



competition commission
south africa

Media Statement

For Immediate Release

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STATEMENT ON THE LATEST DECISIONS BY THE COMPETITION COMMISSION

The Competition Commission of South Africa (CCSA) held its ordinary meeting on Wednesday, 5 April 2023, to review and take decisions on matters brought before the Commission by members of the public and corporate applicants, in terms of the Competition Act (89 of 1998) as amended. These matters include but are not limited to complaints, mergers, and acquisitions.

1. MERGERS AND ACQUISITIONS

1.1 Hollywood Sportsbook Holdings Proprietary Limited (“Hollywood”)/ Kenilworth Racing Proprietary Limited (“Kenilworth”)

The Commission has recommended that the Competition Tribunal (Tribunal) approve the proposed transaction whereby Hollywood intends to acquire Kenilworth from the Thoroughbred Horseracing Trust (the “Trust”), with conditions.

The primary acquiring firm is Hollywood. Hollywood is controlled by an individual and Masabe Empowerment Investments Proprietary Limited (“Masabe Empowerment”). Hollywood controls several entities in South Africa. Hollywood, all the entities it controls, and the entities that control it will be referred to as the “Hollywood Group”.

The Hollywood Group is a licensed sports betting operator with a national footprint in South Africa. It operates 98 retail outlets and conducts online betting operations. It also has a mobile site. The Hollywood Group has licensed betting operations in all provinces in South Africa, except for the North-West and Northern Cape. It also offers local and international horseracing betting, as well as an extensive range of sports betting (such as soccer, rugby, etc.) and a ‘Lucky Numbers’ international lottery offering. It also provides live betting with Live In-Play and Betgames Africa options. The Hollywood Group also owns and operates limited payout machines.

The primary target firm is Kenilworth. Kenilworth is wholly owned by the Trust. Kenilworth does not directly or indirectly control any firm.

Kenilworth is primarily involved in the horseracing industry as a racecourse operator. In this regard, Kenilworth owns and operates the following racecourses (i) Kenilworth Racecourse and (ii) Durbanville Racecourse, collectively referred to as “Kenilworth Racecourses”. The Kenilworth Racecourses are located in the Western Cape. Kenilworth hosts horse racing meetings at these two Racecourses. Kenilworth also provides sports betting services on horseracing and soccer. In this regard, Kenilworth has a Tote betting license as well as a premises license. Kenilworth provides Tote betting services through physical outlets and on-course bets also known as Over-the-Counter bets and through digital platforms and telephone betting (i.e., non-OTC channels).

To address employment concerns, the merged entity shall not retrench any employees for a period of three years.

The Commission found that the proposed transaction is unlikely to result in a substantial prevention or lessening of competition in any relevant markets. The Commission further found that the proposed transaction does not raise substantial public interest concerns.

1.2 Community Property Company (Pty) Ltd (“CPC”) / Luvon Investments (Pty) Ltd (“Luvon Investments”) and Twin City (Pty) Ltd (“Twin City”) in respect of Sam Ntuli Mall (the “Target Property”)

The Commission has recommended that the Tribunal approve the proposed transaction whereby CPC intends to acquire the Target Property from Luvon Investments and Twin City, with conditions.

The primary acquiring firm is CPC. CPC is ultimately controlled by Old Mutual Limited (“Old Mutual”). Old Mutual is not directly or indirectly controlled by any firm. CPC does not control any firms. All the firms directly or indirectly controlled by Old Mutual are referred to as the “Acquiring Group”.

The Acquiring Group is active in asset management, life insurance, banking and investment products, short-term insurance, and property management. Relevant to the assessment of the proposed transaction is the property activities of the Acquiring Group in Gauteng, where the Target Property is situated.

The Target Property is a retail property letting enterprise situated in Gauteng, Katlehong. The Target Property is classified as a small regional shopping centre. Luvon Investments and Twin City each hold a 50% undivided share in the Target Property.

