

## SITE LICENCE APPLICATION

I, MLONDLOZI DUKUZA....., on behalf of the applicant hereby apply in terms of the Gambling and Betting Act, 1997 (Act No. 5 of 1997) (Eastern Cape), for a site licence in the \_\_\_\_\_ magisterial district and confirm being aware of and understanding the provisions of the said Act and Regulations made thereunder, insofar as they pertain to this application.

Full name of applicant

LUTITRON (PTY) LTD

Physical business address

128 VICTORIA ROAD  
PEDDIE TOWN

Postal address

128 VICTORIA ROAD  
PEDDIE TOWN

Telephone number



Facsimile number

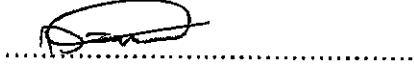
.....

Physical address of the site in respect of which application is made

128 VICTORIA ROAD  
PEDDIE TOWN

For and on behalf of the applicant

23 SEPTEMBER 2022



Date

(who warrants his authority)

MLONDLOZI DUKUZA

MLONDLOZI DUKUZA

Name - print

Capacity of signatory

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## 1 EXECUTIVE SUMMARY

### Introduction

Lutitron (Pty) Ltd t/a Hotspot Chisanyama, the applicant took the decision to apply for a Type-C license in Jeffreys Bay, after assessment of the feasibility and growth of the business, focusing on the demographics and economics of this part of the Eastern Cape.

The Applicant is Lutitron (Pty) Ltd t/a Hotspot Chisanyama, "Hotspot Chisanyama", is 100% owned by Previously Disadvantage Individual "PDI". These premises offer a range of attractions including bar facilities under a valid liquor license and live Music Entertainment. Upon suitability inspection done by Pioneer Slots (Pty) Ltd, the site was found to be well fitted to accommodate Type C operations.

The applicant with intention of submitting a Type C application has already embarked on Site development to cater for Minimum Investment requirements as stipulated in the RFP.

The Executive and Detailed proposal in response to the Request for Proposal (RFP) issued by the Board (the Board) in September 2022 and Pioneer Slots has adhered closely to the prescribed requirements as described within the RFP

The perfect location of this site allows for easy access to local retail outlets as well as the many local restaurants, in the midst of which it is situated.

In adherence to the requirements of Regulation 60 (2) of the Act, the company decided to give the name "Hotspot Chisanyama" to the business, which does not depict any dominance of gambling over the rest of the primary business.

The company has security of tenure in the form of a 5-year Lease signed by all shareholder, providing proof of a long-term commitment. The site is an establishment with a liquor license, a licensed bars and entertainment facilities. The financial models, which demonstrate the sustainability of the proposed primary business and secondary LPM operation, are based upon conservative projections.

We request the following key considerations to be considered by the ECGBB in considering UHotspot Chisanyama application for the Type-C licence in question, as we demonstrate both the value-added benefits inherent in the bid, and the sustainability of the proposed business and LPM operations:

- There is no entertainment facilities which offers LPM machines in town, Hot Spot Chisanyama will offer a sustainable entertainment facilities in Peddie as a whole, Hotspot Chisanyama will cater for entertainment seekers who expect a wider variety in the entertainment arena.

- The introduction of a Type C site will introduce a new form of entertainment and afford patrons with an endless entertainment. According to our Management Team, there is no cause for concern regarding over-saturation of gambling in the town.
- The presence of the LPMs in this particular area would also be an added advantage for the shoppers – saving them time and effort of going out of their shopping route to go and play elsewhere.
- The Applicant and its Management Team have both the capital resources and operational experience required to implement the projects seamlessly and boast the necessary expertise to maximize GGR returns within a socially responsible framework.
- Lutitron (Pty) Ltd t/s Hotspot Chisanyama Sport Bar will proactively monitor and assist in the closure of illegal gambling activities as this has a negative impact in the economy.

