

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions commencing on page 5 apply throughout this Circular including this front cover.

If you are in any doubt as to what action you should take arising from this Circular, please consult your Broker, CSDP, banker, attorney, accountant or other professional adviser immediately.

Actions required

- 1 If you have disposed of all of your Seardel Shares, this Circular should be handed to the purchaser of such Seardel Shares or to the Broker, CSDP, banker, attorney or other agent through whom the disposal was effected.
- 2 Seardel Shareholders are referred to page 1 of this Circular, which sets out the actions required by them.



SEARDEL

INVESTMENT CORPORATION LIMITED

(Incorporated in the Republic of South Africa)

Registration number: 1968/011249/06

N Shares share code: SRN; Ordinary Shares share code: SER

ISIN: ZAE000030144; ISIN: ZAE000029815

CIRCULAR TO SEARDEL SHAREHOLDERS

regarding:

- the Proposed Transaction, (being the proposed disposal of SGT's Apparel Manufacturing Business to Sactwu for the Purchase Price) which is classified as a related party transaction in terms of the Listings Requirements; and
- the General Meeting;

and incorporating:

- a notice convening the General Meeting; and
- a form of proxy to vote at the General Meeting (for use only by Certificated Seardel Shareholders and Own Name Dematerialised Seardel Shareholders).

Investment bank

*Out of the Ordinary**



Corporate law adviser

T A B A C K S

Independent expert



Sponsor

*Out of the Ordinary**



Reporting accountants



Date of issue: 18 December 2013

This Circular is available in English only and copies hereof may be obtained from the registered offices of Seardel at the registered address set out in the "Corporate information and advisers" section of this Circular, during normal business hours on Business Days during the period from 18 December 2013 to 21 January 2014, both days inclusive.

CORPORATE INFORMATION AND ADVISERS

Directors of Seardel

J A Copelyn* (Non-executive Chairperson)
S A Queen (Chief Executive Officer)
G D T Wege (Financial Director)
M H Ahmed** (Lead Independent Director)
D Duncan
T G Govender*
A M Ntuli
Y Shaik**
R D Watson**

* Non-executive

** Independent non-executive

Registered office

1 Moorsom Avenue
Cnr Bofors Circle and Moorsom Avenue
Epping Industria II
7460
(PO Box 524, Eppindust, 7475)

Date and place of incorporation

25 September 1968, South Africa

Company secretary

HCI Managerial Services Proprietary Limited
(Registration number 1996/017874/07)
Block B
Longkloof Studios
Darters Road
Gardens
8001
(PO Box 5251, Cape Town, 8000)

Reporting accountants and auditors

KPMG Inc.
(Registration number 1999/021543/21)
1 Mediterranean Street
Cape Town
8000
(Private Bag 9, Parkview, 2122)

Corporate law adviser

Taback and Associates Proprietary Limited
(Registration number 2000/010434/07)
13 Eton Road
Parktown
Johannesburg
2193
(PO Box 3334, Houghton, 2041)

Investment bank and sponsor

Investec Bank Limited
(Registration number 1969/004763/06)
100 Grayston Drive
Sandown
Sandton
2196
(PO Box 785700, Sandton, 2146)

Independent expert

BDO Corporate Finance Proprietary Limited
(Registration number 1983/002903/07)
22 Wellington Road
Parktown
2193
(Private Bag X60500, Houghton, 2041)

Transfer secretaries

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
70 Marshall Street
Johannesburg
2001
(PO Box 61051, Marshalltown, 2107)

ACTIONS REQUIRED BY SEARDEL SHAREHOLDERS

This Circular is important and requires your immediate attention.

Please take careful note of the following provisions regarding the action required by Seardel Shareholders. If you are in any doubt as to what actions to take, please consult your Broker, CSDP, banker, attorney, accountant or other professional adviser immediately.

If you have disposed of all of your Seardel Shares, this Circular should be handed to the purchaser of such shares or to the Broker, CSDP, banker, attorney or other agent through whom the disposal was effected.

The General Meeting will be held at 10:00 on Tuesday, 21 January 2014 in the boardroom at Seardel's offices, 1 Moorsom Avenue, Epping Industria II, Cape Town, 7460 for purposes of considering and, if deemed fit, passing the ordinary resolutions required to authorise the implementation of the Proposed Transaction. The notice convening the General Meeting is attached to and forms part of this Circular.

1 DEMATERIALISED SEARDEL SHAREHOLDERS WHO ARE NOT OWN NAME DEMATERIALISED SEARDEL SHAREHOLDERS

1.1 Voting at the General Meeting

- 1.1.1 Your Broker or CSDP should contact you to ascertain how you wish to cast your vote at the General Meeting and should thereafter cast your vote in accordance with your instructions.
- 1.1.2 If you have not been contacted by your Broker or CSDP, it is advisable for you to contact your Broker or CSDP and furnish it with your voting instructions.
- 1.1.3 If your Broker or CSDP does not obtain voting instructions from you, it will be obliged to vote in accordance with the instructions contained in the custody agreement concluded between you and your Broker or CSDP.
- 1.1.4 You must **not** complete the attached form of proxy.

1.2 Attendance and representation at the General Meeting

In accordance with the mandate between you and your Broker or CSDP, you must advise your Broker or CSDP if you wish to attend the General Meeting and, if so, your Broker or CSDP will issue the necessary letter of representation to you to attend and vote at the General Meeting.

2 CERTIFICATED SEARDEL SHAREHOLDERS AND DEMATERIALISED SEARDEL SHAREHOLDERS WHO ARE OWN NAME DEMATERIALISED SEARDEL SHAREHOLDERS

Voting and attendance at the General Meeting

- 2.1 You may attend the General Meeting in person and may vote at the General Meeting.
- 2.2 Alternatively, you may appoint a proxy to represent you at the General Meeting by completing the form of proxy attached in accordance with the instructions contained therein and returning it to the Transfer Secretaries, to be received by them, for administrative purposes, in the case of the General Meeting, by no later than 10:00 on Friday, 17 January 2014 (or to the Company by hand by no later than 10:00 on Tuesday, 21 January 2014).

3 GENERAL

3.1 Approvals necessary for the implementation of the Proposed Transaction at the General Meeting

The implementation of the Proposed Transactions is subject, *inter alia*, to the approval by means of ordinary resolutions to be passed by Seardel Shareholders at the General Meeting in accordance with the Listings Requirements, the Companies Act and Seardel's MOI. In order to be approved, each ordinary resolution must be adopted with the support of more than 50% of the voting rights exercised on such resolution at the General Meeting.

3.2 Electronic participation in the General Meeting

Seardel Shareholders wishing to participate electronically in the General Meeting are required to deliver, by no later than 10:00 on Friday, 17 January 2014, a written notice to Seardel at Seardel's offices, 1 Moorsom Avenue, Epping Industria II, Cape Town, 7460 (marked for the attention of Seardel Investment Corporation Limited, Seardel Group Company Secretary) that they wish to participate via electronic communication at the General Meeting.

In order for the above-mentioned notice to be valid it must contain: (a) if the Seardel Shareholder is an individual, a certified copy of his/her identity document and/or passport; (b) if the Seardel Shareholder is not an individual, a certified copy of a resolution or letter of representation by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution or signed the relevant letter of representation. The letter of representation or resolution must set out who from the relevant entity is authorised to represent the entity at the General Meeting via electronic communication; (c) a valid e-mail address and/or facsimile number; and (d) confirmation of whether the Seardel Shareholder wishes to vote via electronic communication. Seardel shall use its reasonable endeavours to notify Seardel Shareholders wishing to participate in the General Meeting by way of electronic communication of the relevant details through which the shareholder can participate via electronic communication by no later than 24 hours before the General Meeting.

Should a Seardel Shareholder wish to participate in the General Meeting by way of electronic communication as mentioned above, such shareholder or his proxy will be required to dial in to the dial-in facility on the date of the General Meeting. The dial-in facility will be linked to the venue at which the General Meeting will take place on the date of, from the time of commencement of, and for the duration of the General Meeting, respectively. The dial-in facility will enable all persons to participate electronically in the General Meeting in this manner (and as contemplated in section 63(2) of the Companies Act) and to communicate concurrently with one another without an intermediary, and to participate reasonably effectively in the General Meeting. The costs borne by you or your proxy in relation to the dial-in facility will be for your own account.

3.3 Dematerialisation

If a Seardel Shareholder wishes to Dematerialise his Seardel Shares, he should contact his Broker or CSDP.

TABLE OF CONTENTS

	Page
Corporate information and advisers	Inside front cover
Actions required by Seardel Shareholders	1
Important Dates and Times	4
Definitions	5
Circular to Seardel Shareholders	8
1 Introduction	8
2 Nature of the Apparel Manufacturing Business	8
3 Rationale for the Proposed Transaction	8
4 Terms of the Proposed Transaction	8
5 Implementation date	9
6 Loan by SGT	9
7 Conditions precedent to the Proposed Transaction	9
8 Financial effects	9
9 Opinions and recommendations	11
10 Material changes	11
11 Material contracts	11
12 Directors' information	12
13 Major beneficial Seardel Shareholders	13
14 Litigation statement	13
15 Costs	14
16 Consents	14
17 Directors' responsibility statement	14
18 Documents available for inspection	14
Annexure I: <i>Pro forma</i> financial effects of the Proposed Transaction	
Annexure II: Independent Reporting Accountant's reasonable assurance report on the <i>pro forma</i> financial information of Seardel	
Annexure III: Fairness opinion required in terms of the Listings Requirements	
Notice of General Meeting	
Form of Proxy – General Meeting (<i>blue</i>)	

IMPORTANT DATES AND TIMES

2013

Notice record date, being the date on which a Seardel Shareholder must be registered in the Register in order to be eligible to receive the notice convening the General Meeting, on	Friday, 6 December
Circular posted to Seardel Shareholders and notice convening the General Meeting released on SENS on	Wednesday, 18 December
Notice convening the General Meeting published in the South African press on	Thursday, 19 December

