



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM323Mar18

In the matter between:

C2 COMPUTER INVESTMENTS (PTY) LTD

Primary Acquiring Firm

and

KMSA HOLDINGS (PTY) LTD

Primary Target Firm

Panel	: AW Wessels (Presiding Member)
	: Enver Daniels (Tribunal Member)
	: Fiona Tregenna (Tribunal Member)
Heard on	: 09 May 2018
Order Issued on	: 09 May 2018
Reasons Issued on	: 05 June 2018

Reasons for Decision

Approval

[1] On 09 May 2018, the Competition Tribunal ("Tribunal") unconditionally approved the proposed transaction involving C2 Computer Investments (Pty) Ltd and KMSA Holdings (Pty) Ltd.

[2] The reasons for approving the proposed transaction follow.

Parties to the proposed transaction

Primary acquiring firm

[3] The primary acquiring firm is C2 Computer Investments (Pty) Ltd ("C2"), a private company incorporated in accordance with the company laws of South Africa. C2 is

jointly controlled by Motus Corporation (Pty) Ltd ("Motus"), a wholly owned subsidiary of Imperial Holdings Limited, and Wooddale Investments (Pty) Ltd.

- [4] C2 is an investment holding company which controls firms that are active in the provision of services and IT platforms to businesses particularly within the motor industry. C2 conducts its operations through its subsidiaries with their core services and IT platforms being marketing, branding, micro dotting and an online sale platform for vehicles.
- [5] The Imperial Group operates in the logistics and vehicle sectors.

Primary target firm

- [6] The primary target firm is KMSA Holdings (Pty) Ltd ("KMSA"), a private company incorporated in accordance with the company laws of South Africa. Pre-merger KMSA is controlled by Motus.
- [7] KMSA and its subsidiaries are active in the importation and distribution of motorcycles, scooters and utility vehicles.

Proposed transaction and rationale

- [8] In terms of the *Sale of Shares Agreement*, C2 intends to acquire 93% of the issued share capital of KMSA. In addition, C2 intends to, through a wholly owned subsidiary, acquire Erf 137 Eastgate Ext 3 ("Erf Eastgate").¹ Post-transaction C2 will control KMSA and Erf Eastgate.
- [9] The merging parties submitted that there is a mutual understanding between KMSA and its current corporate owner, Motus, that KMSA will be best housed in C2 since C2 can provide the financial means and market understanding to provide a stable and competent partner via which KMSA can continue its core business.

Impact on competition

- [10] The Competition Commission ("Commission") investigated the activities of the merging parties in South Africa and found no horizontal product overlap between their activities.

¹ Erf Eastgate is a commercial property.

Given the above, the Commission concluded that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market in South Africa. We concur with this finding.

Public interest

[11] The merging parties confirmed that the proposed transaction will not give rise to any adverse effect on employment.²

[12] Furthermore, the proposed transaction raises no other public interest concerns.

Conclusion

[13] In light of the above, we conclude that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market. In addition, no public interest issues arise from the proposed transaction. Accordingly, we approve the proposed transaction unconditionally.



Mr AW Wessels

05 June 2018
DATE

Mr Enver Daniels and Prof Fiona Tregenna concurring

Tribunal Case Manager: Busisiwe Masina

For the merging parties: Mr Rick van Rensburg of Edward Nathan Sonnenbergs
Inc

For the Commission: Mr Tumiso Loate

² Record pages 10 and 54.