MEDIA RELEASE

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Commission approves part II of the acquisition of INMSA subject to conditions

The Competition Commission (“Commission”) has on 07 August 2013 approved, with conditions, part II of the acquisition of the Independent News & Media South Africa (Pty) Ltd (“INMSA”) by two firms.

The first acquiring firm is Sekunjalo Independent Media (Pty) Ltd (“Sekunjalo”), a private firm incorporated in terms of the laws of the Republic of South Africa (“SA”). Sekunjalo is a newly incorporated entity and does not control any other firm either directly or indirectly.

The second acquiring is Newco, a newly formed entity to be incorporated in the Republic of Mauritius. In the Shareholders Agreement entered between China International Television Corporation ("CITVC") and China Africa Development fund ("CADF"), it is indicated that Newco shall be called Interacom Investment Holdings Limited.

The Commission approved with conditions part I of the merger on 25 July 2013. In that transaction, Sekunjalo and Public Investment Corporation (PIC) acquired 75% and 25%, respectively of the entire share capital in INMSA. PIC is however not acquiring control of INMSA as envisaged in the Competition Act; therefore PIC is not regarded as a party to the transaction. In part II of the transaction Sekunjalo’s shareholding is reduced from the initial acquisition of 75% in part I of the transaction to 55% shareholding in part II of the transaction.

The Commission found there are no horizontal overlap and/or a vertical overlap in the activities of the merging parties (i.e. Sekunjalo, Sekunjalo Investment, CITVC (acting through Newco) and INMSA). As a result of PIC’s involvement in the proposed transaction, any likely horizontal or vertical overlap only arise in the event that the PIC exercises control as defined in sections 12 (2) of the Act over TMG and Naspers, and/or whether the 25% shareholding at INMSA confers control to it post-merger.

In the initial transaction, the Commission concluded that PIC does not currently exercise control over TMG or Naspers. As such, the Commission is of the view that it is unlikely that the proposed transaction will result in unilateral and vertical effects in any markets where the TMG, Naspers and INMSA are active. Similarly, the Commission did not deem it necessary to undertake a unilateral or vertical effects analysis as the proposed transaction does give rise to horizontal or vertical overlaps.

Notwithstanding the aforesaid, the shareholding interest held by PIC in three competing entities TMG, Naspers and INMSA post-merger raises concerns related to potential information exchange post-merger. The potential presence of the PIC on the board of directors of INMSA, Naspers and the TMG post-merger, could facilitate the sharing of competitively sensitive information among the three competing companies that could increase the likelihood of anti-competitive coordination between them.

The Commission concluded that it is necessary to impose conditions to address the likely competition concerns that may arise due to the cross-ownership of shares by PIC in competing entities. The conditions imposed by the Commission in the initial transaction aimed to address the possibility of PIC being in control of INMSA in whatever form post-merger and the possible information exchange that could arise as a result of PIC’s shareholding and potential board representation at TMG, Naspers and INMSA.

The conditions sought ensure that the ambiguity with regards to the control of INMSA post-merger is addressed as the shareholders agreements between Sekunjalo and PIC and Sekunjalo and CITVC in respect of INMSA have not been finalised.

The Commission therefore approves the proposed transaction subject to the following conditions which the merging parties have agreed to, that:

•Newco and Sekunjalo shall submit the signed shareholders agreement in respect of INMSA, and all ancillary agreements thereto, in respect of INMSA, to the Commission within 5 business days of its signature by the parties thereto;

•Sekunjalo shall submit the signed loan agreement in respect of the Newco's and PIC's loan(s) to INMSA, and all ancillary agreements thereto, to the Commission within 5 business days of its signature by the parties thereto;

•In order to ensure that no Competitively Sensitive Information is exchanged between INMSA and TMG post-merger, PIC shall not appoint any common directors and/or representatives to the board of directors of INMSA and TMG;

•In order to ensure that no Competitively Sensitive Information is exchanged between INMSA and Naspers post-merger, PIC shall not appoint any common directors and/or representatives to the board of directors of INMSA and Naspers;

•The PIC shall, notwithstanding the listing of INMSA or delisting of TMG and Naspers, ensure that its investments in INMSA, Naspers and TMG remain housed in different departments within PIC and shall continue to adhere to the existing safe guards,

•If, after the Approval Date and/or the shareholders agreement has been finalised, PIC acquires a form of control over INMSA as contemplated in section 12(2) of the Act, the Merging Parties shall file a new merger notification with the Commission in terms of the Act within 30 business days; and

•In the event that the PIC enters into any loan agreement with Sekunjalo and such a loan is converted into shares such that PIC acquires additional shares in INMSA; Sekunjalo will inform the Commission of this conversion within 5 business days of the conversion and will submit to the Commission all the necessary information including the signed loan agreement to enable the Commission to determine whether a notification is required. In the event that a merger notification is required, PIC will not, prior to obtaining the approval of the Competition Authorities, implement the transaction by exercising any of the rights accruing to such shares that may afford it control over INMSA.

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