The Commission found that the Target Property is subject to existing exclusivity provisions in favour of a certain retailer. Such exclusivity provisions have previously been found by the Commission to have negative competition and public interest effects. Accordingly, the Commission and the Acquiring Group have agreed to conditions whereby the relevant lease agreement is amended to remove the exclusivity provision.

Considering the above, the Commission recommends that the merger is approved subject to the aforementioned conditions. The merger does not raise any other competition or public interest concerns.

1.3 Foschini Retail Group (Pty) Ltd (“Foschini”)/ BMT Street Fever (Pty) Ltd (“Target Business”)

The Commission has recommended that the Tribunal approve the proposed transaction whereby Foschini intends to acquire the business conducted under the “Street Fever” business name from the Target Business, with conditions.

The primary acquiring firm is Foschini. Foschini is a wholly owned subsidiary of The Foschini Group (“TFG”). TFG is not controlled by any single firm or individual.

TFG is an independent chain-store group in South Africa with a diverse portfolio of fashion and lifestyle retail brands, offering clothing (apparel, footwear, and accessories), cosmetics, jewellery, sporting apparel and equipment, cell phones, mobile technology products, homeware, and furniture, from value to upper market segments. TFG’s retail offering is available in-store and online. It operates 25 retail chains in SA which target customers from value to upper market segments. Relevant to the proposed transaction are TFG’s lifestyle fashion retail chains comprised of Totalsport, Sports Scene, Archive, and Sneaker Factory.

The primary Target Business, Street Fever, is a wholly owned division of BMT Street Fever (Pty) Ltd (“BMT”).

The Target Business comprises approximately 114 lifestyle fashion retail stores active within South Africa. The stores trade as “Street Fever”.

The Commission found that the proposed transaction is unlikely to result in a substantial prevention or lessening of competition in any relevant markets.

To address employment concerns, the merging parties have agreed that the merged entity shall not retrench any employees for a specified period. To promote a greater spread of ownership, the merging parties have agreed to implement import substitution commitments including that the merged entity will replace imported apparel and footwear products currently procured by the Target Business with apparel and footwear products procured from South African manufacturers and suppliers.

1.4 ARB Holdings Proprietary Limited (“ARB Holdings”)/ CFS Industries Proprietary Limited (“CFS Industries”)

The Commission has approved the proposed transaction whereby ARB Holdings intends to acquire the issued ordinary shares and shareholder loans in CFS Industries, and the business premises (“Business Premises”) occupied by CFS Industries as a going concern, with conditions.

The primary acquiring firm is ARB Holdings. ARB Holdings is ultimately controlled by the Burke Investment Trust. ARB Holdings and its subsidiaries will collectively be referred to as “the Acquiring Group”.

The Acquiring Group is a wholesaler of electrical products (mainly power and instrumentation cable, overhead line equipment, and conductors of general low-voltage products as well as light fittings, lamps, and related accessories).

The primary target firm is CFS Industries and the Business Premises. CFS Industries is controlled by CFS Holdings Proprietary Limited (CFS Holdings). CFS Industries and its subsidiaries will collectively be referred to as “the Target Group”.

The Business Premises are owned by Proxifin Proprietary Limited and Three Diamonds Trading 80 Proprietary Limited which are owned by an individual.

The Target Group is a value-added cable and networking systems distributor. It provides end-to-end copper and fibre connectivity solutions to data centre and telecommunications projects in the Information and Communications Technology (“ICT”) sector in all major regions in South Africa.

To address employment concern issues, the merging parties will not retrench any employees as a result of the merger for a period of three years.

The Commission is of the view that the proposed transaction is unlikely to substantially lessen or prevent competition in any market in South Africa. The Commission further found that the proposed transaction does not raise any other public interest concerns.

1.5 Unitrans Supply Chain Solutions (Pty) Ltd (“USCS”)/ RCL Foods Sugar and Milling (Pty) Ltd as a going concern (“RCL Transport Business”)

The Commission has recommended that the Tribunal approve the proposed transaction whereby USCS intends to acquire the RCL Transport Business, with conditions.

