

## DEPARTMENT OF TRADE, INDUSTRY AND COMPETITION

NO. 5662

13 December 2024

## COMPETITION COMMISSION

## NOTIFICATION TO APPROVE WITH CONDITIONS THE TRANSACTION INVOLVING:

RETNEV HOLDINGS PROPRIETARY LIMITED

AND

TWK HOLDINGS PROPRIETARY LIMITED

CASE NUMBER: 2024JUN0038

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 24 June 2024, the Competition Commission ("Commission") received notice of an intermediate merger in terms of which Retnev Holdings Proprietary Limited ("Retnev") intends to acquire three motor vehicle dealerships and the property upon which these dealerships conduct their businesses from TWK Motors Proprietary Limited ("TWK"). These dealerships are the Standerton Toyota, Piet Retief Toyota and Piet Retief Hino dealerships (henceforth referred to as the "Target Businesses").
2. The primary acquiring firm is Retnev which is an entity registered in South Africa. Retnev is jointly controlled (with a [CONFIDENTIAL] shareholding each) by the [CONFIDENTIAL], [CONFIDENTIAL] and [CONFIDENTIAL].
3. Retnev controls Anton J Venter Proprietary Limited which is trading as Naboom Toyota, Retnev Motoring Proprietary Limited ("Retnev Motoring") and Retnev Express Proprietary Limited ("Retnev Express").
4. Retnev, through Naboom Toyota, specialises in the sale of Toyota-branded passenger vehicles ("PVs") and light commercial vehicles ("LCVs"). Naboom Toyota is also involved in the provision of after-sale services and the distribution of Toyota-branded motor vehicle parts. Naboom Toyota is located in Mookgophong, Limpopo. For completeness, Retnev Motoring conducts the business of a panel beater shop and Retnev Express operates an Engen fuel station with a kiosk.

5. The primary target firm is TWK with regard to the Target Businesses, which is an entity registered in South Africa. TWK is wholly owned and controlled by TWK Agri Proprietary Limited ("TWK Agri"). TWK Agri controls various entities in South Africa.
6. Relevant to the proposed transaction, TWK is broadly involved in the sale of motor vehicles and the provision of after-sale services and the distribution of branded motor vehicle parts. TWK owns 9 motor vehicle dealerships including the Target Businesses. The Target Businesses conduct the following activities:
  - 6.1. Standerton Toyota is a Toyota branded motor vehicle dealership which is involved in the sale of new and used PVs and LCVs located in Standerton, Mpumalanga;
  - 6.2. Piet Retief Toyota is a Toyota branded motor vehicle dealership which is involved in the sale of new and used PVs and LCVs located in Piet Retief, Mpumalanga; and
  - 6.3. Piet Retief Hino is a Hino branded motor vehicle dealership which is involved in the sale of new and used medium commercial vehicles ("MCVs"), heavy commercial vehicles ("HCVs") and extra heavy commercial vehicles ("EHCVs") located in Piet Retief, Mpumalanga.
7. The Target Group does not have any shareholding held by HDPs.

### **Competition Assessment**

8. The Commission considered the activities of the merging parties and found that the proposed transaction gives rise to a horizontal overlap as both the Acquiring Group and Target Businesses are active in the sale of new and used PV and LCVs and the provision of maintenance and aftersales servicing of motor vehicles. The Commission however found that there is no geographic overlap in the activities of the merging parties. In particular, Naboom Toyota is more than 300km's from Standerton Toyota and over 500kms away from Piet Retief Toyota and Piet Retief Hino.
9. The Commission that the proposed found that the proposed transaction is unlikely to result in any substantial prevention or lessening of competition in any relevant markets.

### **Public Interest considerations**

10. The transaction does not promote a greater spread of ownership by HDPs and workers, and thus the parties have tendered commitments set out in **Annexure A**.
11. The merger does not raise any other public interest issues that require further intervention.

