been accepted and from whose acceptances binding contracts have not yet resulted will be void. In that event, HGL will, if you have accepted the Offer:

(i) return at your risk your Acceptance Form together with all documents forwarded by you with that form to your address as shown in the Acceptance Form; or

(ii) if your Lemarne Shares are in a CHESS Holding, notify SCH of the lapse of the Offer in accordance with SCH Business Rule 16.8.

9.6 For benefit of HGL

HGL alone shall be entitled to benefit from the conditions in clause 9.1 and any breach or non fulfilment of such conditions may be relied on only by HGL.

10. OTHER TERMS

10.1 Variation of the Offer

HGL reserves the right to vary this Offer in accordance with the Corporations Act.

10.2 Withdrawal of the Offer

HGL may withdraw this Offer with the written consent of the Commission, which consent may be subject to conditions.

11. INTERPRETATION

11.1 Definitions

In this Offer, unless the contrary intention appears:

"**Acceptance Form**" means the Acceptance Form which accompanies this Offer, and forms part of this Offer.

"**ASX**" means Australian Stock Exchange Limited.

"**Business Day**" means any day which is not a Saturday, Sunday, or public holiday throughout either Victoria or New South Wales.

"**CHESS**" means Clearing House Electronic Subregister System, which provides for the electronic transfer of securities.

"**CHESS Holding**" has the meaning set out in the SCH Business Rules.

"**the Commission**" means the Australian Securities and Investments Commission.

"**Controlling Participant**" has the meaning given in the SCH Business Rules.

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

"**Issuer Sponsored Holding**" means a holding of Lemarne Shares on Lemarne's issuer sponsored subregister.

"**Key Executive Options**" means the 275,000 options granted by Lemarne, each option entitling the holder, upon due exercise, to be issued one fully paid ordinary share in Lemarne (such options comprising, according to Lemarne's Annual Report for the year ended 30 June 2002, 75,000 options granted on 28 January 2000 with an exercise price of $3.08, and 200,000 options granted on 15 February 2002 with an exercise price of $1.44).

"**HGL**" means HGL Limited (ACN 009 657 961), a company incorporated in Australia and taken to be registered in Queensland and having its registered office at Suite 1, Level 5, 34 Hunter Street, Sydney NSW 2000.

"**Lemarne**" means Lemarne Corporation Limited (ACN 004 834 584) a company incorporated in Australia and taken to be registered in Victoria and having its registered office at Level 1, 492 St Kilda Road, Melbourne Victoria 3004.

"**Lemarne Shares**" means all or any of the fully paid ordinary shares in the capital of Lemarne which:

(a) exist as at 7.00 pm Sydney time on Thursday, 7 November 2002, being the date set by HGL under section 633(2) of the Corporations Act in the Statement (such shares comprising, to the best of the knowledge and belief of HGL at the date of the Statement, a total of 16,536,466 fully paid ordinary shares in Lemarne on issue as at the date of the Statement); or

(b) are issued during the period from 7.00 pm Sydney time on Thursday, 7 November 2002 to the end of the Offer Period due to the exercise of any of the Key Executive Options.

"**the Off-Market Bid**" or "**the Bid**" means HGL's off-market bid in respect of all of the Lemarne Shares.

"**this Offer**" means the offer to acquire Lemarne Shares set out in this document.

"**Offers**" means the several like offers to acquire Lemarne Shares to be made by HGL under the Off-Market Bid.

"**Offer Period**" means the period during which the Offers remain open for acceptance.

"**Rights**" means all rights, entitlements and accretions attaching or accruing to or arising, directly or indirectly, from Lemarne Shares after 5 November 2002, including, without limitation, all rights to receive dividends and other distributions and all entitlements to subscribe for or receive shares or other securities. Such Rights do not include the dividend of 5 cents per Lemarne Share declared by the directors of Lemarne with a record date of 5.00 pm on 25 October 2002, with payment to be made on 1 November 2002.

"**SCH**" means ASX Settlement and Transfer Corporation Pty Ltd (ABN 49 008 504 532) the securities clearing house which administers the CHESS system.

"**SCH Business Rules**" means the business rules of SCH which govern the settlement of transactions and duties of issuers of quoted securities and quoted rights.

"**Statement**" means the Bidder's Statement by HGL in relation to the Off-Market Bid.