## 1.2 APPLICANT AND PROJECT TEAM

### THE APPLICANT

The pertinent details of the applicant are:

Full names:	Lutitron (Pty) Ltd
Trading name	Hotspot Chisanyama
Company Registration	[REDACTED]
Income tax reference no.	[REDACTED]
Vat no.	N/A
Proposed site	[REDACTED] [REDACTED]
Residential address	[REDACTED]
Telephone no.	[REDACTED]
Lead applicant	[REDACTED]

Refer to the Personal History Disclosure attached to this application as Appendix G for further Information on the Applicant.

### **Member Interest**

With Mlondolozu Dukuza being a Previously Disadvantaged Individuals, the interest in the Applicant is 100% held by a Black Person, as illustrated in the organogram in *Figure 1.2* below.



OWNERSHIP IN LUTITRON (PTY) LTD T/A HOTSPOT CHISANYAMA

Lutitron (Pty) Ltd

Mlondoloz  
Dukuza

**THE PROJECT TEAM**

The Applicant's Management Team claims collective experience in Operations and Managing Primary businesses of different types, and highly responsible employment positions, in previous employ. A brief synopsis of the individual credentials of the Management Team is set forth below:

The key member of the project team is Mlondoloz Dukuza Erasmus the business acumen he has as the Applicant, Route, Operator Pioneer Slots, and experienced consultants and financiers.

**Key Personnel**

Full name(s)	Address	Identity number	Direct interest held
Mlondolozzi Dukuza	[REDACTED]	[REDACTED]	[REDACTED]

**Developers**

The developers to perform works to the proposed site as summarised in section 1.4 below will be sourced from Peddie. The Applicant commits to seek Black SMME developers who are also willing to create employment opportunities while the development works are in progress. The aim is to assist the unemployed with an opportunity of employment, albeit on a temporary basis as a start.

**Route Operator**

Name: Pioneer Slots  
Reg. No: 2011/103218/07, (Route Operator)

**Financiers**

Name: Lutitron (Pty) Ltd  
Business address: [REDACTED]

**1.3 DEVELOPMENT AND OPERATING EXPERIENCE**

- *A summary of the qualifications, experience and ability of the Applicant to successfully manage the primary business*

**Mlondolozzi Dukuza**

Mlondolozzi Dukuza originally born in Mthatha in 1987- 02 -15. He travelled South Africa with his Family going to different schools in Port St Johns, Pretoria, Peddie, and East London.

**EDUCATION**

He completed his Grade 12 in 2006.

In 2007 he went to Boston College to do Sales and Marketing course; due to financial constraints he could not finish. I feather did small courses of customer service and online

reading and videos.

#### **WORK**

He started working in 2006 at AVBOB during weekends for a year where he did setup of a funeral according to the client's request.

He then moved on and worked at Chess International boutique where he served as a customer assistant in 2007.

In 2009 he got a job at National Health Laboratory Services as a Frontline and client assistant personnel. In 2011 he moved to a high post to be a Laboratory Assistant.

In 2014 he resigned to pursue my business venture and worked for a developing company Distinctive Trading to be a business developer on freelance basis.

#### **BUSINESS**

In 2015 he opened a Pub in Algoa Park Peddie.

In 2016 he opened a Chisanyama in Peddie.

In 2019 he opened a Tavern in Mthathi Peddie.

In 2022 his company got a contract to do Bar services of Mandela Bay Theatre Complex in Peddie till date.

He is an entrepreneur looking forward to doing more business of the similar nature in the near future when the opportunity avails its self. He is motivated by success, honesty, integrity and serving those in need of our services in a best manner possible.

#### **Pioneer Slots (Pty) Ltd**

The extensive knowledge and experience of the Applicant's Management Team will, however, also be significantly complemented by that of Pioneer Slots (Pty) Ltd. Reg. 2011/103218/07, 15 Mangold street, Newton Park, Peddie which, has a formidable track record in the gaming industry.