2014

Last day to trade Seardel Shares in order to be recorded in the Register to vote at the General Meeting (see note 2 below) on	Friday, 3 January
Record date for the General Meeting, being the date on which Seardel Shareholders must be registered in the Register in order to be eligible to attend and participate in the General Meeting and to vote thereat, by close of trade on	Friday, 10 January
Form of proxy (blue) in respect of the General Meeting to be lodged with the Transfer Secretaries, for administrative purposes, by 10:00, on (or may thereafter be lodged by hand with the Company prior to 10:00 on Tuesday, 21 January 2014)	Friday, 17 January
General Meeting to be held at 10:00 on	Tuesday, 21 January
Results of the General Meeting released on SENS on	Tuesday, 21 January

Notes:

- 1 The above dates and times are subject to amendment at the discretion of Seardel. Any such amendment will be released on SENS and published in the South African press.*
- 2 Seardel Shareholders should note that as transactions in Seardel Shares are settled in the electronic settlement system used by Strate, settlement of trades takes place five Business Days after such trade. Therefore, Seardel Shareholders who acquire Seardel Shares after close of trade on Friday, 3 January 2014 will not be eligible to attend, participate in and to vote at the General Meeting.*
- 3 All dates and times indicated above are South African Standard Times.*

DEFINITIONS

In this Circular and the annexures attached hereto, unless otherwise stated or clearly indicated by the context, the words in the first column have the meanings stated opposite them in the second column, words in the singular include the plural and *vice versa*, words importing one gender include the other gender and references to a person include references to a body corporate and *vice versa*:

“Apparel Manufacturing Business”	Seardel Group’s apparel manufacturing business, excluding the Lesotho operation;
“Board”	the board of directors of Seardel whose names appear in the “Corporate information and advisers” section of this Circular;
“Broker”	any person registered as a “broking member (equities)” in accordance with the provisions of the Financial Markets Act;
“Business Day”	a day other than a Saturday, Sunday or official public holiday in South Africa;
“Certificated Seardel Shares”	Seardel Shares represented by a share certificate or other physical document of title, which have not been surrendered for Dematerialisation in terms of the requirements of Strate;
“Circular”	this Circular to Seardel Shareholders, dated Wednesday, 18 December 2013, including the annexures hereto, the notice of General Meeting and the form of proxy;
“Companies Act”	the Companies Act, 2008 (Act No. 71 of 2008), as amended;
“CSDP”	a person that holds in custody and administers securities or an interest in securities and that has been accepted by a central securities depository as a participant in terms of section 31 of the Financial Markets Act;
“Dematerialisation”	the process by which securities held in certificated form are converted to or held in electronic form as uncertificated securities and recorded as such in a sub-register of securities holders maintained by a CSDP and “Dematerialised” shall bear the corresponding meaning;
“Dematerialised Seardel Shareholders”	those Seardel Shareholders who hold Dematerialised Seardel Shares;
“Dematerialised Seardel Shares”	Seardel Shares which have been Dematerialised;
“Directors”	directors, for the time being, of Seardel;
“Documents of Title”	in respect of Certificated Seardel Shares, share certificates, certified transfer deeds, balance receipts and/or any other form of documents of title acceptable to Seardel in respect of Seardel Shares;
“Financial Markets Act”	the Financial Markets Act, 2012 (Act No. 19 of 2012);
“General Meeting”	the general meeting of Seardel Shareholders to be held in the boardroom at Seardel’s offices, 1 Moorsom Avenue, Epping Industria II, Cape Town, 7460 on Tuesday, 21 January 2014 at 10:00 for the purpose of considering and, if thought fit, passing the ordinary resolutions set out in the notice of General Meeting forming part of this Circular;
“HCI”	Hosken Consolidated Investments Limited (registration number 1973/007111/06), a public company duly registered and incorporated in accordance with the company laws of South Africa, the issued ordinary share capital of which is listed on the JSE;
“Implementation Date”	the date of implementation of the Proposed Transaction which is expected to be on or before 15 April 2014;
“Implementation Date Accounts”	the unaudited management accounts of the Apparel Manufacturing Business to be prepared as at the Implementation Date;
“Income Tax Act”	the Income Tax Act, 1962 (Act No. 58 of 1962), as amended;
“Independent Expert”	BDO Corporate Finance Proprietary Limited (registration number 1983/002903/07), a private company duly registered and incorporated in accordance with the company laws of South Africa;

“Independent Reporting Accountant”	KPMG Inc. (registration number 1999/021543/21), a private company duly registered and incorporated in accordance with the company laws of South Africa;
“Initial Payment”	an amount of R77 100 000 (exclusive of value added tax) to be paid by the Purchaser on the Implementation Date to SGT on account of the Purchase Price;
“JSE”	JSE Limited (registration number 2005/022939/06), a public company duly registered and incorporated in accordance with the company laws of South Africa, and licensed to operate an exchange under the Financial Markets Act;
“Last Practicable Date”	the last practicable date prior to the finalisation of this Circular, being Monday, 9 December 2013;
“Listings Requirements”	the Listings Requirements of the JSE, as amended from time to time;
“MOI”	the memorandum of incorporation of Seardel;
“N Shareholders”	registered holders of N Shares as appearing on the main and sub-registers of Seardel;
“N Shares”	N ordinary shares having no par value in the issued stated capital of Seardel, all of which shares are listed on the JSE, being 411 233 077 shares, of which 6 123 306 are held as treasury shares, at the Last Practicable Date. When voting on a poll, each N ordinary share entitles the holder thereof to one vote at Seardel general meetings;
“Ordinary Shareholders”	registered holders of Ordinary Shares as appearing on the main and sub-registers of Seardel;
“Ordinary Shares”	ordinary shares having no par value in the issued stated capital of Seardel, all of which shares are listed on the JSE, being 645 520 310, of which 14 704 938 are held as treasury shares, at the Last Practicable Date. When voting on a poll, each ordinary share entitles the holder thereof to 100 votes at Seardel general meetings;
“Own Name Dematerialised Seardel Shareholders”	those Seardel Shareholders that hold Dematerialised Seardel Shares in their own name, forming part of the Register;
“Proposed Transaction”	the disposal of the Apparel Manufacturing Business to the Purchaser for the Purchase Price;
“Purchase Price”	the consideration payable by Sactwu (or its assignee) for the Apparel Manufacturing Business which is an amount equal to: <ul style="list-style-type: none"> • the aggregate of the book values of the plant, equipment, furniture, vehicles and intangible assets (expected to be R51,1 million) and inventory (expected to be R131,0 million) as reflected in the Implementation Date Accounts; plus • an amount equal to the losses incurred by the Apparel Manufacturing Business from 1 October 2013 and terminating on the Implementation Date as reflected in the Implementation Date Accounts; plus • an amount equal to all retrenchment costs incurred by SGT in retrenching employees as reflected in the Implementation Date Accounts; less • an amount of R105 million;
“Purchaser”	the purchaser of the Apparel Manufacturing Business in terms of the Proposed Transaction, being Sactwu or its assignee;
“Rand” or “R”	South African Rand, the official currency of South Africa;
“Register”	the securities register of Seardel Shareholders maintained by Seardel in terms of the Companies Act, including the register of Certificated Seardel Shareholders and the sub-registers of Dematerialised Seardel Shareholders maintained by the relevant CSDPs in accordance with the Companies Act;
“Sabido”	Sabido Investments Proprietary Limited (registration number 1999/011709/07), a private company duly registered and incorporated in accordance with the company laws of South Africa, and a subsidiary of Sabido Holdco;
“Sabido Holdco”	HCI Invest 3 Holdco Proprietary Limited (registration number 2012/125138/07), a private company duly registered and incorporated in accordance with the company laws of South Africa and a Subsidiary of Seardel;
“Sactwu”	the Southern African Clothing and Textile Workers Union;

“Seardel” or “the Company”	Seardel Investment Corporation Limited (registration number 1968/011249/06), a public company duly registered and incorporated in accordance with the company laws of South Africa, whose Ordinary Shares and N Shares are listed on the JSE;
“Seardel Group”	Seardel and its subsidiaries (as defined in the Listings Requirements);
“Seardel Shares”	together, the Ordinary Shares and the N Shares;
“Seardel Shareholders”	the registered holders of Seardel Shares as appearing on the main and sub-registers of Seardel;
“SENS”	the Securities Exchange News Service of the JSE;
“SGT”	Seardel Group Trading Proprietary Limited (registration number 1968/009480/07), a private company duly registered and incorporated in accordance with the company laws of South Africa, and a wholly-owned Subsidiary of Seardel;
“South Africa”	the Republic of South Africa;
“Strate”	Strate Limited (registration number 1998/022242/06), a public company duly registered and incorporated in accordance with the company laws of South Africa, and a registered central securities depository responsible for the electronic custody and settlement system for transactions that take place on the JSE and off-market trades;
“Subsidiary”	a subsidiary as defined in the Companies Act;
“Transaction Agreement”	the agreement, dated 13 December 2013, entered into amongst Sactwu, Seardel and SGT in terms of which Sactwu (or its assignee) will acquire the Apparel Manufacturing Business as a going concern from SGT; and
“Transfer Secretaries”	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company duly registered and incorporated in accordance with the company laws of South Africa.



SEARDEL

INVESTMENT CORPORATION LIMITED

(Incorporated in the Republic of South Africa)

Registration number: 1968/011249/06

N Shares share code: SRN; Ordinary Shares share code: SER

ISIN: ZAE000030144; ISIN: ZAE000029815

Directors

J A Copelyn* (Non-executive Chairperson)

S A Queen (Chief Executive Officer)

G D T Wege (Financial Director)

M H Ahmed** (Lead Independent Director)

D Duncan

T G Govender*

A M Ntuli

Y Shaik**

R D Watson**

* Non-executive

** Independent non-executive

CIRCULAR TO SEARDEL SHAREHOLDERS

1 INTRODUCTION

SearDel and Sactwu have entered into the Transaction Agreement in terms of which the Purchaser (being Sactwu or its assignee) will acquire the Apparel Manufacturing Business as a going concern from SGT.

The purpose of this Circular is to provide SearDel Shareholders with the relevant information relating to the Proposed Transaction, and to give notice convening the General Meeting in order to consider and, if deemed fit, pass the ordinary resolutions necessary to approve and implement the Proposed Transaction.

