

DEPARTMENT OF TRADE, INDUSTRY AND COMPETITION

NO. 5410

11 October 2024

COMPETITION COMMISSION

NOTIFICATION TO APPROVE WITH CONDITIONS THE TRANSACTION INVOLVING:

MAIN STREET 2032 PROPRIETARY LIMITED

AND

ROSOND HOLDINGS PROPRIETARY LIMITED

CASE NUMBER: 2024MAY0010

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 06 May 2024, the Competition Commission ("Commission") received notice of an intermediate merger wherein Main Street 2032 Proprietary Limited ("BidCo2") intends on acquiring all of the issued share capital of Rosond Holdings Proprietary Limited ("Rosond") ("Proposed Transaction"). Upon the implementation of the Proposed Transaction, Rosond will be solely controlled by BidCo2.
2. The primary acquiring firm is BidCo2, a special purpose vehicle and private company registered in South Africa. BidCo2 is ultimately controlled by the [CONFIDENTIAL] Trust.
3. BidCo2 does not control any firms whereas the [CONFIDENTIAL] Trust has a 31.1% joint controlling interest in Rosond, the primary target firm in this transaction.
4. BidCo2 is a special purpose vehicle that was incorporated for the purpose of the Proposed Transaction and thus does not have any current or prior activities.
5. The trustees of the [CONFIDENTIAL] Trust's only activity is to hold a joint controlling interest in Rosond. Rosond's activities are elaborated on below.

6. The primary target firm is Rosond, a private entity incorporated in South Africa. Rosond is jointly controlled by [CONFIDENTIAL] and (ii) the [CONFIDENTIAL]Trust with a shareholding of [CONFIDENTIAL] %.
7. Rosond, and the firms that Rosond controls will be referred to as the "Target Group".
8. The Target Group has 4.1% of its shareholding controlled by HDPs.
9. The Target Group provides surface exploration, underground drilling and geotechnical engineering services to mining and exploration industries in South Africa. To conduct these activities, the Target Group also has its own logistics operations and manufactures and maintains its own machinery in house.
10. The Commission is of the view that the transaction would not result in a substantial prevention or lessening of competition in any relevant market.
11. The Commission found that the transaction will not have a negative effect on employment.
12. With respect to the effect of the merger on the greater spread of ownership, the merging parties indicate that as part of the proposed transaction, the Target Group will restructure the Target Group to facilitate an increase in Rosond's HDP shareholding to 15%. The merging parties and the Commission have agreed that the above restructure will form part of conditions of the proposed merger hereto as **Annexure A**.
13. Thus, post-merger, the HDP shareholdings in Rosond will increase from 4.1% to 15%, an increase of 10.9%.
14. There are no other public interest concerns arising.
15. The Commission approves the proposed transaction subject to conditions attached hereto as "**Annexure A**".

ANNEXURE A
MAIN STREET 2032 PROPRIETARY LIMITED
AND
ROSOND HOLDINGS PROPRIETARY LIMITED
CASE NUMBER: 2024MAY0010

CONDITIONS

1. DEFINITIONS AND INTERPRETATION

1.1 In these Conditions, the following words will, unless otherwise stated or inconsistent with the context in which they appear, bear the following meanings and other words derived from the same origins as such words (that is, cognate words) will bear corresponding meanings:

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|-------|---------------------------|---|
| 1.1.1 | "Approval Date" | means the date on which the Merger is approved by the Commission, Tribunal or Competition Appeal Court (if applicable); |
| 1.1.2 | "BEE Co" | means Main Street 2033 Proprietary Limited; |
| 1.1.3 | "BidCo1" | means Main Street 2031 Proprietary Limited; |
| 1.1.4 | "BidCo2" | means Main Street 2032 Proprietary Limited; |
| 1.1.5 | "Business Day" | means any day which is not a Saturday, Sunday or public holiday in South Africa; |
| 1.1.6 | "Commission" | means the Competition Commission of South Africa, established in terms of section 19 of the Competition Act; |
| 1.1.7 | "Commission Rules" | means the Rules for the Conduct of Proceedings in the Commission; |
| 1.1.8 | "Competition Act" | means the Competition Act, No. 89 of 1998, as amended; |