Through Pioneer Slots, the Applicant will have access to:

A dedicated provincial component, in the form of the licensed route operator, focusing on site retention and business development;

- ❖ licensing and operational compliance;
- ❖ technical maintenance, and
- ❖ training of site owners and their staff.

A fully-fledged provincial Head Office, comprising 20 staff members, providing on-going assistance and resources in respect of:-

- ❖ project planning, establishment of infrastructure and operations, and assistance in the roll-out process;
- ❖ national licence and compliance issues;
- ❖ on-going skills transfer to site-based staff;
- ❖ financial administration;
- ❖ information technology, and



- ❖ human resources.

An established and fully functional Technical & Call Centre component, which provides a 24-hour Call Centre, incorporating:-

- ❖ a 24-hour technical helpline;
- ❖ customer relations service;
- ❖ co-ordination of technical assistance to sites;
- ❖ an LPM testing centre;
- ❖ an LPM pre-installation testing centre (for quality control purposes), and
- ❖ a research and development centre.

U Hotspot Chisanyama Gaming has entered into a site agreement with Pioneers slots (Kindly refer to Appendix J – Standard Site Agreement).

#### 1.4 SUMMARY OF PROJECT CONCEPT

- ***Proposed location of Hotspot Chisanyama Gaming***

A Lease Agreement, in respect of the premises located at 128 Victoria Street, Peddie lease agreement is attached.

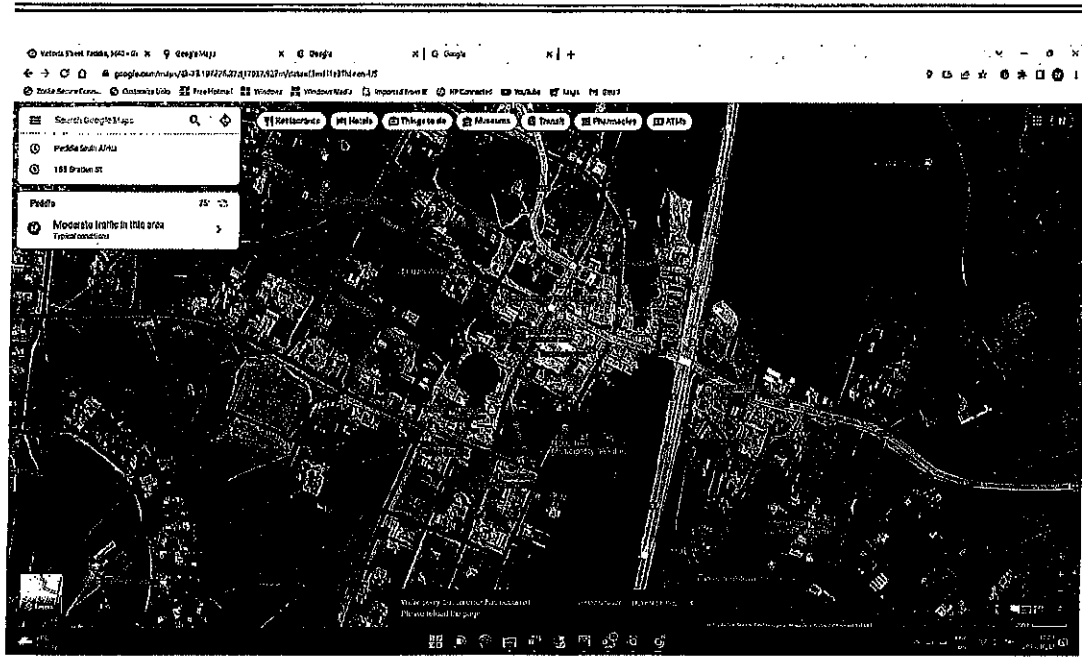
A lease in respect of Erf 56 & 57 at number 128 Victoria Street, Peddie in the Ngqushwa Local Municipal district area of the Amathole District, has been secured.