11.2 Interpretation

In this Offer:

(a) words or phrases to which a meaning is given by the Corporations Act, the Listing Rules of ASX or the SCH Business Rules have the same meaning when used in this Offer, unless that meaning is inconsistent with the context in which the word or phrase is used;

(b) references to clauses are to clauses in this Offer;

(c) headings are for ease of reference only and do not affect the meaning or interpretation of this Offer;

(d) singular includes plural and vice versa and words importing any gender include all other genders;

(e) a reference to a person includes a reference to a corporation or other entity;

(f) references to "dollars" or "$" or "cents" or "c" are references to Australian currency.

This Offer is dated 20 November 2002.

SIGNED for and on behalf of **HGL LIMITED**:

Director

A copy of this Bidder's Statement has been lodged with the Australian Securities and Investments Commission on 6 November 2002. The Commission takes no responsibility for the contents of the Statement.

BIDDER'S STATEMENT

by

HGL LIMITED
(ACN 009 657 961)

pursuant to Part 6.5 of the Corporations Act

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In the construction of this Statement, unless the contrary intention appears:

"**ASX**" means Australian Stock Exchange Limited (ACN 008 624 691).

"**the Bid**" means HGL's Off-Market Bid in respect of all the Lemarne Shares.

"**the Commission**" means the Australian Securities and Investments Commission.

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

"**Key Executive Options**" means the 275,000 options granted by Lemarne each option entitling the holder, upon due exercise, to be issued one Lemarne Share (such options comprising, according to Lemarne's Annual Report for the year ended 30 June 2002, 75,000 options granted on 28 January 2000 with an exercise price of $3.08, and 200,000 options granted on 15 February 2002 with an exercise price of $1.44).

"**HGL**" means HGL Limited (ACN 009 657 961), a company incorporated in Australia and taken to be registered in Queensland and having its registered office at Suite 1, Level 5, 34 Hunter Street, Sydney New South Wales 2000.

"**HGL Group**" means HGL and its controlled entities.

"**Lemarne**" means Lemarne Corporation Limited (ACN 004 834 584) a company incorporated in Australia and taken to be registered in Victoria and having its registered office at Level 1, 492 St Kilda Road, Melbourne Victoria 3004.

"**Lemarne Shares**" means fully paid ordinary shares in the capital of Lemarne.

"**the Off-Market Bid**" or "**the Bid**" means HGL's off-market bid in respect of all of the Lemarne Shares.

"**Offers**" means the offers to acquire Lemarne Shares to be made by HGL under the Off-Market Bid.

"**Offer Period**" means the period during which the Offers remain open for acceptance.

"**this Statement**" means this Bidder's Statement.

1.2 Interpretation

In this Statement:

(a) words or phrases to which a meaning is given by the Corporations Act, the Listing Rules of ASX or the SCH Business Rules have the same meaning when used in this Statement, unless that meaning is inconsistent with the context in which the word or phrase is used;

(b) references to clauses are to clauses in this Statement;

(c) headings are for ease of reference only and do not affect the meaning or interpretation of this Statement;

(d) Appendix A to this Statement forms part of this Statement;

(e) singular includes plural and vice versa and words importing any gender include all other genders;

(f) a reference to a person includes a reference to a corporation or other entity;

(g) references to "dollars" or "$" or "cents" or "c" are references to Australian currency.

2. PROPOSED OFFERS

HGL intends to make Offers under the Off-Market Bid in respect of all of the Lemarne Shares which exist as at 7.00 pm Sydney time on Thursday, 7 November 2002, being the date set by HGL under section 633(2) of the Corporations Act, and any additional Lemarne Shares which are issued during the period from 7.00 pm Sydney time on Thursday, 7 November 2002 to the end of the Offer Period due to the exercise of any of the Key Executive Options.

3. IDENTITY OF HGL

3.1 Directors of HGL

The directors of HGL are:

- Peter Geoffrey Miller, chairman
- Kevin John Eley, chief executive officer
- David Neil Constable, non-executive director
- Dr Frank Michael Wolf, non-executive director

- Michael Angelo Hershon (alternate for P G Miller)
- Julian David Constable (alternate for D N Constable).

3.2 Substantial holdings in HGL

As at the date of this Statement the substantial holdings in HGL notified to HGL under Part 6C.1 of the Corporations Act are as follows:

Name	Associated Director	No. of HGL shares	% of HGL shares on issue
Sery Pty Limited and its associates	PG Miller and MA Hershon	7,638,324	16%
Constable Investments Group Limited and its associates	DN Constable	6,204,787	13%
Jancon Pty Limited and its associates	RJ Constable, who was a director until 29/10/02	4,431,905	10%
Westpac Banking Corporation Limited and its associates	Not applicable	2,986,865	6%

3.3 Principal activities of HGL and the HGL Group

HGL is listed on the ASX and is classified there as an industrial company in the "capital goods" industry group.

