

COMPETITION TRIBUNAL OF SOUTH AFRICA

Case NO: 82/LM/Jun08

In the matter between

Hosken Consolidated Investments Ltd

Primary Acquiring firm

And

Sear del Investment Corporation Ltd

Primary Target Firm

Panel :D Lewis (Tribunal Member), N Manoim (Tribunal Member) and Y Carrim (Tribunal Member)

Heard on : 3 September 2008

Decided on : 3 September 2008

Reasons Issued : 18 September 2008

Reasons for Decision

Approval

[1] On 3 September 2008 the Competition Tribunal issued a Merger Clearance Certificate approving the merger between Hosken Consolidated Investments Ltd and Sear del Investment Corporation Ltd. The reasons appear below.

Transaction and parties

[2] Hosken Consolidated Investments Ltd ("HCI") is acquiring more than 50% of the shares and voting rights in Sear del Investment Corporation Ltd ("Sear del"), pursuant to which HCI will control Sear del. Both HCI and Sear del are public companies listed on the JSE Securities Exchange.

[3] HCI's largest shareholder is the South African Clothing and Textiles Workers' Union ("SACTWU"), which owns 40.19% of the share capital in HCI. HCI controls in excess of 40 subsidiaries.

[4] Seardel is controlled by Dr A Searll who, through various entities holds 62.9% of the share capital. Seardel controls in excess of 20 subsidiaries.

Rationale for the Transaction

[5] According to the merging parties Seardel has experienced a decline of 97% in profits due to difficult trading conditions in the South African textile and clothing industry. In light of this HCI has offered to rescue the company which it believes it can turn around and in time extract profit from. This transaction therefore provides Seardel with a way to continue operating.

Competition Analysis

[6] Seardel is a vertically integrated clothing and textile manufacturer which is also involved in the production and distribution of office automation and consumer electronics, as well as the manufacturing and distribution of toys, games and stationary.

[7] HCI is an investment company involved in a broad range of sectors such as media and broadcasting, casinos, hotels and leisure, transport, energy food and beverages, industrial, financial services, property and technology, none of which overlaps with the target firm's businesses.

[8] The transaction is therefore unlikely to result in a substantial lessening of competition in any of the markets identified above.

Public interest issues

[9] The merging parties have indicated to the Commission that there might be some job losses as a result of the transaction. However, in light of the fact that SACTWU, the Union that represents most of the workers in Seardel, is also the largest shareholder in HCI, the Tribunal is confident that any issues regarding employees would be addressed in a responsible manner.

Conclusion

[10] Based on the above we find that the transaction will not result in a substantial lessening or prevention of competition and is accordingly approved unconditionally.

D Lewis
Tribunal Member

18 September 2008

Date

N Manoim and Y Carrim concurring

Tribunal Researcher : R Badenhorst
For the merging parties : Edward Nathan and Sonnenbergs
For the Commission : M Mohlala and M Matsimela