

DEPARTMENT OF TRADE, INDUSTRY AND COMPETITION

NO. 5386

4 October 2024

COMPETITION COMMISSION

NOTIFICATION TO APPROVE WITH CONDITIONS THE TRANSACTION INVOLVING:

INHEP ELECTRONICS HOLDINGS (PTY) LTD

AND

CSSAF RADIOWAVE HOLDINGS (PTY) LTD

CASE NUMBER: 2024FEB0009

The Competition Commission hereby gives notice, in terms of Rule 38 (3)(c) of the 'Rules for the Conduct of Proceedings in the Competition Commission', that it has approved the transaction involving the abovementioned firms subject to conditions set out below:

1. On 05 February 2024, the Competition Commission ("Commission") was notified of an intermediate merger wherein Inhep Electronics Holdings (Pty) Ltd ("Inhep") intends to acquire 100% of the issued shares of CSSAF Radiowave Holdings (Pty) Ltd ("CSSAF Radiowave"). On completion of the proposed transaction, Inhep will have sole control of CSSAF Radiowave.
2. The primary acquiring firm is Inhep. Inhep is controlled by Assa Abloy AB, a public limited liability company registered in accordance with the company laws of Sweden. Assa Abloy AB's shares are publicly traded on the Nasdaq Stockholm and no single shareholder controls Assa Abloy AB.
3. In South Africa, Assa Abloy AB operates through (i) Inhep, (ii) Traka Africa (Pty) Ltd ("Traka Africa"), (iii) Impro Technologies (Pty) Ltd ("Impro Technologies") and (iv) Assa Abloy SA (Pty) Ltd. Assa Abloy AB and all its subsidiaries will collectively be referred to as the "AASA Group".
4. The AASA Group does not have any shareholding held by members of historically disadvantaged persons ("HDPs").

5. The ASSA Group is a manufacturer and distributor of a range of security solutions in South Africa. Inhep specialises in intrusion detection solutions (IDS), which include alarm panels, infrared detectors, CCTV cameras, access control devices and associated accessories and consumables. The IDS range of solutions also includes communication systems, which enable security company monitoring centres to be able to connect to IDS security systems which are installed in residential homes and office buildings, such that they are then able to monitor and timeously respond to intrusions such as break-ins, robberies, and home invasions. These services form part of a broad offering which are primarily supplied to armed response security companies.
6. The ASSA Group offering also include a range of smart GSM and IP devices that enables full control of client's home or business via a mobile application. It offers users a complete overview of their IDS alarm system, including notification and live video feeds and also provides different access solutions to meet clients' needs such as digital access solutions (e.g. key or card-based access), automatic door closers, locksets, cylinders, door opening systems and panic and escape devices and other electronic key management solutions, intelligent locker systems and related software, accessories, and technical support.
7. The primary target firm is CSSAF Radiowave. CSSAF Radiowave is ultimately controlled by CSSAF Radiowave Holdings, a company incorporated in Mauritius. CSSAF Radiowave Holdings is controlled by the Carlyle Group.
8. CSSAF Radiowave controls Amecor (Pty) Ltd ("Amecor") with a shareholding of 70%. The remaining shareholding in Amecor (30%) is held by Ascension Capital Partners (Pty) Ltd ("Ascension GP") in its capacity as general partner of Ascension Fund No 4 LLP ("Ascension Fund"), en commandite partnership.
9. Therefore, Amecor has 30% of its shareholding held by HDPs.
10. CSSAF Radiowave operates through Amecor in South Africa. Amecor is a manufacturer and distributor of electronic security equipment to security companies in South Africa. This includes alarm communication equipment such as alarm panels and communicators, which are relied on by security companies in providing armed response services to households and businesses in South Africa. It provides a range of related products such as panic systems, remotes, receivers, and transceivers as

well as base stations. Amecor supplies its security solutions directly to security companies.

Competition analysis

11. The Commission considered the activities of the merging parties and found that the proposed transaction presents horizontal overlaps in the following markets: (i) Broad national market for the supply of electronic security equipment (including control panels and communications systems) to security companies; (ii) Narrow market for the supply of control panel security equipment; and (iii) Narrow market for the supply of communication security equipment.
12. Notwithstanding the overlaps arising and the input foreclosure concern received, the Commission found that the merger is unlikely to result in any substantial prevention or lessening of competition in any relevant market.

Public interest analysis

13. To remedy the public interest concerns arising from the proposed merger, the merging parties tendered an employment condition, HDP Transaction condition, and the investment towards increasing the local manufacturing capacity of the merging parties over the next two to three years. See Conditions attached as “**Annexure A**”. The Commission is agreeable to the proposed conditions.