2 NATURE OF THE APPAREL MANUFACTURING BUSINESS

The Apparel Manufacturing Business carries on the business of manufacturing, marketing and selling apparel under various brand names, including Bibette, Bonwitt, Dermar, Little Number and Prestige, within SGT's apparel manufacturing division.

3 RATIONALE FOR THE PROPOSED TRANSACTION

The Apparel Manufacturing Business has over the years been ravaged by the flood of cheap imports that have entered the market. To combat this the business has undertaken a number of restructuring initiatives to significantly reduce costs, improve trading margins and increase efficiencies. Despite these efforts, the business has continued to make losses.

The Directors have resolved to exit the SearDel Group's apparel manufacturing businesses through the closure of its Western Cape and KwaZulu-Natal operations. Further to the notification of the proposed closures, and in an effort to protect local manufacturing capacity and the loss of over 2 000 jobs, SGT has entered into an agreement with the Purchaser for the disposal of the Apparel Manufacturing Business on the terms set out below.

4 TERMS OF THE PROPOSED TRANSACTION

4.1 In terms of the Proposed Transaction, SGT will dispose of the Apparel Manufacturing Business to the Purchaser as a going concern upon the fulfilment or waiver of the conditions precedent under paragraph 7 of this Circular.

- 4.2 The Purchase Price payable for the Apparel Manufacturing Business is an amount equal to:
- 4.2.1 the aggregate of the book values of the plant, equipment, furniture, vehicles and intangible assets (expected to be R51,1 million) and inventory (expected to be R131,0 million) as reflected in the Implementation Date Accounts; plus
 - 4.2.2 an amount equal to the losses incurred by the Apparel Manufacturing Business from 1 October 2013 and terminating on the Implementation Date as reflected in the Implementation Date Accounts; plus
 - 4.2.3 an amount equal to all retrenchment costs incurred by SGT in retrenching employees as reflected in the Implementation Date Accounts; less
 - 4.2.4 an amount of R105 million.
- 4.3 The Purchaser will, on the Implementation Date, pay an amount of R77,1 million (exclusive of value added tax) to SGT on account of the Purchase Price.

5 IMPLEMENTATION DATE

- 5.1 It is anticipated that the Proposed Transaction will be implemented on or before 15 April 2014.

6 LOAN BY SGT

- 6.1 SGT will, on the Implementation Date, lend and advance to Sactwu an amount equal to the amount of R77,1 million on the basis that Sactwu will, on the Implementation Date, apply the proceeds of the loan in discharging the Initial Payment.
- 6.2 The loan will bear interest at the prime rate from the Implementation Date to the date of settlement.
- 6.3 The loan will be repaid by Sactwu out of any cash payments or distributions received by Sactwu from Seardel and HCI (whether by way of dividend, repurchase of shares, interest, capital repayments or otherwise). As security for its obligation to repay the loan, Sactwu will cede and assign its rights to receive such payments and distributions, to SGT and will mandate both Seardel and HCI to make all such payments and distributions to SGT until the loan, together with the interest accrued thereon, has been repaid in full.
- 6.4 Once the Purchase Price has been determined in terms of the Implementation Date Accounts, the amount of the loan will be adjusted for any further payments or refunds to be made in respect of the Purchase Price.
- 6.5 The proceeds from the repayment of the loan by SGT will be utilised to reduce Seardel's gearing.

7 CONDITIONS PRECEDENT TO THE PROPOSED TRANSACTION

- 7.1 The Proposed Transaction is subject to the fulfilment or waiver of the following conditions precedent:
- 7.1.1 the obtaining of the consents of the bankers of Seardel to the Proposed Transaction;
 - 7.1.2 the obtaining of such regulatory approvals as may be required;
 - 7.1.3 the obtaining of any shareholder approvals required; and
 - 7.1.4 such other conditions as may be specified by the parties to the Transaction Agreement.
- 7.2 As the Proposed Transaction is a disposal to a related party of Seardel, in relation to the condition precedent set out in paragraph 7.1.3, Sactwu and its associates, as defined in the Listings Requirements, will be precluded from voting on the resolutions to be considered at the General Meeting. The votes of Sactwu and its associates will, however, be taken into account in determining whether a quorum of Seardel Shareholders is present at the General Meeting.

8 FINANCIAL EFFECTS

The table below sets out the *pro forma* financial effects of the Proposed Transaction on the earnings, diluted earnings, headline earnings and diluted headline earnings per Seardel Share for the interim period ended 30 September 2013 and the net asset value and tangible net asset value per Seardel Share at that date.

The *pro forma* financial effects have been prepared in accordance with the Listings Requirements, the Guide on *Pro Forma* Financial Information issued by the South African Institute of Chartered Accountants ("SAICA"), ISAE 3420 and the measurement and recognition requirements of the International Financial Reporting Standards ("IFRS"). The accounting policies used to prepare the *pro forma* financial effects are consistent with those applied in the preparation of the financial results for the interim period ended 30 September 2013.

The *pro forma* financial effects have been prepared for illustrative purposes only, in order to provide information on how the Proposed Transaction may have affected the financial results and position of Seardel and, because of their nature, may not fairly present the Company's financial position, changes in equity, results of operations or cash flows. The *pro forma* financial effects are the responsibility of the Directors of Seardel.

The financial results of the Apparel Manufacturing Business have been reviewed by the Company's auditors, and an unmodified review opinion has been expressed on the financial results of the Apparel Manufacturing Business for the six months ended 30 September 2013. The Company's auditor's unmodified review report is available for inspection as set out in paragraph 18.

The independent reporting accountant's reasonable assurance report on the *pro forma* financial information appears in Annexure II to this Circular.

Per Seardel Share	Before the Proposed Transaction	Pro forma adjustments³	After the Proposed Transaction	% Change	Notes
	(cents) ¹		(cents) ²		
Earnings	4,1	(8,2)	(4,1)	(200,0)	4
Diluted earnings	3,8	(7,7)	(3,9)	(202,6)	4
Headline earnings	4,1	7,2	11,3	175,6	4
Diluted headline earnings	3,8	6,7	10,5	176,3	4
Net asset value	217,1	(15,4)	201,7	(7,1)	5
Tangible net asset value	212,6	(14,5)	198,1	(6,8)	5
Weighted average number of Seardel Shares in issue ('000)	683 354	–	683 354	–	
Diluted weighted average number of Seardel Shares in issue ('000)	730 820	–	730 820	–	
Number of Seardel Shares in issue ('000)	685 925	–	685 925	–	

Notes to the *pro forma* financial effects

- 1 The *Before the Proposed Transaction* column reflects the earnings, diluted earnings, headline earnings, diluted headline earnings, net asset value and the tangible net asset value per Seardel Share based on the published unaudited consolidated financial statements of Seardel for the interim period ended 30 September 2013. This column excludes the effects of the acquisition by Seardel of a 70% equity interest in Sabido Holdco from HCI and a further acquisition by Seardel of 30% equity interest in Sabido Holdco from Sactwu, the details of which are disclosed in the circulars to Seardel Shareholders dated 10 July 2013 and 5 November 2013 respectively.
- 2 The *After the Proposed Transaction* column is based on the published unaudited consolidated financial statements of Seardel for the interim period ended 30 September 2013 after taking into account the Proposed Transaction.
- 3 The *pro forma adjustments* are based on the reviewed management accounts of the Apparel Manufacturing Business for the interim period ended 30 September 2013. The results, excluding the line items relating to the disposal of the Apparel Manufacturing Business, will be of a continuing nature.
- 4 The effects on earnings, diluted earnings, headline earnings and diluted headline earnings per Seardel Share are based on the assumption that the Proposed Transaction was effective 1 April 2013 and after adjusting for the following:
 - 4.1 the costs relating to the Proposed Transaction of R623 412 as disclosed in paragraph 15, which are once-off in nature;
 - 4.2 interest received of R3 277 000 on the loan granted by SGT to Sactwu based on an interest rate of prime (8,5%), which is expected to have a continuing effect until the loan is repaid. It is assumed that there is no tax payable on the interest received as SGT will off-set the tax payable against its existing assessed losses; and
 - 4.3 a loss on disposal of R105 million as set out in paragraph 4.2.4, being the amount below net asset value for which the Apparel Manufacturing Business is being disposed. This adjustment is once-off in nature and is excluded from headline earnings and diluted headline earnings per Seardel Share.
- 5 The *pro forma adjustments* column reflects the effects of the Proposed Transaction on net asset value and tangible net asset value per Seardel Share and are based on the following assumptions:

- 5.1 the purchase consideration is financed through a loan from SGT;
 - 5.2 an increase in long-term receivables reflecting the loan owing to SGT by Sactwu of R77,1 million;
 - 5.3 the costs relating to the Proposed Transaction of R623 412, as disclosed in paragraph 15, which are once-off in nature; and
 - 5.4 a reduction of the reserves by the costs referred to in note 5.3 above and the loss on disposal of R105 million, being the amount below net asset value for which the Apparel Manufacturing Business is being disposed.
- 6 The independent reporting accountant's reasonable assurance report on the *pro forma* financial information is included in Annexure II to this Circular.

9 OPINIONS AND RECOMMENDATIONS

- 9.1 In terms of the Listings Requirements, the Proposed Transaction is a category 2 transaction. In addition, Sactwu is a related party of Seardel as defined in the Listings Requirements as a result of its shareholding in HCI, Seardel's holding company. The Proposed Transaction, therefore, constitutes a related party transaction for the purposes of the Listings Requirements. Accordingly, Seardel Shareholders are required to approve the Proposed Transaction by means of an ordinary resolution to be passed by Seardel Shareholders other than Sactwu and its associates. In addition, a fairness opinion relating to the fairness of the terms and conditions of the Proposed Transaction is required in terms of the Listings Requirements.
- 9.2 The Directors have appointed the Independent Expert to provide the fairness opinion on the Proposed Transaction, which is contained in Annexure III to this Circular.
- 9.3 The Independent Expert has advised that it has considered the terms and conditions of the Proposed Transaction, and at the Last Practicable Date its opinion and advice to the Board is that the terms and conditions of the Proposed Transaction are fair to Seardel Shareholders.
- 9.4 The Board has considered the terms and conditions of the Proposed Transaction and, taking into account the fairness opinion by the Independent Expert, is of the opinion that the terms and conditions thereof are fair and reasonable to Seardel Shareholders. Accordingly, the Board recommends to Seardel Shareholders that they vote in favour of the resolutions to be considered at the General Meeting. The Directors who hold Seardel Shares intend to vote in favour of the resolutions at the General Meeting in respect of the Seardel Shares held by them.

