

## DEPARTMENT OF TRADE, INDUSTRY AND COMPETITION

NO. 5805

31 January 2025

## NOTIFICATION TO APPROVE WITH CONDITIONS THE TRANSACTION INVOLVING:

GREENPATH RECYCLING (PTY) LTD

AND

THE VERSAPAK BUSINESS OF MPACT OPERATIONS (PTY) LTD

CASE NUMBER: 2024AUG0005

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:

**Background**

1. On 02 August 2024, the Competition Commission (the "Commission") received notice of an intermediate merger whereby Greenpath Recycling (Pty) Ltd ("Greenpath"), intends to acquire control over the Versapak business of Mpact Operations (Pty) Ltd ("Versapak"). Post implementation of the proposed transaction, Greenpath will have sole control over the Target Business

**Parties and activities**

2. The primary acquiring firm, Greenpath, is wholly owned by Sinica Manufacturing (Pty) Ltd ("Sinica"), a company incorporated in South Africa. Sinica is controlled by Feng-Chi ("Wilson") Shen-Yu, who holds a 70% interest in the firm. The remaining 30% is held by Ms. Chien-Tai Shen-Yu. Wilson Shen-Yu also has a **[CONFIDENTIAL]**% controlling shareholding in Ouropack Distribution (Pty) Ltd ("Ouropack").
3. Greenpath is a special purpose vehicle that has been established for the purposes of this transaction and does not directly or indirectly control any firms. Greenpath and all the firms controlled by Wilson and Chien-Tai Shen-Yu are collectively referred to as the "Sinica Group".

4. The parties submit that Sinica Group is 100% owned by historically disadvantaged persons (HDPs) as contemplated by section 3(2)(a) of the Competition Act No. 89 of 1998 (as amended) (the “Act”). That is because Wilson and Chien-Tai Shen-Yu are South African citizens who were entitled to acquire citizenship by naturalisation prior to 27 April 1994.
5. The Sinica Group manufactures and supplies a range of plastic packaging products, including polystyrene (“styrene”) meal boxes and trays, polyvinyl chloride film (“vinyl”) and polyamide ethylene vinyl alcohol vacuum bags. Sinica Group’s products are manufactured at a single facility located in Benoni (Gauteng). Sinica Group’s products are used by a variety of businesses in the South African food sector, including retailers, supermarkets, restaurants, fast-food chains, butcheries and food producers (hereafter collectively referred to as “end-customers”).
6. Ouropack is a distribution company which operates distribution centres in the Gauteng, Western Cape, Eastern Cape and KwaZulu-Natal provinces. Ouropack distributes styrene food packaging, vinyl food packaging, plastic and paper cups, cutlery, personal protection equipment, cleaning products and packaging bags, amongst others.
7. Versapak is an unincorporated division of Mpact Operations (Pty) Ltd (“MpactOps”). MpactOps is ultimately a solely controlled subsidiary of Mpact Limited, a JSE listed entity which is not controlled by any firm. As Versapak is an unincorporated division, it does not have any shareholders. However, the parties submit that according to its latest B-BBEE certificate (expiring 17 June 2025), MpactOps has 33.7% HDP ownership. This ownership is attributable to Versapak.
8. Versapak is a paper and plastics packaging manufacturing business operating in Southern Africa. Versapak manufactures and supplies a range of branded and unbranded plastic packaging products, including polyethylene terephthalate (“PET”) containers and trays, styrene packaging and vinyl. It operates one manufacturing plant in Roodekop (Gauteng) and a second one in Paarl (Western Cape). Versapak products are used by a variety of end-customers in the fast-moving consumer goods, fast food, fresh food, beverage and agricultural sectors.

### **Competition Assessment**

9. The Commission found that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market.

**Public interest considerations**

10. In order to address employment concerns, the merging parties have tendered the commitments set out in **Annexure A**.
11. To address concerns raised by end customers, the parties have agreed to the capex commitments set out in **Annexure A**.
12. The Commission therefore approves the proposed transaction on the conditions set out in **Annexure A** hereto.

