

The Bidvest Group Limited  
(Incorporated in the Republic of South Africa)  
(Registration number 2000/006082/06)  
Share Code: BVT ISIN: ZAE000117321  
("Bidvest")

Mvelaserve Limited  
(Incorporated in the Republic of South Africa)  
(Registration number 1999/003610/06)  
JSE Share Code: MVS ISIN: ZAE000151353  
("Mvelaserve")

**JOINT ANNOUNCEMENT RELATING TO THE FIRM INTENTION BY BIDVEST TO MAKE A CASH OFFER TO ACQUIRE THE ENTIRE ISSUED ORDINARY SHARE CAPITAL OF MVELASERVE THAT IT DOES NOT ALREADY OWN OR HAS NOT ENTERED INTO AN AGREEMENT TO ACQUIRE**

**1. INTRODUCTION**

Mvelaserve shareholders are advised that on May 8 2013 the board of directors of Mvelaserve received a firm intention letter from Bidvest ("**Firm Intention Letter**") proposing the acquisition by Bidvest of the entire issued ordinary share capital, of Mvelaserve, excluding treasury shares, that it does not already own or has entered into an agreement to acquire ("**the/this Proposed Transaction**"). Bidvest currently owns 49,188,683 shares in Mvelaserve which constitutes approximately 34.75% of the issued ordinary share capital of Mvelaserve.

Bidvest has entered into a conditional agreement with Mvelaphanda Holdings (Pty) Ltd ("**Mvela Holdings**") to acquire 25,009,438 ordinary shares of no par value each, constituting approximately 17.67%, of the issued ordinary share capital of Mvelaserve at a price of R8.50 per share ("**Acquisition Agreement**"). Should Bidvest acquire any Mvelaserve ordinary shares as a result of the Proposed Transaction, not already held by Bidvest or outside the Acquisition Agreement ("**Remaining Shares**"), at a higher price than R8.50 Mvela Holdings will receive the higher price paid per share for the Remaining Shares in respect of the shares sold in terms of the Acquisition Agreement. The only condition remaining to be fulfilled in terms of the Acquisition Agreement is the receipt of the unconditional approval (or, if such approval is conditional, subject to conditions reasonably acceptable to Bidvest) from the competition authorities for the acquisition of the shares in terms of the Acquisition Agreement and consequently the acquisition of control of Mvelaserve by Bidvest.

**2. TRANSACTION MECHANISM**

2.1. The Proposed Transaction may be implemented in accordance with either of the following two procedures (Scenario A and Scenario B):

**Scenario A:**

- 2.1.1. A combined scheme of arrangement and substitute offer (“**Combined Scheme and Offer Proposal**”).

Pursuant to this mechanism, a Scheme of Arrangement (“**Scheme**”) in terms of section 114 of the Companies Act will be proposed by Bidvest between Mvelaserve and the holders of the Remaining Shares (“**Remaining Shareholders**”), pursuant to which Bidvest will acquire all the Remaining Shares on the following basis:

2.1.1.1. the Scheme will be proposed in terms of section 114 of the Companies Act as read together with Section 115 of the Companies Act;

2.1.1.2. the Scheme will be subject to the fulfilment of the conditions precedent referred to in paragraph 5 below;

2.1.1.3. the price payable, and the terms of payment to the Remaining Shareholders for their shares in Mvelaserve will be as is set out in paragraph 3.1 below;

2.1.1.4. It will be an express term of the Scheme that, if the conditions precedent set out in paragraph 5.1 and 5.2 below are fulfilled, but the condition precedent in 5.3.1 (relating to the resolution of Mvelaserve pursuant to which the Scheme is proposed) is not approved by the required majority of Mvelaserve shareholders, then, as soon as is reasonably possible thereafter, Bidvest will make an offer (“**Substitute Offer**”) to the Remaining Shareholders to acquire the Remaining Shares on the following basis:

2.1.1.4.1. the Substitute Offer will be made under section 117(1)(c)(v) of the Companies Act;

2.1.1.4.2. the Substitute Offer and discharge of the offer consideration set out in paragraph 3.2 below will be subject to the fulfilment of the conditions precedent referred to in paragraph 5.1 and 5.2 below;

2.1.1.4.3. the price payable, and the terms of payment, to the Remaining Shareholders for their Remaining Shares will be as is set out in paragraph 3.2 below;

2.1.1.4.4. in the event that the Substitute Offer is accepted by Mvelaserve shareholders beneficially holding (directly or indirectly) not less than 90% of all the Remaining Shares, Bidvest intends to implement a compulsory acquisition of the outstanding shares in accordance with section 124 of the Companies Act, following which Mvelaserve will constitute a wholly-owned subsidiary of Bidvest and be delisted from the JSE;

2.1.1.4.5. the closing date of the Substitute Offer will be approximately 10 business days after the fulfilment or, where applicable, waiver of the last of the conditions precedent set out set out in paragraph 5 (“**Closing Date**”); and

It is not a requirement of the Combined Scheme and Offer Proposal that the independent board of Mvelaserve (“**Independent Board**”) favourably recommend the Combined Scheme and Offer Proposal.