The primary acquiring firm is USCS. USCS is controlled by Unitrans Holdings (Pty) Ltd (“Unitrans Holdings”) and the Unitrans Empowerment Trust. Unitrans Holdings is controlled by KAP Industrial Holdings Ltd (“KAP”). KAP, Unitrans Holdings, USCS, and the firms that they control shall be referred to as the “Acquiring Group” while USCS shall be referred to as the “Acquiring Firm”.

The Acquiring Group has a diversified product offering within the industrial, chemical, and logistics sectors. Relevant to the proposed transaction is the logistics services carried out by USCS to customers within the food, beverages, animal feed, fast-moving consumer goods, freight forwarding, automotive, construction, mining, chemicals, fuels, gas, and lubricants industries in South Africa.

The primary target firm is the RCL Transport Business. The RCL Transport Business is controlled by RCL Foods Sugar and Milling (Pty) Ltd (“RCL Sugar and Milling”). RCL Sugar and Milling is 100% controlled by RCL Foods Ltd (“RCL Foods”). RCL Foods is controlled by Remgro Ltd.

The RCL Transport Business consists of the transportation of sugar cane, bulk raw sugar, and finished sugar goods produced by RCL Sugar and Milling from (i) various cane fields in Mpumalanga to RCL Sugar and Milling mills, including internal transportation of Goods from one mill to another; (ii) RCL Sugar and Milling mills to RCL's refinery; and (iii) RC Sugar and Milling's refinery to its customers. The RCL Transport Business is constituted of movable assets, supplier agreements, stock, transferring employee contracts, and designated liabilities.

To address employment concerns, the merging parties shall not retrench any employees as a result of the merger for a period of three years from the approval date.

The Commission found that the proposed transaction is unlikely to result in a substantial prevention or lessening of competition in any relevant markets. The Commission further found that the proposed transaction does not raise substantial public interest concerns.

1.6 Sanlam and Sanlam Life Insurance Ltd (“Sanlam Life”)/ AfroCentric Investment Corporation Ltd (“AfroCentric”)

The Commission has recommended that the Tribunal approve the proposed transaction whereby Sanlam Life intends to acquire, through a partial offer and asset-for-share transaction arrangement, AfroCentric, without conditions.

The primary acquiring firm is Sanlam Life. Sanlam is not controlled by any single shareholder. Sanlam controls several firms, spanning multiple jurisdictions. Of relevance to the proposed transaction is that Sanlam wholly owns Sanlam Life. In turn, Sanlam Life controls ACT Healthcare Assets (Pty) Ltd (“AHA”), with the remaining shares in AHA being held by AfroCentric. AHA, in turn, directly holds all the operating assets of AfroCentric. In other words, Sanlam indirectly controls all the operating entities of AfroCentric – the primary target firm. Sanlam, the firms controlling it, and the firms controlled by it are hereafter collectively referred to as the “Acquiring Group” or “Sanlam Group”.

Of relevance to the proposed transaction is that the Sanlam Group provides the following services to the AfroCentric Group:

- potential sales leads for individual healthcare advice;
- co-branding, white labelling, and marketing of AfroCentric's healthcare products (i.e. health insurance, corporate wellness, and gap cover products as ‘Sanlam Gap Cover’ a ‘Sanlam Primary Care’, respectively); and
- underwriting services for cell captive short-term insurance products.

Further, the Sanlam Group provides, among other services, healthcare advisory or consulting services to individuals.

The primary target firm is AfroCentric. AfroCentric is not controlled by any single shareholder. Of relevance to the proposed transaction is that the AfroCentric Group provides marketing services; potential sales leads for non-life insurance products; and corporate wellness services to the Sanlam Group. Further, the AfroCentric Group provides, among other services, healthcare advisory or consulting services to individuals.

