

DEPARTMENT OF TRADE, INDUSTRY AND COMPETITION

NO. 6028

20 March 2025

NOTIFICATION TO APPROVE WITH CONDITIONS THE TRANSACTION INVOLVING:

ALLIANCE ENERGY GROUP PROPRIETARY LIMITED

AND

OILCO RETAIL PROPRIETARY LIMITED

CASE NUMBER: 2024DEC0016

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 10 December 2024, the Competition Commission ("Commission") received notice of an intermediate merger whereby Alliance Energy Group (Pty) Ltd ("AEG") intends to acquire 100% of the issued share capital of Oilco Retail (Pty) Ltd ("Oilco"). Post-merger, AEG will have sole control over Oilco.
2. The primary acquiring firm is AEG, a private company incorporated in Botswana. AEG controls various firms in Botswana which are active in the fuel, oil and gas industries. AEG does not conduct any activities in South Africa. AEG is ultimately controlled by 4 individuals, namely, Seyed Jamaldeen Muhammed Anzsar (35.60%), Mmonesi Aryl Ralebala (38.15%), Leinaletsogile L Gabaraane (19.25%)¹ and Mohammed Nafrin Mohideen (7.00%). AEG and the firms it controls, all the firms controlling AEG and the firms controlled by those firms are collectively referred to as the "AEG Group".
3. The AEG Group's activities include the retail of petroleum products (e.g. petrol, diesel and lubricants) through Engen branded filling stations and through truck stops located in Botswana. AEG Group also distributes Castrol branded lubricants to the mining and industrial sectors, retail motor spare shops, hardware stores, and supermarkets in Botswana. Further, AEG Group is also involved in the wholesale of petroleum products and the distribution of liquid petroleum gas in Botswana. For the avoidance of doubt, the

AEG Group has no activities in South Africa and derives neither turnover from, nor holds any assets in South Africa.

4. AEG Group does not have any ownership by historically disadvantaged persons (HDPs), as contemplated in section 3(2) of the Act.
5. The primary target firm is Oilco, a private company incorporated in South Africa. Oilco has 3 shareholders. Oilco controls a single firm, Valotype (Pty) Ltd ("Valotype"). Oilco and Valotype will be collectively referred to as Oilco.
6. Oilco is a retail fuel supplier, with five retail petroleum service stations (truck stops) in South Africa that primarily supply petroleum, diesel and lubricants for long distance trucks.
7. Oilco has some shareholding by HDPs as contemplated by section 3(2) of the Act.

Competition Assessment

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

Public Interest Considerations

9. To address public interest concerns, the parties have agreed to the conditions set out in **Annexure A** hereto.

Conclusion

10. The Commission therefore approves the proposed transaction subject to the conditions set out in **Annexure A** hereto.

ANNEXURE A**ALLIANCE ENERGY GROUP PROPRIETARY LIMITED****AND****OILCO RETAIL PROPRIETARY LIMITED****CASE NUMBER: 2024DEC0016**

CONDITIONS

1. DEFINITIONS

In this document, the expressions used above will have the appropriate meanings assigned to them and the following and related expressions will bear the following meanings:

- 1.1 **"Acquiring Firm"** means Alliance Energy Group Proprietary Limited or its nominee registered in South Africa that will hold the shares in Oilco Retail Proprietary Limited;
- 1.2 **"Act"** means the Competition Act No. 89 of 1998, as amended;
- 1.3 **"Approval Date"** means the date on which the Proposed Transaction is approved in terms of the Act;
- 1.4 **"Commission"** means the Competition Commission of South Africa;
- 1.5 **"Commission Rules"** means the Rules for the Conduct of Proceedings in the Competition Commission;
- 1.6 **"Conditions"** means the merger conditions included in this Annexure A;
- 1.7 **"Days"** means any day that is not a Saturday, Sunday, or public holiday in South Africa;
- 1.8 **"ESOP"** means the Employee Share Ownership Programme to be established pursuant to these Conditions;
- 1.9 **"ESOP Establishment Period"** means twenty-four months from the Implementation Date;

- 1.10 **"HDPs"** means historically disadvantaged persons as contemplated in section 3(2) of the Act;
- 1.11 **"HDP Transaction"** means the Acquiring Firm's commitment to conclude a transaction in terms of which an HDP/s will acquire no less than 21% (twenty-one percent) of the issued share capital of the Merged Entity (the HDP Transaction);
- 1.12 **"Implementation Date"** means the date, occurring after the Approval Date, on which the Merger is implemented by the Merger Parties;
- 1.13 **"Merger"** means the proposed acquisition of control by the Acquiring Firm over the Target Firm as notified to the Commission under Case No. 2024Dec0016;
- 1.14 **"Merged Entity"** means the Target Firm subject to the control of the Acquiring Firm following the Implementation Date;
- 1.15 **"Merger Parties"** means the Acquiring Firm and the Target Firm;
- 1.16 **"South Africa"** means the Republic of South Africa;
- 1.17 **"Target Firm"** means Oilco Retail Proprietary Limited;
- 1.18 **"Tribunal"** means the Competition Tribunal of South Africa;
- 1.19 **"Qualifying Workers"** means all Workers with a minimum service period of 12 months at the Target Firm;
- 1.20 **"Worker"** means an employee as defined in the Labour Relations Act 66 of 1995 (as amended) and, in the context of ownership, refers to ownership by a broad base of Workers.