HGL's principal activities are the provision of management services to the companies and other entities in which it has an investment.

The HGL Group's total revenue for the year ended 30 September 2001 was $106.7 million. The HGL Group's principal activities are as follows:

- distribution of spectacle frames, sunglasses, and ophthalmic equipment;
- maintenance of electronic equipment and the sale and maintenance of electronic and optical imaging equipment and associated consumables;
- manufacture and distribution of hats and the distribution of fabric and haberdashery;
- quarrying and distributing garnet; and
- purchase and sale of investments and the sale of operating businesses.

The business of quarrying and distributing garnet was sold on 26 March 2002. This activity had revenue of $20.1 million in 2001.

Most businesses within HGL are partially owned by their management or other industry participant.

4. INFORMATION ABOUT LEMARNE

4.1 Material changes in the financial position of Lemarne

Lemarne's Annual Report for the year ended 30 June 2002 was signed on 13 September 2002 and released to shareholders shortly thereafter. HGL is unaware of any changes in the financial position of Lemarne since 30 June 2002 other than:

(a) The payment by Lemarne of a fully franked final dividend for the year to 30 June 2002 of 5.0 cents per fully paid ordinary share in Lemarne, as disclosed in the Directors' Report contained in the Lemarne Annual Report for the year ended 30 June 2002, such payment being by reference to a record date of 5.00 pm on 25 October 2002, with payment to be made on 1 November 2002.

(b) There may be an impact on Lemarne (the nature and extent of which is at present unclear to HGL), in the future, arising from a possible sale of a wholly-owned subsidiary (Richardson Pacific Ltd) by Lemvest Ltd which is 61% owned by Lemarne, in accordance with the announcement by Lemvest Ltd set out in Appendix A to this Statement.

4.2 Earnings summary of Lemarne

The figures in the following table have been extracted/calculated from Lemarne's Annual Report for the year ended 30 June 2002.

	1998 ($'000)	1999 ($'000)	2000 ($'000)	2001 ($'000)	2002 ($'000)
Sales	138,795	156,369	158,572	163,885	119,987
Profit/(loss) before significant/abnormal items and income tax	10,198	9,271	12,043	1,196	3,542
Significant/abnormal items before income tax	(2,098)	1,253	-	(2,580)	(8,094)
Profit/(loss) before income tax	8,100	10,524	12,043	(1,384)	(4,552)
Income tax benefit/(expense)	(2,892)	(4,078)	(4,267)	445	(588)
Profit/(loss) after tax	5,208	6,446	7,776	(939)	(5,140)
Minority interests	(1,202)	(1,647)	(1,894)	(148)	2,312
Operating profit/(loss) attributable to members of the company	4,006	4,799	5,882	(1,087)	(2,828)
Fully diluted earnings per share – cents	24	29	36	(6.6)	(17.1)

5. INTENTIONS OF HGL REGARDING LEMARNE

5.1 Introduction

Clauses 5.2 to 5.6 set out HGL's intentions regarding:

(a) the continuation of the business of Lemarne; and

(b) any major changes to be made to the business of Lemarne, including any redeployment of the fixed assets of Lemarne; and

(c) the future employment of the present employees of Lemarne.

Those intentions are based on facts and information concerning Lemarne which are known to HGL at the time of the preparation of this Bidder's Statement, and the existing circumstances affecting the business of Lemarne. Those facts, information and circumstances are publicly available information about Lemarne.

However, final decisions will only be reached in the light of all material facts and circumstances at the relevant time. Accordingly, the statements set out in clauses 5.2 to 5.6 are statements of current intentions only, which may vary, as circumstances require.

HGL's intentions set out in clauses 5.2 to 5.6 in relation to Lemarne have equal application to the controlled entities of Lemarne (other than Lemvest Ltd and its controlled entities, unless specific reference is made to them) whether individually or on a group basis.