12. The Commission therefore conditionally approves the proposed transaction.

**ANNEXURE A: CONDITIONS****RETNEV HOLDINGS PROPRIETARY LIMITED****AND****TWK HOLDINGS PROPRIETARY LIMITED****CASE NUMBER: 2024JUN0038**

---

**CONDITIONS**

---

**1. DEFINITIONS**

- 1.1 **“Acquiring Firm”** means Retnev Holdings Proprietary Limited;
- 1.2 **“Act”** means the Competition Act No. 89 of 1998, as amended;
- 1.3 **“Approval Date”** means the date referred to on the Commission’s merger Clearance Certificate;
- 1.4 **“BeeCo”** means an HDP controlled firm (being a Trust or Company or acceptable structure, as the case may be), which is 100% (one hundred percent) HDP owned, to be identified by the Acquiring Firm and / or Retnev Motor Group, which will hold **[CONFIDENTIAL]** of the ordinary shareholding in the Retnev Motor Group;
- 1.5 **“Commission”** means the Competition Commission of South Africa;
- 1.6 **“Commission Rules”** means the Rules for the Conduct of Proceedings in the Commission;
- 1.7 **“Conditions”** means, collectively, the conditions referred to in this document;
- 1.8 **“Days”** means business days, being any day other than a Saturday, Sunday, or official public holiday in the Republic of South Africa;
- 1.9 **“HDPs”** means historically disadvantaged persons, as contemplated in section 3(2) of the Act;

- 1.10 “**HDP Transaction**” means the transaction according to which BeeCo will subscribe / purchase **[CONFIDENTIAL]** ordinary shares in Retnev Motor Group, based on commercial terms.
- 1.11 “**Implementation Date**” means the date, occurring after the Approval Date, on which the Merger is implemented by the Merging Parties;
- 1.12 “**Merged Entity**” means the entity that will exist after the implementation of the Merger;
- 1.13 “**Merger**” means the Acquiring Firm’s acquisition of the Target Dealerships;
- 1.14 “**Merging Parties**” means the Acquiring Firm and the Target Firm;
- 1.15 “**Retnev Motor Group**” means Retnev Motor Group (Pty) Ltd with registration number: 2024/195925/07, a wholly owned subsidiary of the Acquiring Firm, specifically incorporated to conduct the business of the Target Dealerships;
- 1.16 “**South Africa**” means the Republic of South Africa;
- 1.17 “**Target Dealerships**” means the motor vehicle dealership situated in Standerton conducted under the name of Toyota Standerton, and the motor vehicle dealership situated in Piet Retief conducted under the name of Toyota Piet Retief and Hino Piet Retief; and
- 1.18 “**Target Firm**” means TWK Holdings Proprietary Limited in respect of the Target Dealerships.

## **2. INCREASE IN SHAREHOLDING HELD BY HDPS**

- 2.1 Within 36 (thirty-six) months of the Implementation Date, the Acquiring Firm / Retnev Motor Group shall ensure that the BeeCo shall hold **[CONFIDENTIAL]** share of the ordinary shareholding in Retnev Motor Group.
- 2.2 Prior to the HDP Transaction, the Acquiring Firm and / or Retnev Motor Group will provide the Commission with details of the shareholding of the BeeCo in writing. These details shall include, but not be limited to (i) the proposed structure in terms of which the BeeCo will acquire shareholding in Retnev Motor Group, (ii) identities of HDP shareholders of the BeeCo, (iii) evidence that the prospective shareholders are HDPs, (iv) the proportion of shareholding in Retnev Motor Group that BeeCo will subscribe to / purchase and (v) confirmation of whether the acquisition of

shareholding by the BeeCo in Retnev Motor Group constitutes a merger for the purposes of the Act.

- 2.3 Within (sixty) 60 Days of receipt of the details of the BeeCo and other information contained in 2.2 above, the Commission shall provide the Merging Parties with its written approval, or any comments or queries to the BeeCo, in writing.
- 2.4 For the avoidance of doubt, the introduction of the BeeCo shall not be implemented without the Commission's written approval.
- 2.5 For the avoidance of further doubt, to the extent that introduction of the BeeCo approved by the Commission in writing also constitutes a merger as defined in the Act (and the thresholds for mandatory notification are met), the introduction of the BeeCo can then only be implemented once same has been notified to the Commission in the prescribed manner and form as a merger and approved with or without conditions.