**OR**

**Scenario B:**

2.1.2. In the event that the Combined Scheme and Offer Proposal is not supported by the Independent Board, a general offer (“**Takeover Offer**”) will be made directly to Mvelaserve shareholders on the following basis:

2.1.2.1. the terms applicable to the Takeover Offer, as set out in paragraph 2.1.1.4 above, will apply, *mutatis mutandis*, to the Takeover Offer;

2.1.2.2. the Takeover Offer will be subject to the conditions precedent set out in paragraph 5.1 and 5.2 below; and

2.1.2.3. in the event that the Takeover Offer is accepted by Mvelaserve shareholders beneficially holding (directly or indirectly) not less than 90% of all the Remaining Shares, Bidvest intends to implement a compulsory acquisition of the outstanding shares in accordance with section 124 of the Companies Act, following which Mvelaserve will constitute a wholly-owned subsidiary of Bidvest and be delisted from the JSE.

- 2.2. The Combined Scheme and Offer Proposal (Scenario A) will be implemented by Bidvest if Bidvest receives from Mvelaserve, within three weeks from the date of the Firm Intention Letter (which period may be extended at the election of Bidvest), an undertaking by the Independent Board to co-operate with Bidvest in the implementation of the Combined Scheme and Offer Proposal and, in particular, to propose the Scheme. Such undertaking must consist of a written confirmation by Mvelaserve to Bidvest, by counter-signature and return of a duplicate original of the Firm Intention Letter, that it will co-operate with Bidvest and will propose the Scheme to Mvelaserve shareholders in accordance with the terms and conditions of the Firm Intention Letter.
- 2.3. If Bidvest does not receive the undertakings required from Mvelaserve in terms of paragraph 2.2 above, or Mvelaserve does not fulfil its obligations in terms of the undertaking, then Bidvest will act on its firm intention to make an offer as soon as is reasonably possible thereafter, by implementing the Takeover Offer (Scenario B).
- 2.4. Should the Scheme or the Takeover Offer be used to implement the Proposed Transaction, and in the event of the Takeover Offer being implemented and the provisions of section 124 of the Companies Act being applied, Bidvest will acquire all of the Remaining Shares from the Remaining Shareholders and, following the implementation of the Proposed Transaction, Mvelaserve will constitute a wholly-owned subsidiary of Bidvest and be delisted from the JSE.

### 3. **PURCHASE CONSIDERATION**

- 3.1. In Scenario A, and subject to the fulfilment or waiver (as the case may be) of the conditions precedent set out in paragraph 5 hereunder, the Scheme will, if it is implemented, result in the payment by Bidvest to the Remaining Shareholders of a cash price of R9.10 per Remaining Share ("**Scheme Price**"). Should the Scheme be approved, the maximum aggregate value of the consideration payable by Bidvest to Mvelaserve shareholders in terms of the Scheme is R608,780,799.90 on the basis of a total of 141,097,110 Mvelaserve shares in issue, which excludes any Mvelaserve shares held as treasury shares.
- 3.2. In terms of Scenario B, the Substitute Offer or the Takeover Offer -
  - 3.2.1. Bidvest proposes to acquire the Remaining Shares for a cash consideration of R8.50 per Remaining Share acquired ("**Offer Price**").

3.2.2. In the event that the Substitute Offer or the Takeover Offer is accepted by Mvelaserve shareholders beneficially holding (directly or indirectly) not less than 90% of all the Remaining Shares and the provisions of section 124 of the Companies Act is applied, Bidvest will increase the cash consideration to R9.10 per Remaining Share. The maximum aggregate value of the consideration payable by Bidvest to Mvelaserve shareholders in terms of the Offer is R608,780,799.90 on the assumption that all Remaining Shareholders accept the Offer and on the basis of a total of 141,097,110 Mvelaserve shares in issue, which excludes any Mvelaserve shares held as treasury shares.

3.3. The Scheme Price and the Offer Price is based on the assumption that Mvelaserve does not make any distribution to its shareholders or amend its capital structure from the date of the Firm Intention Letter until the settlement date in terms of the Substitute Offer or the Takeover Offer, or the date of implementation of the Scheme in respect of the Scheme ("**Offer Period**"). In the event that Mvelaserve makes a distribution or amends its capital structure, the Scheme Price and the Offer Price will be reduced on a per share basis accordingly.