5.2 Intentions of HGL regarding Lemarne

Other than as set out in clauses 5.3 to 5.6, (and subject to the reservations in the last 3 paragraphs of clause 5.1) it is the intention of HGL to:

- continue with the business of Lemarne;
- subject to the next point, continue with the business of Lemvest Ltd;
- persuade the board of directors of Lemarne to secure the agreement of the board of directors of Lemvest Ltd to evaluate the proposal of Lemvest Ltd identified in Appendix A to this Statement, to ensure that it is then in the commercial interests of Lemvest Ltd and, if it is, to proceed with that proposal and, if it is not, to negotiate better terms and, if that is not possible, to not proceed with the proposal;
- continue to have the board of Lemvest Ltd run their business with a view to profit being available to Lemvest Ltd which would apply a substantial portion in reducing the debt of Lemvest Ltd and a portion for dividends;
- persuade the board of directors of Lemarne to undertake an operational and management review of all businesses;
- pending the completion and evaluation of such review:

- not make any major changes to the business of Lemarne, nor to make any redeployment of the fixed assets of Lemarne; and

- continue with the future employment of the present employees of Lemarne.

5.3 This Bid is for all or part of your Lemarne Shares

HGL is seeking to acquire additional Lemarne Shares.

Lemarne Shareholders will be permitted to accept the Offer for all **or** part of their shareholding, so enabling shareholders to retain an interest in Lemarne, if they so desire.

5.4 Intentions if voting power does not exceed 50.1%

If, following the close of the Offers, the HGL Group still has voting power of less than 50.1% of Lemarne, HGL would seek board representation.

5.5 Intentions if voting power exceeds 50.1% but compulsory acquisition not achieved

If, following the close of the Offers, the HGL Group has voting power of at least 50.1% but less than enough to proceed to compulsorily acquire the remaining Lemarne Shares, HGL will take the steps available to it to cause Lemarne to implement the intentions outlined in clause 5.2.

Any action taken by HGL or the directors of Lemarne would be made having regard to the legitimate interests of minority shareholders and the relevant law that may apply in the circumstances. In addition, HGL would seek to have the board of Lemarne comprise of individuals with appropriate skills and a similar business philosophy to that of HGL. Some of the existing directors of Lemarne are likely to meet these criteria.

HGL owns and manages its businesses in partnership with their management or industry participants and so HGL is experienced in working with businesses, which are not 100% owned by HGL.

5.6 Intentions if compulsory acquisition achieved

It is HGL's intention, if it becomes entitled to proceed to compulsorily acquire the remaining Lemarne Shares following the close of the Offer, to:

- effect compulsory acquisition of the remaining Lemarne Shares;

- seek to compulsorily acquire under the Corporations Act those Key Executive Options which have not been exercised;

- procure that Lemarne is removed from the official list of the ASX;

- seek to have the board of Lemarne comprise individuals with appropriate skills and a similar business philosophy to that of HGL. Some of the existing directors of Lemarne are likely to meet these criteria.

If Lemarne becomes a wholly-owned subsidiary of HGL, it is HGL's intention that Lemarne's existing businesses will not be merged with HGL's existing businesses.

6. HOW CASH CONSIDERATION WILL BE PROVIDED

6.1 Total consideration payable

The cash payable under the Offers is $1.70 cash for each Lemarne Share.

If the Offers are accepted for all existing Lemarne Shares, other than the 3,306,369 Lemarne Shares held by or on behalf of HGL's subsidiary HGL Group Pty Ltd, the maximum amount of cash that HGL will be required to pay is $22,491,165.

If the Offers are accepted for all existing Lemarne Shares and the additional Lemarne Shares which would be issued on exercise of the Key Executive Options, but not for the 3,306,369 Lemarne Shares held by or on behalf of HGL's subsidiary HGL Group Pty Ltd, the maximum amount of cash that HGL will be required to pay is $22,958,665 ("**the Maximum Consideration**").

HGL Group Pty Ltd has confirmed in writing to HGL that they will not accept the Offer and will not during the Offer Period sell to persons who might accept the Offer.

6.2 Source of cash

HGL's source of funding for the Maximum Consideration (specified in clause 6.1) is from cash on hand and a facility which Australian and New Zealand Banking Group Ltd ("**ANZ**") has agreed to make available to HGL.

The total amount HGL may draw down under the ANZ facility is $22.0 million. HGL also has approximately $5.4 million cash on hand (deposited at ANZ). It is HGL's intention to utilize the ANZ facility first before drawing on the cash on hand to satisfy the Maximum Consideration (with the remaining cash on hand being used from time to time for the other commercial purposes of HGL).