Lutitron (Pty) Ltd t/a UHotspot Chisanyama Gaming, 1 Victoria Street, Peddie, Eastern Cape, locality map with coordinates: 34°03'12.4"S 24°55'20.7"E





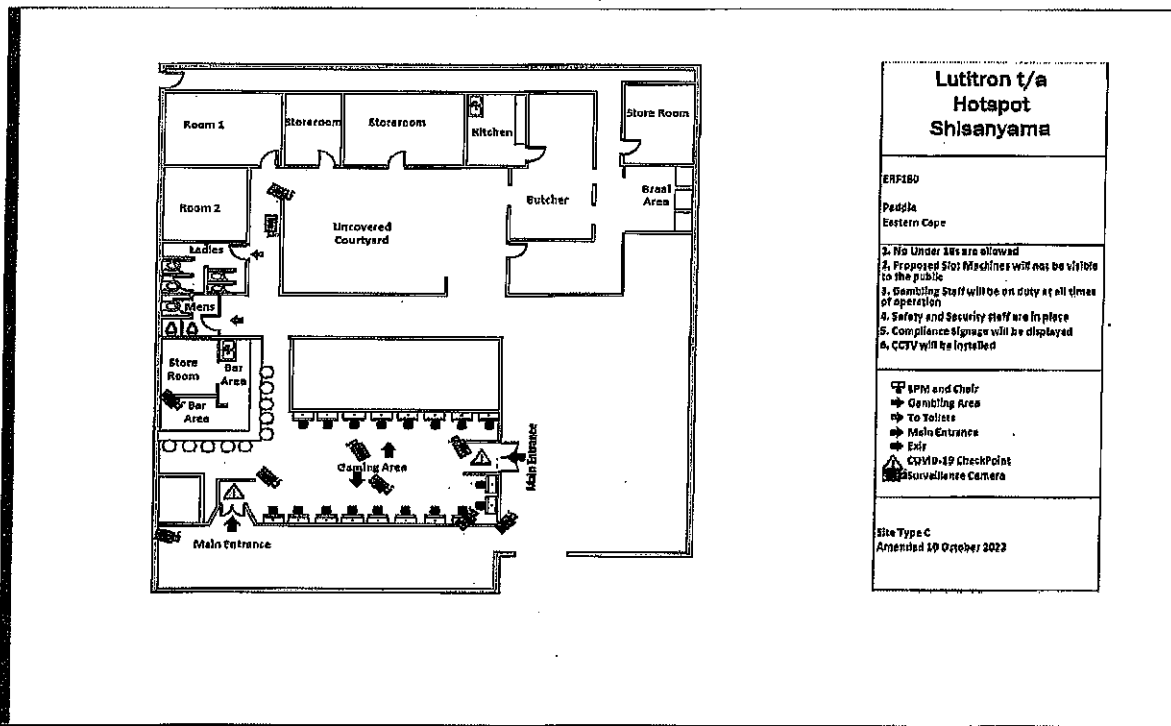
LUTITRON (PTY) LTD T/A HOTSPOT CHISANYAMA  
2016/451043/07