The Commission found that the proposed transaction is unlikely to result in a substantial prevention or lessening of competition in any relevant markets. The Commission further found that the proposed transaction does not raise substantial public interest concerns.

1.7 Itumele Bus Lines (Pty) Ltd (“Itumele Bus”)/ Buthotis Trading (Pty) Ltd (“Buthotis”)

The Commission has approved the proposed transaction whereby Itumele Bus intends to acquire Buthotis, without conditions.

The primary acquiring firm is Itumele Bus. Itumele Bus is not controlled by any firm and does not control any firm and shall be referred to as the “Acquiring Firm”.

The Acquiring Firm is a provider of both ‘contracted’ and ‘non-contracted’ bus transportation services within the Free State. Its ‘contracted’ bus services refer to the provision of commuter bus services on a contracted basis. The ‘non-contracted’ services relate to (i) private charter (hired); (ii) tour and charter; (iii) commercial; (iv) scholar and (v) seasonal cross-provincial bus services. The seasonal cross-provincial bus services are provided primarily over Easter and during September from the Free State to Limpopo (specifically Morija).

The primary target is Buthotis. Buthotis is controlled by Imperial Logistics South Africa (Pty) Ltd (“Imperial SA”), Itumele Bus (the Acquiring Firm), and LLMI Properties (Pty) Ltd (“LLMI”). Buthotis does not control any firm. Buthotis shall be referred to as the “Target Firm”.

The Target Firm is a provider of bus transportation services within Limpopo. The Target Firm is a commuter bus service provider and a bus hire company. The transportation services of the Target Firm comprise of:

- Contracted bus services: The Target Firm provides commuter bus services on a contracted basis for the Limpopo Department of Transport, in particular within Lephalale and surrounding areas.
- Non-contracted bus services: The non-contracted bus services of the Target Firm are provided to (i) commercial customers; (ii) scholars and (iii) private charter customers within the Limpopo province.

The Commission found that the proposed transaction is unlikely to result in a substantial prevention or lessening of competition in any relevant markets. The Commission further found that the proposed transaction does not raise substantial public interest concerns.

1.8 Nimble Credit Fund 1 (Pty) Ltd (“NCF1”)/ MCG Industries (Pty) Ltd (“MCG”)

The Commission has approved the proposed transaction whereby NCF1 intends to acquire MCG, with conditions.

The primary acquiring firm is NCF1. NCF1 is wholly owned by Nimble Group (Pty) Ltd (“Nimble”). Nimble is in turn controlled by Firefly Capital (Pty) Ltd (“Firefly”). NCF1, its subsidiaries, and all the firms, directly and indirectly, controlling it, will hereinafter be collectively referred to as the “Acquiring Group”.

The Acquiring Group provides solutions to the credit industry in both the consumer and corporate markets. The Acquiring Group has developed its operations in the non-performing loan segment of the market. It focusses on four functional areas, namely, (i) contingent debt collections; (ii) business process outsourcing; (iii) debt purchasing; and (iv) fund management activities.

The primary target firm is MCG. MCG is jointly controlled by Sasfin Private Equity Investments Holdings (Pty) Ltd (“Sasfin”) and Zungu Investments Company (Pty) Ltd (“Zungu Investments”). MCG controls the following firms in South Africa, all of which are currently dormant: (i) MCG Flexibles (Pty) Ltd; (ii) MCG Rigids Plastics (Pty) Ltd; (iii) MCG Rigids coastal (Pty) Ltd; (iv) MCG Rigids Solutions (Pty) Ltd; and (v) Main Street 1418 (Pty) Ltd. MCG and all its subsidiaries will hereinafter be referred to as the “Target Group”.

The Target Group manufactures and supplied flexible packaging as well as injection moulding. However, due to years of financial difficulties, the Target Group has since closed its flexible packaging business and sold off the assets and currently only operates its injection moulds.