There are no conditions precedent that need to be satisfied (beyond those already satisfied) by HGL for it to draw down under the ANZ facility, other than evidence, to ANZ's satisfaction, that HGL has received valid and binding acceptances of the Offer.

7. LEMARNE SECURITIES AND VOTING POWER OF HGL

7.1 Total securities on issue and relevant interests of HGL

The following table sets out details in relation to each class of securities in Lemarne as at the date of this Statement:

Class of securities	Total number on issue	HGL's relevant interest
Ordinary shares	16,536,466	3,306,369
Key Executive Options	275,000	nil

The information above is based on documents lodged by Lemarne with the ASX. Lemarne's Annual Report for the year ended 30 June 2002 discloses that the 275,000 Key Executive Options comprise:

(a) 75,000 granted on 28 January 2000 with an exercise price of $3.08;

(b) 200,000 granted on 15 February 2002 with an exercise price of $1.44.

The information above is updated from the date of this Statement to 20 November 2002, as follows:

(i) HGL has a relevant interest in 3,324,869 ordinary shares in Lemarne (being an increase of 18,500 from the date of this Statement);

(ii) on 7 November 2002 Lemarne advised HGL that, in addition to the Key Executive Options, Darryl Rainsbury held 160,000 options and Stephen Mason held 90,000 options;

(iii) the options in (ii) above appear to have been granted subsequent to an approval for their granting given by the annual general meeting of Lemarne held at 12 noon on 1 November 2002. According to the notice of that annual general meeting, the exercise price for such options is the market value of Lemarne's ordinary shares at the time of the grant of the options plus 10%;

(iv) HGL has a nil relevant interest in the options in (ii) above.

7.2 Voting power of HGL

As at the date of this Statement, HGL's voting power in Lemarne is 19.9%.

As at 20 November 2002, HGL's voting power in Lemarne is 20.1%.

8. DEALINGS IN LEMARNE SHARES

During the 4 months before the date of this Statement, neither HGL nor any of its associates have provided, or agreed to provide, consideration for Lemarne Shares under a purchase or agreement.

The information above is updated from the date of this Statement to the end of 19 November 2002, as follows:

(a) on 6 November 2002 HGL acquired 11,200 Lemarne Shares in the ordinary course of trading on the ASX for $1.70 per share;

(b) on 7 November 2002 HGL acquired 7,300 Lemarne Shares in the ordinary course of trading on the ASX for $1.70 per share.

9. NO BENEFITS PROVIDED

During the period of 4 months before the date of this Statement, and during the period from the start of 6 November to the end of 19 November 2002, neither HGL nor any associate of HGL gave, or offered to give 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 an offer under the Bid; or

(b) dispose of Lemarne Shares,

and which benefit is not offered to all holders of Lemarne Shares under the Bid.

10. TAXATION CONSIDERATIONS

10.1 General comments

The following is intended to provide only a general overview of the Australian taxation implications for Australian residents on disposal of their Lemarne Shares by accepting the Offer.

The summary is based upon the law and practice in effect at the date of this Statement. However, it is not authoritative nor a complete statement of the law applicable to the particular circumstances of every Lemarne shareholder.

Lemarne shareholders should not rely on these comments as advice in relation to their own affairs. Taxation laws are complex and changing constantly and there could be implications in addition to those described here. HGL recommends that Lemarne shareholders consult their own financial or other professional advisers for advice applicable to their circumstances.

10.2 Disposal of Lemarne Shares held as a capital investment

Where Australian residents own Lemarne Shares as a capital investment, a taxable capital gain or capital loss may arise on the acceptance of the Offer.

The tax considerations vary depending on the time of the acquisition of the Lemarne Shares.

Acquisition of Lemarne Shares by the shareholders prior to 19 September 1985

Generally, any capital gain or loss arising on the disposal of Lemarne Shares acquired before 19 September 1985 is disregarded.

Acquisition of Lemarne Shares between 19 September 1985 and 21 September 1999

Shares acquired between 19 September 1985 and 21 September 1999 could be subject to the capital gains tax ("CGT") provisions of the income tax legislation. Based on the assumption that the shares are held in excess of 12 months, there may be a choice of CGT calculation methods as discussed below.

Individuals

The Lemarne shareholder may elect to apply indexation to the cost base of the Lemarne Shares through to 21 September 1999 and the full capital gain will be subject to income tax.

However, should the Lemarne shareholder elect not to apply indexation to the cost base of the Lemarne Shares, a CGT discount ("discount") should be available to the shareholder. In such a scenario, 50% of the capital gain will be subject to income tax.