2. EMPOWERMENT TRANSACTION

- 2.1 Within 24 (twenty-four) months of the implementation date, the Acquiring Firm shall in relation to 26% (twenty-six percent) of the Merged Entity's issued share capital, adopt and implement the following:
- 2.1.1 the HDP Transaction; and
- 2.1.2 establish an ESOP, in accordance with the design principles set out in Annexure A1, that will acquire no less than 5% (five percent) of the issued share capital of the Merged Entity.

3. MONITORING OF COMPLIANCE WITH THE CONDITIONS

- 3.1 Within 5 (five) days after the Implementation Date, the Merged Entity shall notify the Commission in writing of the Implementation Date.
- 3.2 Within 10 (ten) Days of the Implementation Date, the Merged Entity shall circulate a non-confidential version of the Conditions to its employees, their employee representatives and trade unions. As proof of compliance herewith, the Merged Entity shall, within 5 (five) Days of circulating the Conditions, submit to the Commission an affidavit by a senior official attesting to such compliance.
- 3.3 Prior to the implementation of the HDP Transaction, the Acquiring Group will provide the Commission with details of the HDP Transaction in writing. These details shall include, but not be limited to, the structure of the HDP Transaction, identities of prospective HDPs, evidence that prospective participants to the HDP Transaction are HDPs, the proportion of shareholding in the Target Firm that each prospective HDP shareholder will receive and confirmation of whether the HDP Transaction constitutes a merger for the purposes of the Act.
- 3.4 Within (sixty) 60 Days of receipt of the details of the HDP Transaction, the Commission shall provide its written approval, or any comments or queries to the HDP Transaction, in writing.
- 3.5 For the avoidance of doubt, the HDP Transaction may not be implemented without the Commission's written approval.
- 3.6 For the avoidance of further doubt, to the extent that the HDP Transaction approved by the Commission in writing also constitutes a merger as defined in the Act (and the thresholds for mandatory notification are met), the HDP Transaction can then only be implemented once same has been notified to the Commission as a merger and approved with or without conditions.
- 3.7 The Merged Entity shall submit a compliance report (including a trust deed for the registration of the ESOP) within 5 (five) Days after the establishment of the ESOP in terms of clause 2.1.2. The report shall be accompanied by an affidavit attested to by

a senior official of the Merged Entity confirming the accuracy and correctness of the information contained in the report.

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

4. APPARENT BREACH

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.

5. VARIATION

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.

6. GENERAL

All correspondence concerning the 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 3200.

ANNEXURE A1 – ESOP DESIGN PRINCIPLES

Design Principle	Applicable Criteria
Structure	<ul style="list-style-type: none"> ○ The Merged Entity will establish an ESOP that will hold the equivalent of at least an effective 5% (five percent) of the issued share capital of the Merged Entity. ○ The Merged Entity shall have full latitude to design an appropriate transaction to give effect to the undertaking set out in clause 2.1.1 of the Conditions.
Cost to Workers	<ul style="list-style-type: none"> ○ No cost to workers: Workers must not be required to pay to participate in the ESOP.
Governance	<ul style="list-style-type: none"> ○ If there is a board of trustees, the board must be balanced, and Workers must be represented on the board, e.g., 1 trustee appointed by the Merged Entity, 1 trustee appointed by Workers, and 1 independent trustee. ○ Any costs associated with the operation of the board of trustees will be borne by the Merged Entity. ○ The independent director/trustee will be recommended and appointed by the workers, subject to the candidate being acceptable to the Merged Entity.
Duration	<ul style="list-style-type: none"> ○ Perpetual / Evergreen
Participants	<ul style="list-style-type: none"> ○ All current and future workers (not limited to HDPs). ○ Eligibility criteria: permanent employees of the Merged Entity with a minimum 12-month service period. ○ Maternity leave will have no adverse impact on qualifying criteria.
Participation Benefits	<ul style="list-style-type: none"> ○ All Qualifying Workers will be entitled to dividends. ○ Beneficiaries (i.e. Qualifying Workers) will cease to participate for bad leaver events: resignations and dismissals.
Funding	<ul style="list-style-type: none"> ○ If required, the ESOP will be vendor-financed. The vendor funding will provide for a fixed trickle dividend in terms of which at least 35% of declared dividends will be paid to the beneficiaries, with the remaining 65% used to service the vendor-financed loan until such loan is extinguished. ○ The Merger Parties must make provision and cover the reasonable costs for independent legal and

	<p>financial experts to act on behalf of Workers in ESOP establishment negotiations (the 'Provision'). For the avoidance of doubt, the Provision shall be at no cost to workers and must not impact any dividend flows due to workers.</p> <ul style="list-style-type: none">○ Any disputes between the Merging Parties and any independent legal and financial experts, as regards the reasonableness of fees/ costs, must be resolved by arbitration or any other mutually agreed dispute resolution mechanism.
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