

COMPETITION TRIBUNAL OF SOUTH AFRICA

Case NO: 28/LM/Mar08

In the matter between

Mvelaphanda Holdings (Pty) Ltd

Primary Acquiring firm

And

Queensgate Leisure Holdings (Pty) Ltd

Primary Target Firm

Panel : D Lewis (Tribunal member); Yasmin Carrim (Tribunal member) and
N Manoim (Tribunal member)

Heard on : 14 May 2008

Decided on : 14 May 2008

Reasons Issued : 21 May 2008

Reasons for decision

Approval

[1] On 14 May 2008 the Competition Tribunal issued a Merger Clearance Certificate approving the merger between Mvelaphanda Holdings (Pty) Ltd and Queensgate Leisure Holdings (Pty) Ltd unconditionally. The reasons for the approval appear below.

Parties

[2] The primary acquiring firm is Mvelaphanda Holdings (Pty) Ltd ("Mvelaphanda"), a company incorporated in terms of the laws of the Republic of South Africa. Mvelaphanda is jointly controlled by the Dikela Family Trust, TJS Family Trust, Mvelaphanda Investment Trust, Mvelaphanda Empowerment Trust and the Mtimba Trust.

[3] The primary target firm is Queensgate Leisure Holdings (Pty) Ltd ("QLH"). QLH is a wholly owned subsidiary of Queensgate Holdings (Pty) Ltd ("Queensgate").

Transaction

[4] In terms of the proposed transaction, Mvelaphanda intends to acquire 50% share in QLH from Queensgate. On completion, Mvelaphanda and Queensgate will each hold 50% share in QLH.

Rationale for the Transaction

[5] As an investment company, Mvelaphanda seeks to expand its investment portfolio by investing in the growth prospects of QLH.

[6] Queensgate and QLH wish to expand their business and take advantage of perceived growth opportunities within the South African leisure industry. Further, Queensgate and QLH state that Mvelaphanda is able to provide them with finance, access to business leadership, business networks and Black Economic Empowerment credentials.

Parties Activities

[7] Mvelaphanda is a private investment Black Economic Empowerment company. Mvelaphanda's investment portfolio includes activities in mining and resources, technical services, financial services, healthcare, construction, property development, security, facilities management, food services, support services and general industrial sectors.

[8] QLH is an investment holding company with interests in the leisure and hospitality industry, particularly hotels and hospitality services as well as business development services, i.e. restaurants and health spa's.¹

Competition Analysis

[9] There is no overlap between the activities of the merging parties as the acquiring firm does not have interests in the leisure and hospitality industry where the primary target firm is active.

Public Interest Issues

[10] There are no public interest issues.

Conclusion

[11] We accordingly agree with the Commission that the transaction is unlikely to

¹ QLH owns interests in hotels, wellness and conference centres which include, inter alia, Radisson Hotel, Cape Town Hollow Hotel, Tinga Private Game Reserve, Avenue Hotel and Pavilion Conference Centre at the BMW Pavilion.

substantially prevent or lessen competition and is approved without conditions.

D Lewis
Tribunal Member

21 May 2008

Date

Concurring: Y Carrim and N Manoim

Tribunal Researcher : I Selaledi

For the merging parties : STBB Attorneys

For the Commission : Makgale Mohlala and William Kganare
(Mergers & Acquisitions)