Trusts

Where Lemarne Shares are held by a trust, the individual beneficiaries of the trust entitled to the trust income may in some circumstances be assessable on only one half of the nominal gain made on the sale of the Lemarne Shares.

Superannuation Funds

Lemarne Shares held by a complying superannuation entity will have the same tax implications as that of an individual except the discount is 33.3% of the capital gain.

Companies

The discount is not available to companies owning Lemarne Shares if a capital gain is realised as a result of a disposal of the Lemarne Shares. Accordingly, if a gain is realised, the taxable capital gain will be subject to the corporate income tax rate of 30%.

Post 21 September 1999 acquisitions

Any capital gain on Lemarne Shares acquired after 21 September 1999, which have been owned in excess of 12 months prior to disposal, may be subject to the discount. As discussed above, this depends on the nature of the owner.

Indexation is not available for Lemarne Shares acquired post 21 September 1999.

Disposal of Lemarne Shares resulting in a capital loss

A capital loss will generally arise if the proceeds on disposal are less than the cost base of the Lemarne Shares. In calculating a capital loss, the cost base is not indexed for inflation, irrespective of how long the Lemarne Shares have been held. A capital loss may only be offset against capital gains.

HGL recommends Lemarne shareholders consult their own financial or other professional adviser for advice applicable to their individual circumstances.

10.3 Disposal of Lemarne Shares held as revenue assets or trading stock

Where there is a disposal of Lemarne Shares held by a share trader or for the purposes of carrying on a business or with a dominant purpose of profit making, (that is, "as revenue assets") HGL recommends Lemarne shareholders consult their own financial or other professional adviser for advice applicable to their individual circumstances.

10.4 Goods and Services Tax ("GST")

No GST applies to the transfer of Lemarne Shares under the Offer, as the supply of shares is an input taxed supply.

11. OTHER MATERIAL INFORMATION

There is no other information known to HGL material to the making of a decision by a holder of Lemarne Shares whether or not to accept an Offer under the Bid.

This Statement was approved by a resolution passed by the directors of HGL.

This Statement is dated 6 November 2002.

K J Eley
Director

Appendix A

ASX Announcement by Lemvest Ltd

LEMVEST
LIMITED

Level 1, 492 St. Kilda Road
Melbourne, Victoria, 3004, Australia
Telephone: +61 3 9820 2030 Facsimile: +61 3 9820 2038

LEMVEST LIMITED TO NEGOTIATE EXCLUSIVELY WITH LOCKER GROUP PTY LTD REGARDING PROPOSED SALE OF RICHARDSON PACIFIC LIMITED

Lemvest Limited announces that it has today signed a Heads of Agreement with Locker Group Pty. Ltd., a subsidiary of Locker Holdings Limited of the U.K., under which it has agreed to negotiate exclusively with Locker for a period of 3 months with the intention of Locker acquiring the entire issued share capital of Richardson Pacific Limited. The proposed sale includes Screenex Australia and all Richardson Pacific's offshore subsidiaries, but excludes the small Metal Systems division. The Heads of Agreement are non-binding except with respect to exclusivity and confidentiality.

The proposed sale is subject to a number of conditions including:-

- ACCC approval. The ACCC submission has already been lodged;
- FIRB approval (if required);
- Due diligence by Locker; and
- Signing an acceptable sale and purchase agreement

If the sale proceeds, the purchase price payable by Locker will be the aggregate of:

- A$22 million in cash on completion, subject to the net assets acquired (which exclude interest bearing debt and cash) not being less than A$14.8 million. Otherwise, the purchase price is to be reduced by the extent of the shortfall, plus

- An amount of up to A$4 million (which could be an increase or decrease to the purchase price) based on the performance of Screenex Australia for the 6 months to 31 December 2002.

It is estimated that the proposed sale will result in a profit of approximately $5 million plus any "earn out" entitlement. This result will utilise most of the tax losses in the Lemvest group. It would also give Lemvest Limited approximately $18 million in cash to pursue new growth opportunities.

Assuming approvals are forthcoming and the Locker due diligence is satisfactory, agreements should be finalised by late November 2002 with completion expected to occur in January 2003.

Richardson Pacific's perforating operations are in a mature industry with limited growth prospects and Directors believe the proposed merger with Locker will allow the new combined organisation to compete more successfully with imports and thus provide better long term prospects for employees and shareholders alike.

E.B. NOXON
Chairman
29 October 2002

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