3.4. The Scheme Price and Offer Price represent premiums of 11.8% and 4.5% respectively to the 30 day volume-weighted average price of R8.14 (which includes the 11,800,000 shares acquired by Bidvest at R8.12) and premiums of 11.0% and 3.7% respectively based on the closing price on 7 May 2013 of R8.20.

#### 4. **RATIONALE FOR THE OFFER**

Bidvest believes that the Proposed Transaction will enable Mvelaserve to service its customers more efficiently after forming part of Bidvest. Once integrated, the offering to both Bidvest's and Mvelaserve's customers will be enhanced.

#### 5. **CONDITIONS PRECEDENT**

Implementation of the Proposed Transaction (whether in the form of the Scheme, the Substitute Offer or the Takeover Offer) is subject to the fulfilment or waiver of the following conditions precedent, which to the extent not satisfied or waived as at the time of the posting of the offer circular ("**Circular**") shall be included in the Circular, substantially in the form set out in 5.1 to 5.3:

5.1. receipt of approvals, consents or waivers from the following regulatory bodies, governmental or quasi-governmental entities necessary to implement the Proposed

Transaction (in each case either unconditionally or subject to conditions reasonably acceptable to Bidvest):

- 5.1.1. the JSE;
  - 5.1.2. the TRP (in terms of a compliance certificate to be issued in terms of the Companies Act in relation to the Offer;
  - 5.1.3. the South African Reserve Bank; and
  - 5.1.4. the Competition Authorities;
- 5.2. The Acquisition Agreement has become unconditional and has been implemented in accordance with its terms, save for non-implementation by reason of a breach by Bidvest.
- 5.3. If the Scheme is used as the mechanism to implement the Proposed Transaction, the Scheme will, in addition to the conditions precedent set out above, be subject to the fulfilment or waiver by Bidvest (in whole or in part) of the following additional conditions precedent :-
- 5.3.1. the approval of the Scheme by the requisite majority of Mvelaserve shareholders in general meeting convened to approve the Scheme ("**Scheme Meeting**"), as contemplated in Section 115(2) of the Companies Act, and to the extent required, the approval of the implementation of such resolution by the Court;
  - 5.3.2. within thirty business days following the Scheme Meeting, Mvelaserve shareholders exercise appraisal rights, in terms of Section 164 of the Companies Act by giving valid demands in terms of Section 164(7) of the Companies Act, in respect of no more than 5% of the issued ordinary shares of Mvelaserve, provided that, in the event that Mvelaserve shareholders give notice objecting to the Scheme as contemplated in Section 164(3) of the Companies Act and/or vote against the resolutions proposed at the Scheme Meeting in respect of no more than 5% of the issued ordinary shares of Mvelaserve, this Condition shall be deemed to have been fulfilled at the time of the Scheme Meeting;

## 6. FUNDING OF THE OFFER CONSIDERATION

Bidvest proposes to fund the full purchase consideration in cash from its own resources. The TRP has been provided with a bank guarantee from The Standard Bank of South Africa Limited in compliance with Regulations 111(4)(a) and 111(5) of the Companies Regulations, 2011.

**7. PROHIBITED CONDUCT DURING THE OFFER PERIOD**

Mvelaserve shall not do anything prohibited in terms of section 126 of the Companies Act during the Offer Period and if any such prohibited conduct takes place during the Offer Period, Bidvest shall have the absolute right to terminate the Proposed Transaction.

**8. INDEPENDENT BOARD**

The Transaction is classified as an affected transaction in terms of the Companies Act. Accordingly, Mvelaserve has convened its Independent Board comprised of Gary Harlow, Nolwandle Mantashe, Bongsi Masinga, Nozuko Mbalula and Zukile Vokwana, in order for the Independent Board to consider the terms of the Proposed Transaction.

The Independent Board will consider the terms of the Proposed Transaction within the required period and will in due course announce to shareholders its views thereon together with steps it proposes to take.

**9. RESPONSIBILITY STATEMENT**

Bidvest and the Independent Board accepts responsibility for the information contained in this announcement, and to the best of their respective knowledge and belief, the information is true and, where appropriate, this announcement does not omit anything likely to affect the importance of the information included.

**10. SALIENT DATES**

Shareholders will be advised of the salient dates in a further announcement.

For all enquiries, please contact either:

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Bidvest communication advisor:

Aprio

Julian Gwillim

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Johannesburg

13 May 2013

Advisors to Mvelaserve: Bridge Capital Advisors (Pty) Ltd

Legal Advisor to Mvelaserve: DLA Cliffe Dekker Hofmeyr Inc.

Communications Advisors to Mvelaserve: College Hill

Sponsor to Mvelaserve: RAND MERCHANT BANK (A division of FirstRand Bank Limited)

Investment Bank, Sponsor and Transaction Advisor to Bidvest: Investec Bank Limited

Legal Advisor to Bidvest: ENS