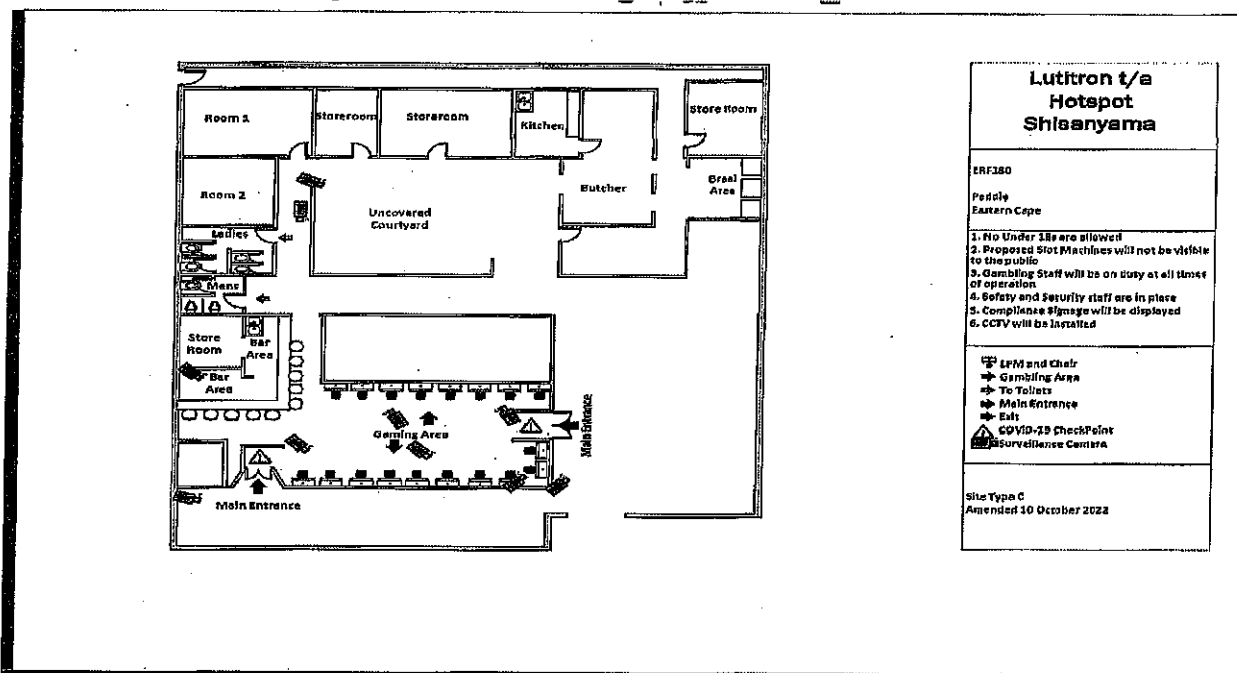
128 Victoria Street, Peddie, Eastern Cape, 6330

LUTITRON (PTY) LTD T/A HOTSPOT CHISANYAMA  
2016/451043/07

NEW DEVELOPMENT FLOOR PLAN LAYOUT



128 Victoria Road, Peddie, Eastern Cape



SURVEILLANCE FLOOR PLAN LAYOUT

Site Lease Agreement (See Annexure I)

• **Project concept and the development schedule**

The primary business of the UHotspot Chisanyama provides an innovative successful mix of facilities, Licensed Bar Services, and a Live Music Entertainment with satellite television. The mix will only creatively diversify the business offering over time, but also provide patrons with a wide range of gambling, leisure and entertainment facilities, increasing the attractiveness of the venue. The significant contribution of the business toward economic wellbeing of the suburb in particular, and Jeffreys Bay communities, in general, is further evidenced by the fact that **Hot Spot** will be creating direct, permanent positions for no fewer than 5 persons, mostly if not all, residents of Peddie, with our first preference being the needy unemployed residents from the immediate surroundings of the site.

With the substantial and diverse entertainment offering to be provided by the primary business, the operation of limited payout machines as a secondary form of business on the site can easily be accommodated without any undue delay. The total site area is 552m<sup>2</sup>, of which 45 m<sup>2</sup> will comprise the area designated for gaming. The allocation of more space for the Primary business is in accordance with the requirements of Regulation 60(2) of the Act.

**(c) Highlights of the key features of the project and the impact of the proposed operation**

**on the surrounding environment and society.**

We envisage the features of the project to be:

The center of a well-managed facility that operates to the highest levels of accepted gaming practices. As a result of these new facilities, qualifying individuals from the communities (i.e those over 18 and in possession of disposable income for gaming leisure) will be able to enjoy amusement and entertainment facilities in a conveniently located venue.

The final aspect of the project is skills development and training of key management and site employees. With the majority of job creation being derived from previously disadvantaged background, the individuals will be exposed to a well-regulated environment and lucrative industry, and it is the objective of the site owner, together with Pioneer Slots, to empower these individuals throughout the period of the proposed license.