10 MATERIAL CHANGES

- 10.1 Other than the acquisition of a 70% equity interest in Sabido Holdco for R560 million from HCI, and the acquisition of a further 30% equity interest in Sabido Holdco for R240 million from Sactwu, details which are set out in the circulars to Seardel Shareholders dated 10 July 2013 and 5 November 2013, respectively, and the Proposed Transaction, which is the subject of this Circular, there are no material changes to the financial or trading position of the Seardel Group since the publication of Seardel's unaudited results for the interim period ended 30 September 2013.
- 10.1.1 The acquisition of the 70% equity interest in Sabido Holdco from HCI was approved by Seardel Shareholders at the general meeting held on 8 August 2013 and implemented on 3 October 2013.
- 10.1.2 The acquisition of the 30% equity interest in Sabido Holdco from Sactwu was approved by Seardel Shareholders at the general meeting held on 4 December 2013. The outstanding conditions in relation to the aforementioned acquisition is the listing of the N Shares to be issued to Sactwu as consideration in terms of the acquisition of the 30% equity interest in Sabido Holdco and the registration of the special resolutions by the CIPC.

The circulars referred to in 10.1 above are available on the Company's website, www.seardel.co.za.

11 MATERIAL CONTRACTS

There are no material contracts entered into otherwise than in the ordinary course of business, within the two years prior to the date of this Circular or entered into at any time and containing an obligation or settlement that is material to Seardel Shareholders, other than the acquisition by Seardel of a 70% equity interest in Sabido Holdco from HCI and a further acquisition by Seardel of a 30% equity interest in Sabido Holdco from Sactwu, the details of which are disclosed in the circulars to Seardel Shareholders dated 10 July 2013 and 5 November 2013, respectively, and the Transaction Agreement.

12 DIRECTORS' INFORMATION

12.1 Directors' interests

12.1.1 The Directors' interests in Seardel Shares, as at 30 September 2013, were as follows:

Director	Direct Ordinary Shares	Indirect Ordinary Shares	Indirect N Shares	Total Seardel Shares	Percentage of Seardel Shares (%)	Percentage of voting rights (%)
Executive directors						
S A Queen	–	2 389 582	6 486	2 396 068	0,34	0,37
G D T Wege	1 123 750	–	–	1 125 750	0,16	0,17
A M Ntuli	–	1 220	28	1 248	0,00	0,00
D Duncan	1 136 625	–	–	1 136 625	0,16	0,18
Total	2 240 375	2 390 802	6 514	4 657 691	0,66	0,72
Non-executive directors						
Y Shaik	–	72 391	1 645	74 036	0,01	0,01
T G Govender	–	730 443	16 594	747 037	0,11	0,11
J A Copelyn	–	22 490 075	510 938	23 001 013	3,25	3,48
Total	–	23 292 909	529 177	23 822 086	3,37	3,60

12.1.2 The Directors' interests in Seardel Shares, as at the Last Practicable Date and following the implementation of the Proposed Transaction, are as follows:

Director	Direct Ordinary Shares	Indirect Ordinary Shares	Indirect N Shares	Total Seardel Shares	Percentage of Seardel Shares (%)	Percentage of voting rights (%)
Executive directors						
S A Queen	–	2 389 582	6 486	2 396 068	0,23	0,37
G D T Wege	1 123 750	–	–	1 123 750	0,11	0,17
A M Ntuli	–	1 220	28	1 248	0,00	0,00
D Duncan	1 136 625	–	–	1 136 625	0,11	0,18
Total	2 260 375	2 390 802	6 514	4 657 691	0,45	0,72
Non-executive directors						
Y Shaik	–	72 391	1 645	74 036	0,01	0,01
T G Govender	–	730 443	16 594	747 037	0,06	0,11
J A Copelyn	–	22 490 075	510 938	23 001 013	1,94	3,46
Total	–	23 292 909	529 177	23 822 086	2,01	3,58

Mr Neil Lazarus resigned as a Director of Seardel on 19 August 2013. No other Directors of Seardel have resigned in the past 18 months prior to the date of this Circular.

12.2 Directors' interests in transactions

None of the Directors had any interest, direct or indirect, in any transaction effected by Seardel during the current or immediately preceding financial year or in an earlier year and which remains in any respect outstanding or unperformed.

13 MAJOR BENEFICIAL SEARDEL SHAREHOLDERS

13.1 In so far as is known to the Directors, the Seardel Shareholders (other than Directors) that, directly or indirectly, are beneficially interested in 5% or more of the issued Seardel Shares, together with the amount of each such Seardel Shareholder's interest as at the Last Practicable Date are as follows:

Shareholder	Direct number of Ordinary Shares	Indirect number of Ordinary Shares	Direct number of N Shares	Indirect number of N Shares	Percentage of Seardel Shares (%)	Percentage of voting rights (%)
HCI	510 534 821	–	361 580 352	–	82,5	79,1
Sactwu	–	–	17 659 320	–	1,7	0,03
36One	32 042 000	–	10 070 030	–	3,99	4,95
Ceejay Trust	32 778 542	–	5 536 334	–	3,63	5,05

13.2 As at the Last Practicable Date, HCI is the controlling shareholder of Seardel. There will be no change in the controlling shareholder as a result of the Proposed Transaction. Seardel is a subsidiary of HCI. HCI became the controlling shareholder of Seardel following the rights offer undertaken by Seardel which was announced on 25 June 2008.

14 LITIGATION STATEMENT

There are no legal or arbitration proceedings which may have, or have had in the past 12 months, a material effect on the financial position of Seardel or its Subsidiaries, Sabido Holdco or Sabido, other than as set out below. Seardel and its Subsidiaries, Sabido Holdco and Sabido, are not aware of any other such proceedings that are pending or threatened.

14.1 Litigation against former directors and officers of Seardel and entities controlled by those persons

14.1.1 In March 2012 the Seardel Group settled various litigation proceedings and claims against former directors and officers of Seardel and entities controlled by those persons.

14.1.2 In terms of the settlement, the Seardel Group was to obtain the following assets:

14.1.2.1 Loan claims totalling R98,6 million being ceded to SGT.

14.1.2.2 The following properties being transferred to SGT:

- Erf 32504, Cape Town, 36 Gunner's Circle, Epping Industria I;
- Erven 62852, 63187, 62835 and 62836, Cape Town, situate at 20, 22/24, 26 and 29 Induland Crescent, Lansdowne; and
- remaining extent of Erf 27412, Observatory, situate at corner Main Road and Browning Road, Observatory, Cape Town.

14.1.2.3 The trustees, for the time being, of The A Searll Descendants Trust and Grawood Investments Proprietary Limited, transferring to SGT the following Ordinary Shares and N Shares held in Seardel at their closing value on 9 February 2012 being 81 cents per Ordinary Share and 76 cents per N Share:

- 14 513 649 Ordinary Shares in the issued share capital of Seardel;
- 11 885 606 N Shares in the issued share capital of Seardel;
- The total income derived from the transfer of the Ordinary Shares and the N Shares amounts to R20,8 million.

14.1.2.4 A cash payment of R10 million to SGT.

14.1.3 The aggregate consideration attributable to the settlement was approximately R247,0 million.

14.2 Litigation regarding Erf 27412, Observatory, situate at corner Main Road and Browning Road, Observatory, Cape Town

14.2.1 The settlement referred to in paragraph 14.1 involved the transfer to SGT of Erf 27412, Observatory, situate at corner Main Road and Browning Road, Observatory, Cape Town.

14.2.2 The transfer of the property was the subject of separate litigation by and against unrelated third parties. Judgment was delivered in the Company's favour in relation to the separate litigation and the subsequent application of the third party for leave to appeal was ultimately dismissed by the Supreme Court of Appeal.

14.2.3 As a result the Company has taken the necessary steps to effect transfer of the property. The estimated market value of the property is R38,7 million with a total lettable area of approximately 15 252 m².

15 COSTS

The expenses (exclusive of value added tax) that are estimated to be incurred by Seardel pursuant to the Proposed Transaction are set out in the table below:

Description	Estimated amount (Rand)
Investment bank and sponsor – Investec Bank	350 000
Legal and other advisory fees – Taback and Associates Proprietary Limited	75 000
Printing and related costs	15 000
Independent report – the Independent Expert	100 000
Independent reporting accountant's fees – KPMG Inc.	70 000
JSE documentation fees	13 412
Total	623 412

16 CONSENTS

The corporate law adviser, Independent Expert, investment bank, Independent Reporting Accountant, sponsor and Transfer Secretaries have consented in writing to act in the capacities stated in this Circular and to their names being stated in this Circular, and have not withdrawn their consent prior to the publication of this Circular.

17 DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, collectively and individually, accept full responsibility for the accuracy of the information given in this Circular in relation to Seardel Group and certify that, to the best of their knowledge and belief, no material facts have been omitted which would make any statement in this Circular false or misleading, that all reasonable enquiries to ascertain such facts have been made and that this Circular contains all information required by law and the Listings Requirements.

18 DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection during normal business hours at the registered offices of Seardel, Investec Bank Limited and the Transfer Secretaries from 18 December 2013 to 21 January 2014:

- the consolidated audited financial statements of Seardel for the three financial years ended 31 March 2011, 31 March 2012 and 31 March 2013;
- the Independent Reporting Accountant's reasonable assurance report on the *pro forma* financial information of Seardel;
- the Company's auditors' review report on the management accounts of the Apparel Manufacturing Business for the interim period ended 30 September 2013;
- the fairness opinion of the Independent Expert in compliance with the Listings Requirements;
- the MOI and the Memoranda of Incorporation of Seardel's Subsidiaries;
- the material contracts referred to in paragraph 11;
- the consent letters referred to in paragraph 16;
- the Transaction Agreement; and
- this Circular.