**ANNEXURE A**  
**GREENPATH RECYCLING (PTY) LTD**  
**AND**  
**THE VERSAPAK BUSINESS OF MPACT OPERATIONS (PTY) LTD**  
**CASE NUMBER: 2024AUG0005**

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**CONDITIONS**

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**1. DEFINITIONS**

- 1.1 The following expressions shall bear the meanings assigned to them below, and cognate expressions bear corresponding meanings:
- 1.1.1 **"Acquiring Firm"** means Greenpath Recycling (Pty) Ltd;
- 1.1.2 **"Acquiring Group"** means Greenpath, all direct and indirect controllers thereof and all firms so directly and indirectly controlled;
- 1.1.3 **"Approval Date"** means the date referred to on the Commission's merger clearance certificate (Form CC15), being the date on which the Merger is approved in terms of the Competition Act;
- 1.1.4 **"Commission"** means the Competition Commission of South Africa, a statutory body established in terms of section 19 of the Competition Act;
- 1.1.5 **"Commission Rules"** means the Rules for the Conduct of Proceedings in the Commission;
- 1.1.6 **"Competition Act"** means the Competition Act, 89 of 1998, as amended;
- 1.1.7 **"Conditions"** means these conditions;
- 1.1.8 **"Days"** means any calendar day other than a Saturday, a Sunday or an official public holiday in South Africa;
- 1.1.9 **"Implementation Date"** means the date occurring after the last condition precedent to the transaction is fulfilled or waived, as the case may be, when the Merger is implemented in accordance with its terms;

- 1.1.10 **"Labour Relations Act"** means the Labour Relations Act 66 of 1995;
- 1.1.11 **"Merged Entity"** means Versapak subject to the control of the Acquiring Group following the Implementation Date;
- 1.1.12 **"Merger"** means the proposed acquisition by the Acquiring Firm of the Target Firm;
- 1.1.13 **"Merging Parties"** means the Acquiring Group and the Target Firm;
- 1.1.14 **"Moratorium Period"** means a period of 2 (two) years from the Implementation Date and includes the period between the Approval Date and the Implementation Date;
- 1.1.15 **"South Africa"** means the Republic of South Africa;
- 1.1.16 **"Target Firm"** means The Versapak business of Mpact Operations (Pty) Ltd
- 1.1.17 **"Tribunal"** means the Competition Tribunal of South Africa, a statutory body established in terms of section 26 of the Competition Act; and

## 2. CAPITAL EXPENDITURE

- 2.1 Subject to market conditions remaining the same, the Acquiring Group commits to spending **R[CONFIDENTIAL]** in capex at the Target Firm, over the next four years post the Implementation of the Merger.

## 3. EMPLOYMENT

- 3.1 For a period of two years after the Implementation Date, the Merged Entity shall not retrench any of its employees in South Africa as a result of the Merger during the Moratorium Period. will be no Merger specific retrenchments arising as a result of the merger
- 3.2 The undertaking provided in paragraph 3.1. above means that no retrenchments will result in South Africa as a consequence of the implementation of the Merger. For the sake of clarity, Merger related retrenchments do not include (i) voluntary retrenchment and/or voluntary separation arrangements; (ii) voluntary early retirement packages; (iii) unreasonable refusals to be redeployed in accordance with the provisions of the Labour Relations Act; (iv) resignations or retirements in the ordinary course of business; (v) retrenchments lawfully effected for operational

requirements (for the purposes of the Labour Relations Act) unrelated to the Merger (vi) terminations in the ordinary course of business, including but not limited to, dismissals as a result of misconduct or poor performance; and (vii) any decision not to renew or extend a contract of a fixed-term third party contract employee or contract with a third party.

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

- 4.1 The Acquiring Firm shall inform the Commission in writing of the Implementation Date within 5 (five) Days of the Implementation Date.
- 4.2 The Acquiring Firm shall circulate a copy of the Conditions to the employees of the Merging Parties within 10 (ten) Days of the Approval Date. As proof of compliance herewith, the Acquiring Firm shall with 10 (ten) Days of so circulating the Conditions, notify the Commission of compliance herewith and provide evidence of such circulation.
- 4.3 The Acquiring Firm shall, within 30 (thirty) Days of the anniversary of the Implementation Date, for 4 (four) years commencing after the Implementation Date, provide to the Commission a report detailing its progress regarding its compliance with the Capex commitment. This report shall be accompanied by an affidavit attested to by a senior official of the Acquiring Firm, confirming the report's accuracy.

#### **5. APPARENT BREACH**

- 5.1 If the Commission determines that there has been an apparent breach by the Merging Parties of these Conditions, Rule 39 of the Commission Rules will apply.

#### **6. VARIATION OF THE CONDITIONS**

- 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**

- 7.1 All correspondence concerning the Conditions must be submitted to the following e-mail address: [mergerconditions@compcom.co.za](mailto:mergerconditions@compcom.co.za) and [ministry@thedtic.gov.za](mailto:ministry@thedtic.gov.za).