

## COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: 97/LM/Nov06

In the matter between:

**Royal Bafokeng MB Technologies**

Acquiring Firm

and

**MB Technologies (Pty) Ltd**

Target Firm

Panel: D Lewis (Presiding Member), N Manoim (Tribunal Member) and M Mokuena  
(Tribunal Member)

Heard on: 20 December 2006

Decided on: 20 December 2006

Reasons issued on: 10 January 2007

### Reasons for Decision

#### APPROVAL

- 1] On 20 December 2006, the Tribunal approved the merger between Royal Bafokeng MB Technologies and MB Technologies (Pty) Ltd. The reasons for approval follow.

#### THE TRANSACTION

- 2] The proposed transaction entails the exercising by Royal Bafokeng MB Technologies (Pty) Ltd (previously Pedal Trading 130 (Pty) Ltd) ("RBMB") of call options granted by Coyote Enterprises Inc, Spillers Limited and ABSA to

purchase their call option shares in MB Technologies (Pty) Ltd (“MB Tech”).<sup>1</sup> It is RBMB’s intention to increase its shareholding to over 50.1% through the exercise of these options.

- 3] RBMB is wholly owned subsidiary of RBH Service Holdings (Pty) Ltd (“RBHSH”), which is wholly owned by Royal Bafokeng Holdings (Pty) Ltd (“RBH”). RBH is 100% owned by the Royal Bafokeng Nation (“RBN”).
- 4] The primary target firm is MB Tech. ABSA and Pedal currently have joint negative control over MB Tech. ABSA holds 28.72% and Pedal 26% of the shares in MB Tech, the balance is owned by Coyote with 18.93%, Spiller with 7.42% and Wayfield Investments Ltd with 18.93%.
- 5] Post the transaction the shareholding in MB Tech will be:

|                              |       |
|------------------------------|-------|
| Wayfield                     | 16.7% |
| RBHSH                        | 64.8% |
| The Augusta Investment Trust | 12.4% |
| The Thistle Trust            | 3.1%  |
| The Marula Trust             | 3.1%  |

- 6] The transaction presents MB Tech with an opportunity to have a BEE partner holding the majority of shares. The transaction will also allow MB Tech’s existing shareholders the opportunity to receive a return on their investment. RBHSH wishes to invest in the rapidly growing IT sector by exercising the options granted to it.

## **IMPACT ON COMPETITION**

- 7] MB Tech operates in the IT sector and is a distributor of branded information technology hardware and software products, IT Consumables, IT consulting and support services. RBHSH is only

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<sup>1</sup> On 31 March 2006 the Competition Tribunal unconditionally approved the acquisition of 26% of the entire issued share capital of MB Technologies (Pty) Ltd by Pedal Trading 130 (Pty) (“RBF”) Ltd. Post this acquisition RBF exercised joint control of MB Technologies. See Competition Tribunal decision No: 34/LM/Apr06.

involved in this sector as a result of its existing 26% interest in MB  
Tech.<sup>2</sup>

- 8] In light of this, we are of the view that the merger will not substantially  
lessen or prevent competition in the relevant market.

## **CONCLUSION**

- 9] There will be no job losses as a result of the transaction. We accordingly  
approve the merger unconditionally.

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**N Manoim**

**D Lewis and M Mokuena concurring.**

Tribunal Researcher: R Badenhorst

For the merging parties: N Browne (Cliffe Dekker)

For the Commission: K Mahlakoana (Mergers and Acquisitions)

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<sup>2</sup> See footnote 1.