By order of the Board

S A Queen
Chief Executive Officer

G D T Wege
Financial Director

Registered office
1 Moorsom Avenue
Epping Industria II
Cape Town
7460

PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED TRANSACTION

The *pro forma* financial effects are presented in accordance with the Listings Requirements, the Guide on *Pro Forma* Financial Information issued by SAICA, ISAE 3420 and the measurement and recognition requirements of IFRS. The accounting policies used to prepare the *pro forma* financial effects are consistent with those applied in the preparation of the financial statements for the interim period ended 30 September 2013.

The *pro forma* financial effects have been presented for illustrative purposes only, in order to provide information on how the Proposed Transaction may have affected the financial results and position of Searidel and, because of their nature, may not fairly present the Company's financial position, changes in equity and the results of operations or cash flows. The *pro forma* financial effects are the responsibility of the Directors of Searidel.

The financial results of the Apparel Manufacturing Business have been reviewed by the Company's auditors, and an unmodified review opinion has been expressed on the financial results of the Apparel Manufacturing Business for the six months ended 30 September 2013. The Company's auditors' unmodified review report is available for inspection as set out in paragraph 18.

The *pro forma* adjustments to the statement of financial position have been calculated on the assumption that the Proposed Transaction was implemented on 30 September 2013, being the last day of the financial interim period ending 30 September 2013. The *pro forma* adjustments to the statement of comprehensive income have been calculated on the assumption that the Proposed Transaction was implemented on 1 April 2013, being the first day of the financial interim period ending 30 September 2013.

The tables below set out the *pro forma* financial effects of the Proposed Transaction based on the published unaudited consolidated financial statements of Searidel for the interim period ended 30 September 2013:

Pro forma financial effects of the Proposed Transaction:

Statements of Comprehensive Income

	Note	Before the Proposed Transaction (R'000s) ¹	Apparel Manufacturing Business (R'000s) ³	Pro forma adjustments (R'000s) ⁴	After the Proposed Transaction (R'000s) ²
Revenue		1 362 157	(309 058)	-	1 053 099
Gross profit		313 208	(43 454)	-	269 754
Operating profit before impairments and restructuring and retrenchment costs	4.1, 4.3	65 944	29 831	(105 623)	(9 848)
Restructuring and retrenchment costs		(10 399)	9 470	-	(929)
Operating profit before finance costs		55 545	39 301	(105 623)	(10 777)
Finance income/costs	4.2	(27 986)	7 079	3 277	(17 630)
Profit before taxation		27 559	46 380	(102 346)	(28 407)
Income tax income	4.2	496	-	-	496
Profit for the year from continuing operations		28 055	46 380	(102 346)	(27 911)
Profit for the year from discontinued operations		-	-	-	-
Income for the year		28 055	46 380	(102 346)	(27 911)
Other comprehensive income/(loss):		-	-	-	-
Revaluation of land and buildings		-	-	-	-
Post-employment medical benefit – actuarial loss		-	-	-	-
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		28 055	46 380	(102 346)	(27 911)

	Note	Before the Proposed Transaction (R'000s) ¹	Apparel Manufacturing Business (R'000s) ³	Pro forma adjustments (R'000s) ⁴	After the Proposed Transaction (R'000s) ²
Income attributable to:					
Equity holders of the parent	4	28 055	46 380	(102 346)	(27 911)
Non-controlling interests		-	-	-	-
Income for the year		28 055	46 380	(102 346)	(27 911)
Income attributable to equity holders of the parent					
Surplus on disposal of property, plant and equipment		(173)	-	-	(173)
Loss on disposal of property, plant and equipment		131	-	-	131
Loss on disposal of business		-	-	105 000	105 000
Tax effect of adjustment		16	-	-	16
Headline earnings		28 029	46 380	2 654	77 063
Weighted average number of shares – basic (000's)	4	683 354	-	-	683 354
Weighted average number of shares – diluted (000's)	4	730 820	-	-	730 820
Earnings per Sear del Share (cents)	4	4,1	6,8	(15,0)	(4,1)
Diluted earnings per Sear del Share (cents)	4	3,8	6,3	(14,0)	(3,9)
Headline earnings per Sear del Share (cents)	4	4,1	6,8	0,4	11,3
Diluted headline earnings per Sear del Share (cents)	4	3,8	6,3	0,4	10,5

Notes to the *pro forma* financial effects – statements of comprehensive income

- 1 The *Before the Proposed Transaction* column reflects the earnings, diluted earnings, headline earnings and the diluted headline earnings per Sear del Share based on the published unaudited consolidated financial statements of Sear del for the interim period ended 30 September 2013. This column excludes the effects of the acquisition by Sear del of a 70% equity interest in Sabido Holdco from HCI and a further acquisition by Sear del of a 30% equity interest in Sabido Holdco from Sactwu, the details of which are disclosed in the circulars to Sear del Shareholders dated 10 July 2013 and 5 November 2013 respectively.
- 2 The *After the Proposed Transaction* column is based on the published unaudited consolidated financial statements of Sear del for the interim period ended 30 September 2013 after taking into account the Proposed Transaction.
- 3 The *Apparel Manufacturing Business* column reflects the reviewed management accounts of the Apparel Manufacturing Business for the interim period ended 30 September 2013. The results, excluding the line items relating to the disposal of the Apparel Manufacturing Business, will be of a continuing nature.
- 4 The *pro forma adjustments* column reflects the effect of the Proposed Transaction on the earnings, diluted earnings, headline earnings and diluted headline earnings per Sear del Share, which are based on the assumption that the Proposed Transaction was effective on 1 April 2013 and after adjusting for the following:
 - 4.1 the costs relating to the Proposed Transaction of R623 412, as disclosed in paragraph 15, which are once-off in nature;
 - 4.2 interest received of R3 277 000 on the loan granted by SGT to Sactwu based on an interest rate of Prime (8,5%), which is expected to have a continuing effect until the loan is repaid. It is assumed that there is no tax payable on the interest received as SGT will off-set the tax payable against its existing assessed losses; and
 - 4.3 a loss on disposal of R105 million as set out in paragraph 4.2.4, being the amount below net asset value for which the Apparel Manufacturing Business is being disposed. This adjustment is once-off in nature and is excluded from headline earnings and diluted headline earnings per Sear del Share.
- 5 The independent reporting accountant's reasonable assurance report on the *pro forma* financial information is included in Annexure II to this Circular.

Pro forma financial effects of the Proposed Acquisition:

Statements of financial position

	Note	Before the Proposed Transaction (R'000s) ¹	Apparel Manufacturing Business (R'000s) ³	Pro forma adjustments (R'000s) ⁴	After the Proposed Transaction (R'000s) ²
ASSETS					
Non-current assets		1 435 388	(51 099)	77 099	1 461 388
Property, plant and equipment		342 079	(45 612)	-	296 467
Goodwill		14 016	-	-	14 016
Owner-occupied property		417 367	-	-	417 367
Investment properties		549 073	-	-	549 073
Intangible assets		16 184	(5 487)	-	10 697
Other investments		3 673	-	-	3 673
Long-term receivables	4.2	51 697	-	77 099	128 796
Deferred tax asset		41 299	-	-	41 299
Current assets		1 404 142	(131 000)	(623)	1 272 519
Non-current assets held for sale		1 785	-	-	1 785
Inventories		710 749	(131 000)	-	579 749
Trade and other receivables		681 503	-	-	681 503
Current tax asset		7 378	-	-	7 378
Cash and cash equivalents	4.3	2 727	-	(623)	2 104
Total assets		2 839 530	(182 099)	76 476	2 733 907
EQUITY AND LIABILITIES					
Total equity attributable to equity holders		1 488 813	-	(105 623)	1 383 190
Share capital and share premium		320 366	-	-	320 366
Treasury shares		(17 794)	-	-	(17 794)
Reserves	4.3, 4.4	1 186 241	-	(105 623)	1 080 618
		1 488 813	-	(105 623)	1 383 190
Non-controlling interest		-	-	-	-
Non-current liabilities		107 797	-	-	107 797
Deferred tax liability		8 016	-	-	8 016
Post-employment medical aid benefits		85 567	-	-	85 567
Interest-bearing liabilities		897	-	-	897
Deferred liability		13 089	-	-	13 089
Operating lease accruals		228	-	-	228
Current liabilities		1 242 920	-	-	1 242 920
Post-employment medical aid benefits		5 116	-	-	5 116
Interest-bearing liabilities		30 541	-	-	30 541
Trade and other payables		545 177	-	-	545 177
Bank overdrafts	4.1	662 086	-	-	662 086
Total liabilities		1 350 717	-	-	1 350 717
Total equity and liabilities		2 839 530	-	(105 623)	2 733 907
Net number of shares in issue (000's)		685 925	-	-	685 925
Net asset value per Seardel Share (cents)	4	217,1	-	(15,4)	201,7
Tangible net asset value per Seardel Share (cents)	4	212,6	-	(14,5)	198,1

Notes to the *pro forma* financial effects – statements of financial position

- 1 The *Before the Proposed Transaction* column reflects the net asset value and the tangible net asset value per Seardel Share based on the published unaudited consolidated financial statements of Seardel for the interim period ended 30 September 2013. This column excludes the effects of the acquisition by Seardel of a 70% equity interest in Sabido Holdco from HCI and a further acquisition by Seardel of a 30% equity interest in Sabido Holdco from Sactwu, the details of which are disclosed in the circulars to Seardel Shareholders dated 10 July 2013 and 5 November 2013 respectively.
- 2 The *After the Proposed Transaction* column is based on the published unaudited consolidated financial statements of Seardel for the interim period ended 30 September 2013 after taking into account the Proposed Transaction.
- 3 The *Apparel Manufacturing Business* column reflects an extract of the reviewed management accounts of the Apparel Manufacturing Business for the interim period ended 30 September 2013 of the assets which are being disposed of in terms of the Proposed Transaction. The results, excluding the line items relating to the disposal of the Apparel Manufacturing Business, is expected to be of a continuing nature.
- 4 The *Pro forma* adjustments column reflects the effects of the Proposed Transaction on net asset value and tangible net asset value per Seardel Share and are based on the following assumptions:
 - 4.1 the purchase consideration is financed through a loan from SGT;
 - 4.2 an increase in long-term receivables reflecting the loan owing to SGT by Sactwu of R77,1 million;
 - 4.3 the costs relating to the Proposed Transaction of R623 412, as disclosed in paragraph 15, which are once-off in nature; and
 - 4.4 a reduction of the reserves by the costs referred to in note 4.3 above and the loss on disposal of R105 million, being the amount below net asset value for which the Apparel Manufacturing Business is being disposed.
- 5 The independent reporting accountant's reasonable assurance report on the *pro forma* financial information is included in Annexure II to this Circular.