UHotspot Chisanyama is to develop a preferential procurement plan, which will materially advance the development of the local SMME's and their participation in the local economy. Subject only to the on-going availability of the relevant goods and services, the applicant will procure the majority of goods and services from the SMME's with preference being given to locally-based SMME's with BEE credentials.

**1.5 PROJECT VIABILITY AND FINANCIAL RETURNS**

- Summary of sourcing, level and nature of financing and the ability to meet financial obligations inclusive**


The applicant with intention of submitting a Type C application has already embarked on Site development to cater for Minimum Investment requirements as stipulated in the RFP. It is estimated that **UHotspot Chisanyama** will require funding relating to the project as follows:

	<b>R</b>
Non-refundable application fee	[REDACTED]
Investigation deposit	[REDACTED]
Licencing of key employees	[REDACTED]
<b>TOTAL</b>	[REDACTED]

Minimal Site development costs will be needed, as most of the features are already exist. The outstanding costs will be funded by shareholders.

- Summary of the estimated financial returns from the project over the licence period**

<b>GROSS GAMING REVENUE</b>	
<b>BAR</b>	[REDACTED]
<b>FOOD</b>	[REDACTED]

<b>REVENUE TO GOVERNMENT</b>  <b>GAMING TAX</b> <b>INCOME TAX</b> <b>VALUE – ADDED TAX</b> <b>PAYROLL TAXES</b>	
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Project viability is forecast by the market demand assumptions that have been used to determine revenue scenarios. The basis for the market demand study is an analysis of the tendency to gamble among South Africans, expressed as a percentage of the collective disposable income. Various research studies have indicated that the prevailing propensity to gamble is 1.05% of disposable income.

The attached Financial Projections clearly illustrate the financial viability and sustainability of various aspects of the project. (See Appendix C & D)

#### 1.6 BENEFITS TO THE ECONOMY

##### *Summary of the key benefits*

**Participation in the ownership by PDIs** – The beneficial interest in the Applicant depicts true, local empowerment of the previously disadvantaged, in that Mlondolozu Dukuza owns 100 % and residing in the Eastern Cape.

##### **Promotion of Tourism and the provision of entertainment facilities to members of the public**

The Applicant will provide a much-needed gaming and entertainment facility to Jeffreys Bay and the surrounding areas. It will create an entertainment hub in a town that does not have much to offer visitors or residents.

**Creation of sustainable employment** – The Applicant plans to employ a minimum of 5 employees throughout the term of the Site Licence. The company will seek to employ individuals primarily of a previously disadvantaged background and from within the Local community.

**Provision of training and skills** – The Applicant has estimated spending toward the training and development of its employees. Empowerment is key to the Applicant's and Route Operator's management and philosophy, and with employment geared for young PDIs from within the community, transfer of skills will be aimed at those who currently require them most.

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**Stimulation of the Local economy** – Preference for all works will be given to companies within the Eastern Cape, particularly to any SMME's in Peddie. Once in operation, SMME's from Peddie will be used for the following services, to name a few:

- general site maintenance – plumbing, electrical, painters;



- security; and
- cleaning

**Social Economic Development ("SED")** -The Applicant, together with the Route Operator, is passionate about community projects and will continue to do so in this community. As such, the Applicant has committed to contribute a minimum of 1.15% of the Gross Gaming Revenue to social economic development.

**Prevention of incidents of illegal gambling** – The Applicant will at all times ensure compliance to the Licence Conditions if issued a Site Licence. It also believes that this type of establishment would discourage illegal gambling as it raises awareness of responsible gambling and the benefits thereof, most importantly, the contributions made towards SED and the community.

The meaningful economic empowerment of local, black-owned small, medium and micro enterprises ("SMME's"), through the consistent application of a well-developed preferential procurement plan designed to promote the accessibility to SMME's of goods and services to be procured by the Applicant in the operation of its business, and Locally-based enterprise development initiatives, as contemplated in Section 14.2.1.3 of the RFP.

