

Naspers deal derailed after Caxton request

Caxton, which was berated on Friday for derailing the merger of competitors Media24 and Paarl Media, may have given the competition authorities "even more reason" to investigate Media24 parent company Naspers's shareholding structure.



After requesting to do so, printing and publishing group Caxton was allowed by the Competition Tribunal to participate in the merger proceedings of Media24 and Paarl Media.

The tribunal had said Caxton must be given access to documents filed in the case, while it could call for the discovery of further documents relating to the direct or indirect control of Naspers, and that it would be allowed to cross-examine witnesses who might appear in the case during the hearing.

Caxton claimed that the merging firms were "restrictive" with their disclosure of information to the Competition Commission, and that there needed to be a proper assessment of the effects of the merger on the media industry.

Media24 wanted to purchase the remaining 5% shareholding it does not own in Paarl Media Holdings and 12.63% in Paarl Coldset, from Paarl Media Group nonexecutive chairman Lambert Retief. Retief wanted to retire from the business.

The 'Caxton circus'

He said in a statement on Friday that he had withdrawn his put option to sell his shares and had collapsed the transaction, as he refused "to be part of the Caxton circus and further waste shareholders' money".

Shareholder activist Theo Botha said the failed deal reflected badly on Naspers. "I don't think it's the first time people wanted to pierce the veil here", he said.

Ahead of the deal, the Competition Tribunal said information should be submitted about Naspers's shareholders in unlisted A ordinary shares. Botha said while Naspers had been the market darling with a strong run in recent years, it should disclose its shareholding structure. Its control structure includes unlisted A ordinary shares and lowvoting N shares.

Business Day was unable to get a response from the competition authorities on Friday as to whether they would still investigate Naspers's shareholding structure, despite the failed merger.

Disruptive

Retief said in a statement that Caxton CEO Terry Moolman "is a vexatious litigant and has sued numerous companies in the past". Retief said the tribunal refused to give reasons for its decision to allow Caxton to supervise the merger.

"We simply can't proceed with the deal, as Caxton will be as disruptive as they can and will paralyse us operationally for years to come, given the width and depth of the interventions allowed by the tribunal. Caxton and their lawyers can, in this way, access Media24's commercially sensitive information," he said.

Media24 said in a statement that it was disappointed "that what was an uncontentious transaction has been thwarted by Caxton, a direct competitor". The company said it was "deeply concerned" that the process of notifying the competition authorities of transactions was vulnerable to "such manipulation".

Caxton said there needed to be a proper assessment of the effects of the merger on the media industry

Source: *Business Day*, via I-Net Bridge

For more, visit: <https://www.bizcommunity.com>