Conclusion and recommendations

14. As such, the Commission approves the proposed transaction subject to the conditions attached as **Annexure A**.

ANNEXURE A
INHEP ELECTRONICS HOLDINGS PROPRIETARY LIMITED
AND
CSSAF RADIOWAVE HOLDINGS PROPRIETARY LIMITED

CASE NUMBER: 2024FEB0009

CONDITIONS

1. DEFINITIONS

The following expressions shall bear the meanings assigned to them below, and cognate expressions bear corresponding meanings –

- 1.1 **"Acquiring Firm"** means Inhep Electronics Holdings Proprietary Limited;
- 1.2 **"Approval Date"** means the date referred to on the Commission's merger clearance certificate (Form CC 15), being the date on which the Merger is approved in terms of the Competition Act;
- 1.3 **"Affected Employees"** means not more than 15 employees of the Merger Parties (as defined below) in South Africa who may be retrenched as a result of the Proposed Transaction;
- 1.4 **"Commission"** means the Competition Commission of South Africa, a statutory body established in terms of section 19 of the Competition Act;
- 1.5 **"Competition Rules"** means the Rules for the Conduct of Proceedings in the Commission;
- 1.6 **"Competition Act"** means the Competition Act, 89 of 1998, as amended;
- 1.7 **"Conditions"** mean these conditions;
- 1.8 **"Days"** means any calendar day other than a Saturday, a Sunday or an official public holiday in South Africa;

- 1.9 "HDP" means a historically disadvantaged person as defined in section 3(2) of the Competition Act;
- 1.10 "**Implementation Date**" means the date, occurring after the Approval Date, on which the Merger is implemented by the Merging Parties;
- 1.11 "**Merger Parties**" means the Acquiring Firm and CSSAF Radiowave Holdings Proprietary Limited;
- 1.12 "**Proposed Transaction**" means the acquisition by the Acquiring Firm of 100% of the shares of CSSAF Radiowave Holdings Proprietary Limited;
- 1.13 "**Target Firm**" means CSSAF Radiowave Holdings Proprietary Limited and its subsidiaries; and
- 1.14 "**Tribunal**" means the Competition Tribunal of South Africa, a statutory body established in terms of section 26 of the Competition Act.

2. EMPLOYMENT

- 2.1 The Merger Parties shall not retrench any employees because of the Proposed Transaction for a period of 24 months from the Implementation Date.
- 2.2 For the avoidance of doubt, this condition does not include (i) voluntary retrenchment and/or voluntary separation arrangements; (ii) voluntary early retirement packages, (iii) unreasonable refusals to be redeployed or relocated in accordance with the provisions of the Labour Relations Act No. 66 of 1995; (iv) resignations or retirements in the ordinary course of business; (v) retrenchments lawfully effected for operational requirements unrelated to the Proposed Transaction; (vi) terminations in the ordinary course of business, including but not limited to, dismissals as a result of misconduct or poor performance; or (vii) any decision not to renew or extend a contract of a fixed-term third party contract employee or contract with a third party.
- 2.3 Should the need to retrench employees arise post the 24 (twenty-four) month period contemplated in clause 2.1, such retrenchments will be limited to the Affected Employees.

2.4 Should the Merger Parties retrench any Affected Employees as contemplated in these Conditions, the Merger Parties shall for a period of 12 (twelve) months after effecting such retrenchments:

2.4.1 consider opportunities for the redeployment of the Affected Employees into other divisions within the Merged Entity;

2.4.2 give preference to any Affected Employees in relation to any available vacancies that may arise within the Merged Entity, provided they have the requisite qualifications, skills, know-how and experience; and

2.4.3 offer the Affected Employees training and invest in skills development initiatives for the benefit of the Affected Employees.

3. HDP OWNERSHIP

3.1 The Merger Parties undertake to ensure that, post-implementation of the Proposed Transaction:

3.1.1 the HDP ownership level of the Target Firm will be no less than 30%; and

3.1.2 the number of HDP directors on the board of the Target Firm at the Approval Date, will be maintained.

4. CAPITAL EXPENDITURE

The Merger Parties will invest an aggregate amount of **[Confidential]** over a period of two to three years towards expanding the Merger Parties' local manufacturing capacity and facilitating the export of the Merger Parties products manufactured in South Africa.

5. MONITORING OF COMPLIANCE WITH THE CONDITIONS

5.1 The Merger Parties shall inform the Commission in writing of the Implementation Date within 5 (five) Days of the Implementation Date.

5.2 Within 10 (ten) business days of the Approval Date, the Merger Parties shall circulate a non-confidential version of the Conditions to all employees of the Merger Parties in South Africa.

5.3 For the duration of the Conditions, the Acquiring Firm shall, within 30 (thirty) days of each anniversary of the Implementation Date, provide the Commission with an

affidavit attested to by a senior official of the Acquiring Firm, confirming compliance with the Conditions.

- 5.4 The Commission may request such additional information from the Merger Parties, which the Commission may, from time to time, deem necessary for purposes of monitoring the extent of compliance with these Conditions.

6. APPARENT BREACH

Should the Commission receive any complaint in relation to non-compliance with the above Conditions or otherwise determine that there has been an apparent breach by the Merger Parties of these Conditions, the breach shall be dealt with in terms of Rule 39 of the Commission Rules.

7. VARIATION OF CONDITIONS

The Merger Parties may at any time, on good cause shown, apply to the Commission for the Conditions to be lifted, revised, or amended. Should a dispute arise in relation to the variation of the Conditions, the Merger Parties shall apply to the Tribunal, on good cause shown, for the Conditions to be lifted, revised, or amended.

8. GENERAL

All correspondence concerning these Conditions must be submitted to the following email address: mergerconditions@compcom.co.za and ministry@thedtic.gov.za.

Enquiries in this regard may be addressed to the Manager: Mergers and Acquisitions Division at Private Bag X23, Lynnwood Ridge, 0040. Telephone: (012) 394 3298