

# COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No.: 54/LM/Jun06

In the matter between:

**Medi-Liberty Star Consumer Holdings (Pty) Ltd**

**Acquiring Firm**

And

**Chet Industries Ltd**

**Target Firm**

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Panel : N Manoim (Presiding Member), L Reyburn (Tribunal Member), and M Mokuena (Tribunal Member)

Heard on : 2 August 2006  
Decided on : 2 August 2006  
Reasons issued: 25 August 2006

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## REASONS FOR DECISION

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### Approval

[1]. On 2 August 2006, the Competition Tribunal unconditionally approved the proposed merger between the abovementioned parties. The reasons for the decision follow.

### Parties

[2]. The primary acquiring firm is Liberty Star Consumer Holdings (Pty) Ltd ("Libstar"). Abrina 2382(Pty) Ltd ("Abrina") controls Libstar. Abrina is a wholly owned subsidiary of the Royal Bafokeng Finance ("Pty") Ltd ("RBF"), which is in turn a wholly owned subsidiary of the Royal Bafokeng Nation ("RBN"). The primary target firm is Chet Industries Ltd ("Chet Industries"). The shareholders in Chet Industries are Chester Industries Ltd 82.71% (Chester Industries); Kessler family Trust 14.66% and The Chet Share Incentive Share Trust

2.43%<sup>1</sup>. Milton Levine who is the managing director of Chester Industries controls Chester Industries.

### **Transaction**

[3]. This transaction involves the acquisition of the entire issued share capital of the Chet Industries and its subsidiaries by Libstar. Subsequently, a newly formed subsidiary of Libstar will acquire the business assets of Chet Industries from Libstar. The newly formed subsidiary referred to above is Calshelf Investment 125 (Pty) Ltd to be renamed Chet Chemicals (Pty) Ltd ("Newco"). Libstar will hold 70% of the issued shares in Newco, and the Kessler Family Trust holds the remaining 30%. Other than Newco Libstar controls Dickon Hall Foods (Pty) Ltd ("Dickon Hall") and will also control retailer Brands (Pty) Ltd ("Retailer Brands")

### **Reasons for the transaction**

[5]. For Libstar the transaction was motivated by its desire to enter the market for the manufacture, sale, marketing and distribution of household products such as laundry detergents, fabric conditioners, dishwashing systems, all purpose cleaners, bath and shower additives, liquid and bar soaps, pre-wash soap/soakers and bleach, and perceives this proposed transaction as an opportunity to do so. Chet Industries believes that the growth of its business will depend on its ability to improve its black economic empowerment credentials and to generally reinvent itself by becoming more relevant to the South African commercial landscape.

### **The merging parties activities**

[6]. Royal Bafokeng Nation through its wholly owned subsidiary Bafokeng Finance controls Libstar. Bafokeng Finance is an investment holding vehicle for the Royal Bafokeng Nation's non-mining interests and does not sell any

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<sup>1</sup> For a list of Chet Industries subsidiaries see table 6 on page 4 of the Commission's Report

products nor provide any services for its own account. Libstar is an investment holding company, which holds interests in companies within the food industry. Abrina holds 76% of the issued shares in Libstar. Abrina is a wholly owned subsidiary of the Royal Bafokeng Finance. Retailer Brands is active in the business of manufacturing and distribution of dry food products such as soups, jellies, spices, sauces, baking powder, colourants, essences and cornflour, both under its own brand names, as well as for retailers and wholesalers house brands. Dickon Hall manufactures and packages branded “wet” food products, such as sauces and condiments. Through some of its subsidiaries, the Bafokeng group are active in the following industries namely, mining, construction, packaging, insurance, finance and information Technology.

[7]. Chet Industries is a manufacturer, distributor and marketer of households and laundry detergents products, both under its own brand name as well as under retailers and wholesalers house brands.

### **Relevant Market**

[8]. According to the Commission neither the acquiring nor the target firm supply products that can be regarded as substitutes, and accordingly no overlap occurs with regard to the activities of the parties. The Commission is also of the view that no vertical integration issues arise from the transaction since there is no horizontal overlap between the activities of the merging parties. We agree with the Commission’s assessment.

### **Effect on Competition**

[9]. The transaction will not substantially prevent or lessen competition, as there are no overlaps or vertical integration issues arising from the transaction.

## **Public Interest**

[10]. No public interest issues arise from this merger

## **Conclusion**

[11]. Having regard to the above, we conclude that the merger will not lead to a substantial lessening of competition. Accordingly we agree with the Commission's recommendation that the transaction be approved unconditionally.

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**N Manoim**

**25 August 2006**

**Date**

Concurring: L Reyburn and M Mokuena

Tribunal Researcher : J Ngobeni

For the merging parties : Portia Twala and Andile Nikani, Fluxmans  
Attorneys

For the Commission : Maarten Van Hoven, Mergers and Acquisitions