- 1.1.9 **"Conditions"** means these merger conditions to the approval of the Merger issued by the Commission;
- 1.1.10 **"Implementation Date"** means the date, occurring after the Approval Date, on which the Merger is implemented by the Merger Parties in accordance with its terms;
- 1.1.11 **"HDP"** means a historically disadvantaged person as contemplated in section 3(2) of the Competition Act;
- 1.1.12 **"Implementation Agreement"** means the Implementation Agreement entered into between the Merger Parties in relation to the Merger;
- 1.1.13 **"Merger Parties"** means the parties to the Merger, whose names are reflected in Annexure A to the Implementation Agreement
- 1.1.14 **"Merger"** means the management buy-out and restructuring of Rosond explained in paragraph 2 of the Merger Report;
- 1.1.15 **"Merger Report"** means the Merger Report filed with the Commission on 6 May 2024, under case number 2024MAY0010;
- 1.1.16 **"Mr [CONFIDENTIAL]"** means [CONFIDENTIAL] a South African resident individual [CONFIDENTIAL]
- 1.1.17 **"Rosond"** means Rosond Holdings Proprietary Limited;
- 1.1.18 **"Tribunal"** means the Competition Tribunal of South Africa established in terms of section 26 of the Competition Act; and
- 1.2 In these Conditions, any definition, wherever it appears, will bear the same meaning and apply throughout these Conditions unless otherwise stated or inconsistent with the context in which it appears.
2. **INCREASE IN SHAREHOLDING HELD BY HDPS**
- 2.1 Within 12 (twelve) months of the Implementation Date, the Merger Parties shall ensure that:

- 2.1.1 BEE Co holds 20.9% (twenty comma nine percent) of the issued share capital of BidCo2;
- 2.1.2 An HDP, or a legal entity or legal entities controlled by an HDP, hold/s at least 51% (fifty one percent) of the issued share capital of BEE Co; and
- 2.1.3 An HDP, or a legal entity or legal entities controlled by an HDP, hold/s at least 5.3% (five comma three percent) of the issued share capital of BidCo1.
- 2.2 For reference purposes, a diagram reflecting the intended post-Merger corporate structure of Rosond is attached as **Annexure B** below.

3. MONITORING

- 3.1 Rosond will notify the Commission in writing of the implementation of the Merger within 10 (ten) Business Days of the Implementation Date.
- 3.2 Once the Merger Parties have completed their implementation of clause 2 of these Conditions, Rosond shall, within 10 (ten) Business Days, confirm this to the Commission in writing. This confirmation will also include a signed declaration attested to by the HDP shareholder that clause 2 of these Conditions has been duly complied with.
- 3.3 Within 45 (forty-five) Business Days of each anniversary of the Implementation Date up until the 3 (three) year anniversary of the Implementation Date, Rosond shall provide to the Commission a suitable and appropriately detailed annual report regarding the Merger Parties' compliance with these Conditions.
- 3.4 The report referred to in clause 3.3 shall be accompanied by a signed declaration attested to by a senior official of Rosond and the HDP shareholder confirming the accuracy of the annual report and full compliance with the Conditions or otherwise in the year to which the reports relate.
- 3.5 The Merger Parties shall within a reasonable time after request by the Commission respond to any queries that the Commission may have in respect of the abovementioned annual report and its compliance with the Conditions.

4. VARIATION

- 4.1 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.

5. APPARENT BREACH

- 5.1 Should the Commission receive any complaint in relation to non-compliance with the above Conditions, or otherwise determines 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.

6. GENERAL

- 6.1 All correspondence concerning these Conditions must be submitted to the following email address: mergerconditions@compcom.co.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

ANNEXURE B [CONFIDENTIAL]