### **3. HDP EMPLOYEE SKILL DEVELOPMENT STRATEGY**

- 3.1 Retnev Motor Group shall make an aggregate contribution of **[CONFIDENTIAL]** over a period of 4 (four) years (with a minimum average contribution of **[CONFIDENTIAL]** per annum) from the Approval Date towards Skills Development initiatives such as:
  - 3.1.1 On-the-Job Training: Provide comprehensive on-the-job training programs to develop the skills of HDPs.
  - 3.1.2 Leadership Development: Offer leadership development programs to prepare HDPs for management.
  - 3.1.3 Continuous Learning: Encourage continuous learning through workshops, courses, and certifications that enhance career growth.
- 3.2 Retnev Motor Group shall make an aggregate contribution of **[CONFIDENTIAL]** over a period of 4 (four) years (with a minimum average contribution of **[CONFIDENTIAL]** per annum) from the Approval Date towards Socio-Economic Development initiatives such as:
  - 3.2.1 Mentorship Programs: Establish mentorship programs where experienced professionals guide and support new HDPs.
  - 3.2.2 Employee Resource Groups: Create employee resource groups that provide a supportive community and networking opportunities.
- 3.3 Retnev Motor Group shall make an aggregate contribution of R 399 300.02 over a period of 4 (four) years (with a minimum average contribution of R 99 825.00 per

annum) from the Approval Date towards Supplier and Enterprise Development initiatives such as:

- 3.3.1 Supplier Diversity: Promote supplier diversity by working with businesses owned by HDPs.

#### **4. MONITORING OF COMPLIANCE WITH THE CONDITIONS**

- 4.1 The Acquiring Firm and / or Retnev Motor Group shall inform the Commission in writing of the HDP Transaction within 5 (five) Days of its occurrence.
- 4.2 The Acquiring Firm and / or Retnev Motor Group shall, within 14 (fourteen) Days of the Implementation Date, inform the Commission that the merger has been implemented.
- 4.3 The Acquiring Firm and / or Retnev Motor Group shall provide the Commission with a report detailing the extent of its progress and compliance with paragraphs 2 and 3 of the Conditions on each anniversary of the Implementation Date for the duration of the Conditions. This report shall be accompanied by an affidavit, duly signed by the Director of the Acquiring Firm and / or Retnev Motor Group, attesting to the accuracy of the contents of the report.
- 4.4 In addition to the above, the Acquiring Firm and / or Retnev Motor Group shall provide the Commission with a detailed report on each anniversary of the Implementation Date for a duration of 4 (four) years, setting out the following in compliance with paragraph 3:
- 4.4.1 The names of the HDP employees that were part of training initiatives for the year;
- 4.4.2 Whether the training initiatives were completed;
- 4.4.3 The amount in rands spent on these training initiatives;
- 4.4.4 The amount in rands spent on social responsibility initiatives and supplier development initiatives for that year;
- 4.4.5 The list of HDP suppliers that the Acquiring Firm and/or Retnev Motor Group worked with for that year;
- 4.4.6 Proof that the suppliers in question are HDPs; and
- 4.4.7 A description and impact study of the supplier development initiatives for that year.

- 4.5 The Commission may request any additional information from the Acquiring Firm and / or Retnev Motor Group, which the Commission may, from time to time, deem necessary for the purpose of monitoring the extent of compliance with these Conditions.

**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 Merging Parties of these Conditions, the breach shall be dealt with in terms of Rule 39 of the Commission Rules.

**6. VARIATION**

- 6.1 The Merging Parties may at any time, on good cause shown, apply to the Commission for the Conditions to be waived, relaxed, modified and/or substituted. Should a dispute arise in relation to the variation of the Conditions, the Merging Parties shall apply to the Tribunal, on good cause shown and on notice to the Commission, for the Conditions to be waived, relaxed, modified and/or substituted.

**7. GENERAL**

All correspondence in relation these Conditions must be submitted to the following email addresses: [mergerconditions@compcom.co.za](mailto:mergerconditions@compcom.co.za) and [ministry@thedtic.gov.za](mailto: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