INDEPENDENT REPORTING ACCOUNTANT'S REASONABLE ASSURANCE REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION OF SEARDEL

"The Directors
Seardel Investment Corporation Limited
1 Moorsom Avenue
Cnr Bofors Circle and Moorsom Avenue
Epping Industria II
7460

13 December 2013

Dear Sirs

REPORT ON THE COMPILATION OF THE *PRO FORMA* FINANCIAL INFORMATION

The definitions commencing on page 5 of the Circular have been used in this report.

We have completed our assurance engagement to report ("Report") on the compilation of the *pro forma* profit and diluted profit, net asset value and net tangible asset value per Seardel Share, the *pro forma* statement of financial position of Seardel, the *pro forma* statement of comprehensive income of Seardel and the related notes, (collectively "*Pro Forma* Financial Information"). The *Pro Forma* Financial Information is set out in paragraph 8 and Annexure 1 of the Circular.

The *Pro Forma* Financial Information has been compiled by the Directors of Seardel to illustrate the impact of the disposal ("Transactions") as detailed in the Circular on Seardel's financial position and changes in equity as at 30 September 2013 and Seardel's financial performance for the period ended 30 September 2013.

As part of this process, Seardel's *pro forma* profit and diluted profit, statement of comprehensive income and statement of financial position have been extracted by the Directors from Seardel's published unaudited interim financial results for the period ended 30 September 2013 ("Published Financial Information"). In addition, the Directors have calculated the net asset value and net tangible asset value per share as at 30 September 2013 based on financial information extracted from the Published Financial Information.

Directors' responsibility for the *Pro Forma* Financial Information

The Directors are responsible for compiling the *Pro Forma* Financial Information on the basis of the applicable criteria as detailed in paragraphs 8.15 to 8.33 of the Listings Requirements and the SAICA Guide on *Pro Forma* Financial Information, revised and issued in September 2012 ("Applicable Criteria").

Reporting accountant's responsibility

Our responsibility is to express an opinion about whether the *Pro Forma* Financial Information has been compiled, in all material respects, by the Directors on the basis of the Applicable Criteria, based on our procedures performed.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board. This standard requires that the reporting accountant complies with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the *Pro Forma* Financial Information on the basis of the Applicable Criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any Published Financial Information used in compiling the *Pro Forma* Financial Information, nor have we, in the course of this engagement, performed an audit or review of the Published Financial Information used in compiling the *Pro Forma* Financial Information.

The purpose of *Pro Forma* Financial Information included in the Circular is solely to illustrate the impact of the Amendments on the unadjusted Published Financial Information as if the Amendments had been undertaken on 1 April 2013 for purposes of the *pro forma* profit, diluted profit and headline and profit per Seardel Share and the *pro forma* statement of comprehensive income on 30 September 2013 for purposes of the net asset value and net tangible asset value per share and statement of financial position. Accordingly, we do not provide any assurance that the actual outcome of the Amendments, subsequent to its implementation, will be as presented in the *Pro Forma* Financial Information.

A reasonable assurance engagement to report on whether the *Pro Forma* Financial Information has been properly compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable

Criteria used by the Directors in the compilation of the *Pro Forma* Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the Amendments and to obtain sufficient appropriate evidence about whether:

- the related *pro forma* adjustments give appropriate effect to the Applicable Criteria; and
- the *Pro Forma* Financial Information reflects the proper application of those *pro forma* adjustments to the unadjusted Published Financial Information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of Seardel, the transaction in respect of which the *Pro Forma* Financial Information has been compiled and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the *Pro Forma* Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the *Pro forma* Financial Information has been compiled, in all material respects, on the basis of the Applicable Criteria as detailed in paragraphs 8.15 to 8.33 of the Listings Requirements and the SAICA Guide on *Pro forma* Financial Information, revised and issued in September 2012 ("Applicable Criteria").

Yours faithfully

KPMG Inc.

Per Pierre Conradie
Chartered Accountants (SA)
Director"

FAIRNESS OPINION REQUIRED IN TERMS OF THE LISTINGS REQUIREMENTS

“The Directors
Seardel Investment Corporation Limited
1 Moorsom Avenue
Cnr Bofors Circle and Moorsom Avenue
Epping Industria II
7460

17 December 2013

Dear Sirs

REPORT OF THE INDEPENDENT PROFESSIONAL EXPERT TO SEARDEL INVESTMENT CORPORATION LIMITED REGARDING THE PROPOSED DISPOSAL OF THE SEARDEL GROUP’S APPAREL MANUFACTURING BUSINESS, EXCLUDING THE LESOTHO OPERATION

Introduction

BDO Corporate Finance Proprietary Limited (“BDO Corporate Finance”) has been appointed by the Board of Directors of Seardel Investment Corporation Limited (“Seardel” or the “Company”) to provide independent external advice to the Shareholders of Seardel in respect of a proposed transaction (the “Proposed Transaction”), in terms of which the Southern African Clothing & Textile Workers Union (“Sactwu”) or its assignee (the “Purchaser”) will acquire the apparel manufacturing business conducted by Seardel and its Subsidiaries (“the Seardel Group”), excluding the Lesotho operation, (the “Apparel Manufacturing Business” or the “Business”), as a going concern. In terms of the Proposed Transaction, Seardel’s wholly-owned subsidiary, Seardel Group Trading Proprietary Limited (“SGT”) will dispose of the Apparel Manufacturing Business to the Purchaser as a going concern with effect from the 1st October 2013.

The consideration payable for the Apparel Manufacturing Business is an amount equal to:

- the aggregate of the book values of the plant, equipment, furniture, vehicles (“Fixed Assets”) and intangible assets (expected to be R51,1 million) and inventory (expected to be R131,0 million) as reflected in the Implementation Date Accounts (being the unaudited management accounts of the Apparel Manufacturing Business to be prepared as at the date of implementation of the Proposed Transaction which is expected to be on or before 15 April 2014 (“Implementation Date”); plus
- an amount equal to the losses incurred by the Apparel Manufacturing Business from 1 October 2013 and terminating on the Implementation Date (“Operating Losses”); plus
- an amount equal to all retrenchment costs incurred by SGT in retrenching employees (“Retrenchment Costs”); less
- an amount of R105 million (the “Discount Amount”),

(collectively the “Purchase Price”).

The Purchase Price will be recorded as a loan by SGT to Sactwu (“the Loan”). The Loan shall bear interest, compounded monthly, at the prime rate of interest as published as being charged by Nedbank Limited. The Loan will be repaid by Sactwu out of any cash payments or distributions received by Sactwu from Seardel and Hosken Consolidated Investments Limited (“HCI”).

Fairness opinion required in terms of the JSE Listings Requirements

In terms of the Listings Requirements of the JSE Limited (“JSE”), the Proposed Transaction is a related party transaction as Sactwu is a material shareholder of HCI, Seardel’s holding company and of Seardel, as defined in section 10.1(b)(i) of the JSE Listings Requirements read together with the definition of material shareholder.

In terms of section 10 of the JSE Listings Requirements, the Board of Directors of Seardel (“the Board”) is required to obtain written confirmation from an independent professional expert confirming whether the terms of the Proposed Transaction is fair in so far as the Shareholders of Seardel are concerned (“the Fairness Opinion”).

Responsibility

Compliance with the JSE Listings Requirements is the responsibility of the Board. Our responsibility is to report to the Directors and Shareholders of Seardel on the fairness of the terms of the Proposed Transaction.

Explanation as to how the term “fair” applies in the context of the transaction

Schedule 5.7 of the JSE Listings Requirements states that the “fairness” of a transaction is based on quantitative issues. In the case of the disposal of an asset to a related party, a transaction may be said to be fair if the value of the consideration receivable is more than or equal to the fair value of the asset that is the subject of the transaction.

The Proposed Transaction would therefore be considered fair to the Shareholders of Seardel if the Purchase Price in respect of the disposal is more than or equal to the value of the Apparel Manufacturing Business, or unfair if the Purchase Price is less than the value of the Apparel Manufacturing Business.

Details and sources of information

In arriving at our opinion we have relied upon the following principal sources of information:

- The agreement entered into by Seardel and Sactwu regarding the Proposed Transaction (the “Transaction Agreement”);
- Historical financial information in respect of the Apparel Manufacturing Business for the financial year ended 31 March (“FY”) 2012 and FY2013 & the six months ended 30 September 2013;
- Budgeted financial information in respect of the Apparel Manufacturing Business for FY2014;
- Forecast financial information in respect of the Apparel Manufacturing Business for the period FY2015 to FY2017;
- Discussions with Seardel management regarding the strategic rationale for the Proposed Transaction;
- Discussions with Seardel management regarding the historical, budget and forecast financial information of the Apparel Manufacturing Business;
- Prevailing market, economic, legal and other conditions which may affect the underlying value of the Apparel Manufacturing Business;
- Publicly available information relating to the manufacturing sector in general; and
- Publicly available information relating to the clothing and textile industry that we deemed to be relevant, including company announcements and media articles.

The information above was secured from:

- Directors and management of Seardel; and
- Third-party sources, including information related to publicly available economic, market and other data which we considered applicable to, or potentially influencing, the Apparel Manufacturing Business.

Procedures

In arriving at our opinion we have undertaken the following procedures and taken into account the following factors in evaluating the fairness of the Proposed Transaction:

- Reviewed the terms and conditions of the Proposed Transaction;
- Reviewed the Seardel Board motivation and financial information related to the Apparel Manufacturing Business, as detailed above;
- Reviewed and obtained an understanding as to the forecast financial information in respect of the Apparel Manufacturing Business and assessed the achievability thereof by considering historic information as well as macroeconomic and sector-specific data related to the Apparel Manufacturing Business and the achievability of the forecasts;
- Held discussions with management of Seardel and considered such other matters as we consider necessary, including assessing the prevailing economic and market conditions and trends;
- Performed a net asset valuation of the Business on a liquidation basis, based on the fair and recoverable value of the Business’ assets;
- Assessed the long-term potential of the Apparel Manufacturing Business; and
- Evaluated the relative risks associated with the Apparel Manufacturing Business and the global clothing and textile sector, including assessing prevailing economic and market conditions and trends.

