

ANNUAL GENERAL MEETING – EXPLANATORY NOTES

1. RESOLUTION 1 – ADOPTION OF ANNUAL FINANCIAL STATEMENTS

At the annual general meeting, the directors must present the annual financial statements for the year ended 30 November 2010 to shareholders, together with the reports of the directors and the auditors. These are contained within the annual report.

2. RESOLUTION 2 – RE-ELECTION OF DIRECTORS

In accordance with Hudaco's articles of association, one third of the directors are required to retire at each annual general meeting and may offer themselves for re-election. In addition, any person appointed to the board of directors since the previous annual general meeting is similarly required to retire and is eligible for re-election at the next annual general meeting.

Mr GR Dunford was appointed as executive director on 15 July 2010 and is required to retire at the annual general meeting. Ms CWN Molohe, Mr JB Gibbon and SR Morris retire by rotation. Messrs SR Morris and GR Dunford are both available and eligible for re-election. An abbreviated *curriculum vitae* in respect of both of these directors is contained on pages 4 and 5 of the annual report.

The board of directors of Hudaco has reviewed the composition of the board against corporate governance and transformation requirements and has recommended the re-election of Mr GR Dunford and SG Morris. It is the view of the board that the re-election of the candidates referred to above would enable the company to:

- responsibly maintain a mixture of business skills and experience relevant to the company and balance the requirements of transformation, continuity and succession planning;
- comply with corporate governance requirements in respect of matters such as the balance between executive, non-executive and independent non-executive directors on the board.

In addition, the performance of the retiring directors had been formally evaluated. The process culminated in the board, on the recommendation of Hudaco's remuneration and nomination committee recommending the re-election of retiring directors.

3. **RESOLUTION 3 – REMUNERATION OF NON-EXECUTIVE DIRECTORS**

Shareholders are requested to approve the proposed fees payable to the company's non-executive directors with effect from 1 December 2010. Fee increases are only implemented after formal approval by the shareholders.

The proposed fees comprise a base fee and an attendance fee as required by King III and are set out on page 87 of the annual report. Consideration has been given to the increased responsibility placed on non-executive directors due to the progressively burdensome legal and regulatory requirements and the commensurate risk assumed. Benchmarking information of companies similar in size and complexity was considered in determining the proposed fees. The resolution is recommended by the company's board of directors.

4. **RESOLUTION 4 – RE-APPOINTMENT OF INDEPENDENT AUDITORS**

Grant Thornton has indicated its willingness to continue in office and resolution 4 proposes the re-appointment of the firm as the company's auditors.

The audit and risk management committee considered the independence of Grant Thornton in accordance with section 270A of the Corporate Laws Amendment Act. The committee is satisfied that Grant Thornton is independent as contemplated by the rules of the International Federation of Accountants (FAC) and nominates Grant Thornton for reappointment as audit firm and Mr C Botha for appointment as individual auditor for the 2011 financial year.

Furthermore, the Hudaco audit and risk management committee has, in terms of paragraph 3.86 of the JSE Listings Requirements, satisfied itself that Grant Thornton and the individual auditor are accredited as such on the JSE Register of Auditors, in compliance with section 22 of the JSE Listings Requirements.

5. **SPECIAL RESOLUTION – GENERAL AUTHORITY TO REPURCHASE SHARES**

The effect of special resolution and the reason thereof is to grant Hudaco or any of its subsidiaries a general approval for the acquisition by Hudaco or any of its subsidiaries of Hudaco's shares, which general approval shall be valid until the earlier of such next annual general meeting of Hudaco or its variation or revocation of such general authority by special resolution at any subsequent annual general meeting of Hudaco; provided that the general

authority shall not extend beyond fifteen months from the date of the annual general meeting.

The number of shares to be acquired in terms of this general authority shall not exceed 10% of the Hudaco shares in issue at the date on which this resolution was passed.

The directors are of the opinion that it would be in the best interests of the company to extend such general authority and thereby allow the company or any of its subsidiaries to be in a position to repurchase the securities issued by the company through the order book of the JSE, should market conditions and the price justify such an action.

6. ORDINARY RESOLUTION 1 – COMPLIANCE WITH THE NEW SCHEDULE 14 OF THE JSE LISTINGS REQUIREMENTS

Schedule 14 of the JSE Listings Requirements, governing share incentive schemes of issuers, was replaced with effect from 15 October 2008 (the new Schedule 14). Issuers have to review and amend their current share schemes to be in line with the requirements of the new Schedule 14.

Furthermore, the new Schedule 14 requires approval of the amended share scheme by 75% of the ordinary shareholders of the company and the resolution to approve such amendments must contain a summary of the principal terms of the scheme.

To this end, the company has evaluated the existing Hudaco Industries Limited Share Appreciation Plan (the plan) and has made appropriate amendments to the plan to ensure that that it complies with the requirements of the new Schedule 14.

In addition to several technical amendments to the plan, there are two proposed amendments of substance:

The plan previously allowed the recycling into the pool of shares available for the purposes of the plan any shares issued more than 10 years previously. Schedule 14 requires that this provision be removed, which means that approximately 3.5 million shares that would have become available to the plan over the next 10 years from previous share plans will not become available. As a result, it is proposed to increase the number of shares available under all share plans from 6 million to 8 million shares. The effect is that approximately 4.5 million shares will be available under the current plan.

The share appreciation rights awarded under the plan are currently exercisable any time within two years from the date on which they may first become exercisable. If not exercised within that period, they are deemed to

be exercised at the end of that period. It is proposed that the date on which rights are deemed to have been exercised be extended by two years.

The plan document is available for inspection during normal business hours, at the company's registered office.

7. ORDINARY RESOLUTION 2 - HUDACO REMUNERATION POLICY

Chapter 2 of King III dealing with boards and directors requires companies to annually table their remuneration policy to shareholders for a non-binding advisory vote at the annual general meeting. This vote enables shareholders to express their views on the remuneration policies adopted and on their implementation.

Hudaco's remuneration policy is contained in the report of the remuneration and nomination committee set out on pages 28 to 31 of the annual report.

Ordinary resolution 2 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing arrangements. However, the board will take the outcome of this vote into consideration when considering the company's remuneration policy.