To address employment concerns, the merging parties have agreed to not conduct any merger-specific retrenchments for 24 months from the implementation date. In addition, for 36 months, the merging parties shall offer any affected employees preferential consideration for re-employment should vacant positions become available at the Target Firm. The parties have also agreed to introduce an HDP shareholder in the Target Group within 24 months post-merger.

The Commission found that the proposed transaction is unlikely to result in a substantial prevention or lessening of competition in any relevant markets. The Commission further found that the proposed transaction does not raise substantial public interest concerns.

1.9 Averda Holdings Limited (“Averda Holdings”)/ Averda South Africa (Pty) Ltd (“Averda SA”)

The Commission has approved the proposed transaction whereby Averda Holdings intends to acquire Averda, with conditions.

The primary acquiring firm is Averda Holdings. Averda Holdings is controlled by Averda Holdings A1 Limited (“Averda Holdings A1”), a company incorporated in terms of the laws of the Kingdom of Mauritius. Averda Holdings A1 Limited is controlled by Averda Holdings International Limited (“Averda Holdings

International”), a company incorporated in terms of the laws of the United Arab Emirates. Averda Holdings International’s shareholders include Envirohold Limited (“Envirohold”) and GrowthGate Capital Corporation BSC(c) (“GrowthGate Capital Corporation”). Averda Holdings, Averda Holdings International, and its subsidiaries are hereinafter referred to as the Acquiring Group.

The Acquiring Group’s business activities generally include waste management, management of a landfill site, landfills, the disposal of hazardous waste, operating processing plants, industrial cleaning, pollution rehabilitation, and a private investment firm. Averda SA forms part of the Acquiring Group and its subsidiaries conduct various business activities related to the aforementioned.

The Commission found that the proposed transaction is unlikely to result in a substantial prevention or lessening of competition in any relevant markets.

To promote the greater spread of ownership, the merging parties have committed to conclude a transaction with one or more HDP purchasers to acquire a minority shareholding in the Target Firm, within 18 months of the implementation date.

1.10 Link Africa Holdings (Pty) Ltd (“LAH”)/ Roserise Investments (Pty) Ltd (“Roserise”)

The Commission has approved the proposed transaction whereby LAH intends to acquire Roserise, without conditions.

The primary acquiring firm, LAH, is a special-purpose vehicle. LAH is not controlled by any single firm or individual. LAH operates through Link Africa and Link Africa EPC.

Link Africa is a licensed provider of open-access fibre network infrastructure that builds and operates its networks. It leases fibre optic networks and open access telecommunication services to retail communication companies. Link Africa EPC is the Acquiring Firm’s engineering, procurement, and construction partner that builds new fibre optic cable routes for it, ensuring that the fibre is installed at the lowest cost and is of acceptable quality. It has the expertise and equipment to install fibre optic cable routes at lower costs than other contractors and is staffed and run as a turnkey supplier to Link Africa. Link Africa EPC performs these services solely for Link Africa.

The primary target firm, Roserise is controlled by Chatz Holdco (Pty) Ltd (“Chatz Holdco”), and the Jarryd Chatz Trust. Relevant to the proposed transaction, Roserise controls BitCo Telecoms (“Pty”) Ltd (“BitCo”).

Through its main operating subsidiary, BitCo, Roserise is involved in the provision of wholesale services mostly to fibre-to-the-building (FTTB) through fibre infrastructure that it leases from a variety of service providers including DFA, SAECOM, WIOCC, Huge Networks, Herotel, and Openserv. The primary business activity across all of the target firms is providing connectivity and voice-over IP (“VoIP”) services to business customers and a very small base of home users in residential estates.

The Commission found that the proposed transaction is unlikely to result in a substantial prevention or lessening of competition in any relevant markets. The Commission further found that the proposed transaction does not raise substantial public interest concerns.

[ENDS]

Issued by:

Siyabulela Makunga, Spokesperson

On behalf of: The Competition Commission of South Africa

Tel: 012 394 3493 / 067 421 9883

Email: SiyabulelaM@compcom.co.za

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