Assumptions

We arrived at our opinion based on the following assumptions:

- That all agreements that are to be entered into in terms of the Proposed Transaction will be legally enforceable;
- That the Proposed Transaction will have the legal, accounting and taxation consequences described in discussions with, and materials furnished to us by, representatives and advisers of Seardel; and
- That reliance can be placed on the financial information in respect of the Apparel Manufacturing Business.

Appropriateness and reasonableness of underlying information and assumptions

We satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions employed in arriving at our opinion by:

- Conducting analytical reviews on the historic financial results and forecast financial information in respect of the Apparel Manufacturing Business, such as key ratio and trend analyses; and
- Determining the extent to which any representations were confirmed by documentary evidence as well as our understanding of the Apparel Manufacturing Business and the clothing and textile sector.

Limiting conditions

This opinion is provided to the Directors and Shareholders of Sear del in connection with and for the purposes of the Proposed Transaction. The opinion does not purport to cater for each individual shareholder's perspective, but rather that of the general body of Sear del Shareholders.

Individual shareholders' decisions regarding the Proposed Transaction may be influenced by such shareholders' particular circumstances and accordingly individual shareholders should consult an independent adviser if in any doubt as to the merits or otherwise of the Proposed Transaction.

We have relied upon and assumed the accuracy of the information provided to us in deriving our opinion. Where practical, we have corroborated the reasonableness of the information provided to us for the purpose of our opinion, whether in writing or obtained in discussion with management, by reference to publicly available or independently obtained information. While our work has involved an analysis of, *inter alia*, the financial information, and other information provided to us, our engagement does not constitute an audit conducted in accordance with generally accepted auditing standards.

Where relevant, forward-looking information of the Apparel Manufacturing Business relates to future events and is based on assumptions that may or may not remain valid for the whole of the forecast period. Consequently, such information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods. We express no opinion as to how closely the actual future results of the Apparel Manufacturing Business will correspond to those projected. We have, however, compared the budgeted and forecast financial information to past trends as well as considering the assumptions inherent therein.

We have also assumed that the Proposed Transaction will have the legal consequences described in discussions with, and materials furnished to us by, representatives of Sear del and we express no opinion on such consequences.

Our opinion is based on current economic, regulatory and market as well as other conditions. Subsequent developments may affect the opinion, and we are under no obligation to update, review or reaffirm our opinion based on such developments.

Independence

In terms of schedule 5.1(a) of the Listings Requirements, we confirm that BDO Corporate Finance has no equity interest in Sear del or in any other party to the Proposed Transaction. In terms of schedule 5.1(b) of the JSE Listings Requirements, we confirm that there is no relationship between BDO Corporate Finance and any of the parties to the Proposed Transaction.

Furthermore, we confirm that our professional fees are not contingent upon the success of the Proposed Transaction.

Valuation approach

The Apparel Manufacturing Business of Sear del has over the years been ravaged by the flood of legal and illegal imports that have entered the market, including those that have been significantly undervalued to reduce import duties. To combat this the Business has undertaken a number of restructuring initiatives to significantly reduce costs, improve trading margins and increase efficiencies. Despite these efforts, the business has continued to make losses. Due to the ongoing losses and as there was no expectation of a return to profitability in the foreseeable future, the Board resolved to exit the Apparel Manufacturing Business through a closure of its Western Cape and KwaZulu-Natal operations and a disposal of its Lesotho operation.

Further to the notification of the proposed closures, and in an effort to protect local manufacturing capacity and the loss of over 2 000 jobs, the Company entered into the Transaction Agreement with the Purchaser for the disposal of the Business.

Discounted Cash Flow ("DCF") and earnings-based valuation techniques are based on the fundamental assumption that a business will continue as a going concern in its current form and as such these methodologies were not considered appropriate.

As the Board resolved to close the Western Cape and KwaZulu-Natal operations, we applied the net asset valuation ("NAV") approach, which provides an indicative value for the Business' equity on a liquidation basis. This is the value of residual amounts available to the Company after realising the Business' assets and settling its liabilities. The valuation was performed taking cognisance of risk and other market and industry factors affecting the Business.

Key external value drivers to the net asset value methodology included an assessment of the fair and recoverable value of the Business' assets.

BDO Corporate Finance performed a valuation of the proceeds that will be realised from closure of the Apparel Manufacturing Business ("Liquidation Value") to determine whether the Proposed Transaction represents fair value to Seardel Shareholders.

Assumptions in respect of the sensitivity analysis performed were influenced by the following factors:

- The operating losses expected to be incurred by the Business from 1 October 2013 until the Implementation Date;
- Closure-related costs;
- The estimated realisable value of fixed assets and intangible assets; and
- The estimated realisable value of inventory

("Key Sensitivities").

Based on the expected balances in respect of fixed assets, intangible assets and inventory, a Purchase Price of R77,1 million has been determined.

In undertaking the valuation exercise above, we determined a valuation range for the Liquidation Value of R75,7 million ("Lower Range") to R95,8 million ("Upper Range"). On this basis, the discount allowed to the Purchaser amounts to a maximum of R18,7 million under the Upper Range Liquidation Value and is impacted by the significant uncertainty related to Key Sensitivities, the certainty of which would only be established in a liquidation process.

Other considerations

At the request of the Directors, we have also considered, in addition to the procedures referred to above, certain key qualitative factors relating to the transaction.

- The Apparel Manufacturing Business has continued to incur losses, despite a number of restructuring initiatives to significantly reduce costs, improve trading margins and increase efficiencies.
- Many of the Business' competitors typically do not adhere to the legislated minimum wage framework and operate within an informal parallel economy. Despite this, employees at the KwaZulu-Natal operation embarked on a strike over the last week of September and first two weeks of October. The increase in salaries and wages agreed with the labour unions which ended the strike meant that the Business would be paying significantly above the range of wages paid by the competitors, resulting in expectations of increased losses going forward.
- The Proposed Transaction will result in the protection of local manufacturing capacity and the avoidance of the loss of over 2 000 jobs.
- The rentals paid by the Business in respect of the Western Cape premises are approximately 75% of market-related rentals. The Proposed Transaction will result in the implementation of market-related rentals over a phased period.

Opinion

BDO Corporate Finance has considered the terms and conditions of the Proposed Transaction and, based on and subject to the conditions set out herein, is of the opinion that the Proposed Transaction, based on quantitative considerations, is fair to the Seardel Shareholders.

Based on the considerations set out above, we are of the opinion that the terms and conditions of the Proposed Transaction are reasonable in the circumstances.

Our opinion is necessarily based upon the information available to us up to 10 December 2013, including in respect of the financial information as well as other conditions and circumstances existing and disclosed to us. We have assumed that all conditions precedent, including any material regulatory and other approvals or consents required in connection with the Proposed Transaction will be fulfilled or obtained.

Accordingly, it should be understood that subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm.

Yours faithfully

Nick Lazanakis

Partner

BDO Corporate Finance Proprietary Limited
22 Wellington Road
Parktown
Johannesburg
2193"



SEARDEL

INVESTMENT CORPORATION LIMITED

(Incorporated in the Republic of South Africa)

Registration number: 1968/011249/06

N Shares share code: SRN; Ordinary Shares share code: SER

ISIN: ZAE000030144; ISIN: ZAE000029815

NOTICE OF GENERAL MEETING OF SEARDEL SHAREHOLDERS

All terms defined in the Circular, to which this notice of General Meeting is attached, shall bear the same meanings when used in this notice of General Meeting.

Notice is hereby given to SearDel Shareholders that the General Meeting will be held in the boardroom at the offices of SearDel, 1 Moorsom Avenue, Cnr Bofors Circle and Moorsom Avenue, Epping Industria II, Cape Town, 7460, on Tuesday, 21 January 2014 at 10:00, to consider and, if deemed fit, pass, with or without modification, the ordinary resolutions set out hereunder.

The record date for determining which SearDel Shareholders must be registered in the Register in order to receive the Circular is Friday, 6 December 2013.

The record date for determining which SearDel Shareholders are entitled to participate in and vote at the General Meeting is Friday, 10 January 2014. Accordingly, the last day to trade in order to be eligible to participate and vote at the General Meeting will be on Friday, 3 January 2014.

Please note that SearDel intends to provide for participation at the General Meeting by way of electronic communication. In this regard, please read the notes at the end of this notice.

Ordinary resolution number 1 – Approval of the Proposed Transaction as a transaction with a related party

“Resolved as an ordinary resolution that the disposal by SGT of the Apparel Manufacturing Business to Sactwu, a related party of the Company, or Sactwu’s assignee, on the terms and conditions set out in the Transaction Agreement be and is hereby approved in accordance with the provisions of the Listings Requirements.”

In terms of the Companies Act and the Listings Requirements, this resolution will be adopted with the support of more than 50% of the voting rights exercised on this resolution.

As Sactwu is a related party to SearDel for the purposes of the Listings Requirements, by virtue of the fact that Sactwu is a material shareholder of HCI, SearDel’s holding company, in order to implement the Proposed Transaction an ordinary resolution of the Company must be passed by SearDel Shareholders, other than Sactwu and its associates.

Ordinary resolution number 2 – Directors’ authority to take all such actions necessary to implement the Proposed Transaction

“Resolved as an ordinary resolution that any Director of the Company, be and is hereby authorised and empowered to do all such things, sign all such documents and take all such actions as may be necessary for or incidental to the implementation of the Proposed Transaction.”

In terms of the Companies Act and the Company’s MOI, this resolution will be adopted with the support of more than 50% of the voting rights exercised on this resolution.

Entitlement to attend and vote at the General Meeting and appointment of proxies

SearDel Shareholders who wish to participate in the General Meeting should note that in terms of section 63 of the Companies Act, they are required to provide reasonably satisfactory identification before being entitled to attend or participate in a shareholders’ meeting.

