

**COMPETITION TRIBUNAL
REPUBLIC OF SOUTH AFRICA**

Case No: 34/LM/May05

In the large merger between:

Lanum Securities SA

and

3C Telecommunications (Pty) Ltd

Reasons for Decision

APPROVAL

On 25 May 2005 the Competition Tribunal issued a Merger Clearance Certificate approving the merger between the 3C Telecommunications (Pty) Ltd and Lanum Securities SA in terms of section 16(2)(a). The reasons for the approval of the merger appear below.

The Parties

1. The acquiring firm is Lanum Securities S.A. ("Lanum"). This is a new company that has henceforth not traded. It is controlled by Rashid Engineering which is in turn owned by a Saudi Arabian national. Lanum has no subsidiaries in South Africa.
2. The primary target firm is 3C Telecommunications (Pty) Ltd ("3C"), jointly controlled by CellSaf (Pty) Ltd (as to 40%) and Oger Telecom (South Africa) (Pty) Ltd (as to 60%). Oger Telecom is in turn controlled by Saudi Oger Ltd, a company registered in Saudi Arabia. CellSaf comprises a consortium of historically disadvantaged shareholders. 3C owns and controls one company only, Cell C (Pty) Ltd ("Cell C"), the third mobile network operator in South Africa.
3. Other subsidiaries of Cell C include Cell C Service Provider Company (Pty) Ltd which provides sales, distribution and retail marketing exclusively for

Cell C. Secondly, Cell C Property Holdings Company (Pty) Ltd which holds properties on behalf of Cell C.

The Merger Transaction

4. Lanum will acquire 15% of the shares in 3C from Cellsaf. It will therefore post-merger be in joint control of 3C, together with Oger Telecom (60%) and CellSAf (25%).
5. Therefore essentially Lanum will become a new joint controlling shareholder while CellSAf will dilute its shareholding in 3C.

Rationale for the Transaction

- f. The parties aver that this transaction entails significant foreign investment in the local telecommunications industry.
7. Security for the funding has ultimately been provided by Saudi Oger by way of guarantees, and CellSAf incurred certain security obligations in relation to the funding and its other borrowings. The rationale for this merger transaction is to settle all of CellSAf's loan funding and release it from the security obligations it incurred in relation to its borrowings.
8. This will allow CellSAf's shareholding in 3C, which is presently entirely encumbered in favour of the funders of its shareholding, to be held debt-free.

The relevant product market

9. **Rashid Engineering provides architectural and engineering consulting services in the Kingdom of Saudi Arabia. Neither it nor its shareholders has any interests in telecommunications anywhere worldwide.**
10. 3C is involved in the provision of cellular telephone through its subsidiary, Cell C. Cell C has been providing mobile telephony services throughout South Africa since it was awarded a licence in 2001. CellSAf is an investment holding company with interests in 3C. Oger Telecom also has interests in the mobile telecommunications market through Cell C.
11. Saudi Oger is involved in telecommunications, shipping, transportation, and construction. It is also involved in some architectural and construction projects and is regarded as a reputable contractor for prestigious

construction projects in the Middle East, Africa and Europe.

12. There is therefore no product overlap.

Conclusion

We conclude that the merger will not lead to a substantial lessening or prevention of competition.

The Tribunal therefore approves the transaction unconditionally. There are no public interest concerns which would alter this conclusion.

N. Manoim

1 June 2005

Date

Concurring: M. Moerane, D. Lewis

For the merging parties:	H. Irvine, Deneys Reitz Attorneys
For the Commission:	H. Ratshisusu, Competition Commission