Certificated SearDel Shareholders or Own Name Dematerialised SearDel Shareholders may attend and vote at the General Meeting, or alternatively appoint a proxy to attend, speak and, in respect of the applicable resolutions, vote in their stead by completing the attached form of proxy (**blue**) and returning it to the Transfer Secretaries at the address given in the Circular by

no later than 10:00 on Friday, 17 January 2014 for administrative purposes or thereafter delivered by hand to the Company by no later than 10:00 on Tuesday, 21 January 2014.

Dematerialised Seardel Shareholders, other than Own Name Dematerialised Seardel Shareholders, must contact their CSDP or Broker, as the case may be, and obtain the relevant letter of representation from it if they wish to attend the General Meeting in person. If Seardel Shareholders are unable to attend the General Meeting in person but wish to be represented thereat, they must furnish their CSDP or Broker, as the case may be, with their instructions for voting at the General Meeting in person.

The completion of a form of proxy will not preclude a Seardel Shareholder from attending the General Meeting.

Participation in the General Meeting by electronic communication

Seardel Shareholders wishing to participate electronically in the General Meeting are required by no later than 10:00 on Friday, 17 January 2014 to deliver written notice to Seardel at Seardel's offices, 1 Moorsom Avenue, Cnr Bofors Circle and Moorsom Avenue, Epping Industria II, Cape Town, 7460 (marked for the attention of the Seardel Company Secretary) that they wish to participate via electronic communication at the General Meeting ("**Electronic Notice**").

In order for the Electronic Notice to be valid it must contain: (a) if the Seardel Shareholder is an individual, a certified copy of his/her identity document and/or passport; (b) if the Seardel Shareholder is not an individual, a certified copy of a resolution or letter of representation by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution or signed the relevant letter of representation. The letter of representation or resolution must set out who from the relevant entity is authorised to represent the entity at the General Meeting via electronic communication; (c) a valid e-mail address and/or facsimile number ("**contact address/number**"); and (d) confirmation of whether the Seardel Shareholder wishes to vote via electronic communication. By no later than 24 hours before the General Meeting Seardel shall use its reasonable endeavours to notify a shareholder at its contact address/number who has delivered a valid Electronic Notice of the relevant details through which the shareholder can participate via electronic communication.

Should you wish to participate in the General Meeting by way of electronic communication as aforesaid, you, or your proxy, will be required to dial in to the dial-in facility on the date of the General Meeting. The dial-in facility will be linked to the venue at which the General Meeting will take place on the date of, from the time of commencement of, and for the duration of, the General Meeting. The dial-in facility will enable all persons to participate electronically in the General Meeting in this manner (and as contemplated in section 63(2) of the Companies Act) and to communicate concurrently with one another without an intermediary, and to participate reasonably effectively in the General Meeting. The costs borne by you or your proxy in relation to the dial-in facility will be for your own account.

By order of the Board

Registered office

1 Moorsom Avenue
Cnr Bofors Circle and Moorsom Avenue
Epping Industria II
7460

18 December 2013



SEARDEL

INVESTMENT CORPORATION LIMITED

(Incorporated in the Republic of South Africa)

Registration number: 1968/011249/06

N Shares share code: SRN; Ordinary Shares share code: SER

ISIN: ZAE000030144; ISIN: ZAE000029815

FORM OF PROXY – GENERAL MEETING

All terms defined in the Circular, to which this form of proxy is attached, shall bear the same meanings when used in this form of proxy.

For use by Certificated Seardel Shareholders or Own Name Dematerialised Seardel Shareholders at the General Meeting to be held at 10:00 on Tuesday, 21 January 2014 in the boardroom at the offices of Seardel, 1 Moorsom Avenue, Cnr Bofors Circle and Moorsom Avenue, Epping Industria II, Cape Town, 7460.

Dematerialised Seardel Shareholders, other than Own Name Dematerialised Seardel Shareholders, must not complete this form of proxy.

Full name: I/We (block letters) _____

Of (address): _____

Telephone: (work) _____ Telephone: (home) _____

Fax: _____ Cell number: _____

being the holder(s) of _____ Ordinary Shares
and/or _____ N Shares

hereby appoint:

1 _____ or failing him/her,

2 _____ or failing him/her,

3 the chairman of the General Meeting,

as my/our proxy to vote for me/us on my/our behalf at the General Meeting to be held at 10:00 on Tuesday, 21 January 2014 or any adjournment thereof as follows:

Resolution		For	Against	Abstain
Ordinary resolution number 1	Approval of the Proposed Transaction as a transaction with a related party			
Ordinary resolution number 2	Directors' authority to take all such actions necessary to implement the Proposed Transaction			

Signed at _____ this _____ day of _____ 2013/14.

Signature _____

Assisted by me (if applicable) _____

Signature _____

Please read the notes on the reverse side hereof.

A Seardel Shareholder entitled to attend and vote at the General Meeting may appoint one or more persons as his/her proxy to attend, speak or vote in his/her stead at the General Meeting. A proxy need not be a Seardel Shareholder.

On a show of hands, every Seardel Shareholder or his proxy shall have one vote (irrespective of the number of Seardel Shares held).

On a poll, every Seardel Shareholder or his proxy shall have:

- 1 100 votes for each Ordinary Share held or represented by him; and**
- 2 one vote for each N Share held or represented by him.**

NOTES:

- 1 A Seardel Shareholder may insert the name of a proxy or the names of two alternative proxies of his choice in the spaces provided with or without deleting "the chairman of the General Meeting", but any such deletion must be initialled by the Seardel Shareholder. The person whose name appears first on the form of proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
- 2 Please indicate in the relevant spaces according to how you wish your votes to be cast. If you wish to cast your votes in respect of a lesser number of Seardel Shares exercisable by you, insert the number of Seardel Shares held in respect of which you wish to vote. Failure to provide an indication as to the manner in which you wish your votes to be cast will be deemed to authorise and compel the chairman, if the chairman is an authorised proxy, to vote in favour of the resolutions, or to authorise any other proxy to vote for or against the resolutions or abstain from voting as he deems fit, in respect of all your votes exercisable thereat. A Seardel Shareholder or his proxy is not obliged to use all the votes exercisable by the Seardel Shareholder or his proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the Seardel Shareholder or his proxy.
- 3 Forms of proxy must be lodged with the Transfer Secretaries, at 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), to be received by no later than 10:00 on Friday, 17 January 2014 for administrative purposes or thereafter delivered by hand to the Company by 10:00 on Tuesday, 21 January 2014.
- 4 Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).
- 5 Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Transfer Secretaries or waived by the chairman of the General Meeting.
- 6 The completion and lodging of this form of proxy will not preclude the relevant Seardel Shareholder from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Seardel Shareholder wish to do so.
- 7 The chairman of the General Meeting may accept or reject any form of proxy which is completed and/or received other than in accordance with these notes and instructions, provided that the chairman is satisfied as to the manner in which the Seardel Shareholder wishes to vote.
- 8 This form of proxy shall not be valid after the expiration of the General Meeting or any adjournment thereof.
- 9 Joint holders – any such persons may vote at the General Meeting in respect of such joint Seardel Shares as if he were solely entitled thereto, but if more than one of such joint holders are present or represented at the General Meeting, that one of the said persons whose name stands first in the Register in respect of such Seardel Shares or his proxy, as the case may be, is alone entitled to vote in respect thereof.
- 10 Own Name Dematerialised Seardel Shareholders will be entitled to attend the General Meeting in person or, if they are unable to attend and wish to be represented thereat, must complete and return this form of proxy to the Transfer Secretaries in accordance with the time specified in note 3 above.

Summary of the rights established in terms of section 58 of the Companies Act:

For purposes of this summary, “shareholder” shall have the meaning ascribed thereto in the Companies Act.

- 1 At any time, a shareholder of a company is entitled to appoint an individual, including an individual who is not a shareholder of that company, as a proxy, to participate in, and speak and vote at, a shareholders’ meeting on behalf of the shareholder.
- 2 A proxy appointment must be in writing, dated and signed by the relevant shareholder, and such proxy appointment remains valid for one year after the date upon which the proxy was signed, or any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in section 58(4)(c) of the Companies Act or expires earlier as contemplated in section 58(8)(d) of the Companies Act.
- 3 Except to the extent that the Memorandum of Incorporation of a company provides otherwise:
 - 3.1 a shareholder of the relevant company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such shareholder;
 - 3.2 a proxy may delegate his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
 - 3.3 a copy of the instrument appointing a proxy must be delivered to the relevant company, or to any other person on behalf of the relevant company, before the proxy exercises any rights of the shareholder at a shareholders’ meeting.
- 4 Irrespective of the form of instrument used to appoint a proxy, the appointment of the proxy is suspended at any time and to the extent that the shareholder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a shareholder of the relevant company.
- 5 Unless the proxy appointment expressly states otherwise, the appointment of a proxy is revocable. If the appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the company.
- 6 The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy’s authority to act on behalf of the relevant shareholder as of the later of the date: (a) stated in the revocation instrument, if any; or (b) upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Companies Act.
- 7 If the instrument appointing a proxy or proxies has been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the relevant company’s Memorandum of Incorporation to be delivered by such company to the shareholder, must be delivered by such company to the shareholder, or to the proxy or proxies, if the shareholder has directed the relevant company to do so in writing and paid any reasonable fee charged by the company for doing so.
- 8 A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the Memorandum of Incorporation, or the instrument appointing the proxy provides otherwise.
- 9 If a company issues an invitation to shareholders to appoint one or more persons named by such company as a proxy, or supplies a form of instrument for appointing a proxy:
 - 9.1 such invitation must be sent to every shareholder who is entitled to notice of the meeting at which the proxy is intended to be exercised;
 - 9.2 the invitation, or form of instrument supplied by the relevant company, must: (a) bear a reasonably prominent summary of the rights established in section 58 of the Companies Act; (b) contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by such shareholder; and (c) provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against the applicable resolution/s to be put at the relevant meeting, or is to abstain from voting;
 - 9.3 the company must not require that the proxy appointment be made irrevocable; and
 - 9.4 the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act.

