

# Report of the directors

for the year ended 30 June 2016

## To the shareholders of Sun International Limited

The directors have pleasure in submitting the annual financial statements of the Sun International group for the year ended 30 June 2016.

## Nature of business

The Sun International group has interests in, and provides management services to businesses in the hotel, resort casino and gambling industry. There has not been any material changes in the nature of the group's business from the prior year save for the transactions as detailed in the Integrated Annual Report.

## Earnings

The results of the Company and the group are contained in the statements of comprehensive income and segmental information has been provided for review in the online statements.

## Dividends

Dividends totaling 225 cents (gross) per share (2015: 285 cents gross) have been declared by the directors in respect of the year under review as follows:

**Interim:** declared, 19 February 2016:

90 cents (76.50 cents after dividends tax)

**Final:** declared, 19 August 2016:

135 cents (114.75 cents after dividends tax)

The final dividend referred to above will be accounted for in the 2016 annual financial statements as it was declared subsequent to the year end.

## Review of operations and future developments

Detailed commentary on the nature of business of the Company and its subsidiaries, acquisitions, future developments and prospects of the group are addressed within the Integrated Annual Report.

## Share capital

The total issued share capital of the Company for the year under review constitutes 109 086 988 (2015: 109 086 988) ordinary shares. The Company has an authorised share capital of 200 000 000 (2015: 150 000 000) ordinary shares.

The following ordinary shares in the unissued share capital of the Company remain under the control of the directors as a specific authority to allot and issue as follows:

- 10 780 000 ordinary shares for purposes of the share plans.

Further details of the authorised and issued share capital appear as a note to the group's financial statements together with details of the Company's public and non-public shareholders.

## Share plans

Particulars relating to awards under the share plans are provided as a note to the group financial statements.

## Subsidiaries

Particulars relating to interests in principal subsidiaries are set out on pages 80 to 81 of the annual financial statements.

## Borrowing capacity

The Company's borrowings are not restricted in terms of its Memorandum of Incorporation. The group's debt covenants and debt capacity are available for review.

## Directors and company secretary

The names of the directors and company secretary in office at the date of this report are available for review online at [ir.suninternational.com](http://ir.suninternational.com). During the year under the review, and up to the date of the report, the following movements in the directorate and company secretary were noted:

Name of director/ company secretary	Nature of change	Date of change
Ms B Modise	Resignation	23 November 2015
Mr DR Mokhobo	Appointed	19 February 2016
Mr NB Morrison	Appointed	19 August 2016
Ms CA Reddiar	Resignation	5 September 2016
Mr AM Leeming*	Appointed	5 September 2016
Ms CM Henry	Appointed	3 October 2016
Mr AG Johnston	Appointed	16 November 2016

\* appointed as acting company secretary

In terms of the Company's Memorandum of Incorporation, Mr IN Matthews, Ms ZBM Bassa, Mr PL Campher and Ms BLM Makgabo-Fiskerstrand are required to retire from office at the forthcoming annual general meeting and, being eligible, offer themselves for re-election. Ms LM Mojela retires at the forthcoming annual general meeting by way of rotation and has indicated that she will not be available for re-election.

As at 30 June 2016, the directors of the Company beneficially held, the following ordinary shares in the issued capital of the Company:

	Direct	2016	2015
NN Gwagwa	70 224	70 224	70 224
AM Leeming	144 501	144 501	107 037
IN Matthews	2 723	2 723	2 723
DR Mokhobo <sup>1</sup>	31 031	31 031	
MV Moosa	143 345	143 345	143 345
GE Stephens	358 839	358 839	239 370
Total	750 663	750 663	562 699

<sup>1</sup> Mr DR Mokhobo was appointed on 19 February 2016.

#### Ordinary shares acquired subsequent to the financial year end

GE Stephens	27 777
AM Leeming	18 139
DR Mokhobo	6 702
Total	52 618

#### Holding Company

The Company has no holding or ultimate holding company.

#### Special resolutions passed by the Company and its subsidiaries

##### Company

The Company passed three special resolutions at its annual general meeting held on 23 November 2015 relating to:

- Approval of financial assistance for the subscription of securities in terms of section 44 of the Companies Act
- Approval of financial assistance to related or inter-related companies in terms of section 45 of the Companies Act
- General authority to repurchase shares

The following subsidiaries passing special resolutions during the year under review:

##### Sun International (South Africa) Limited

- Special resolution to provide financial assistance resolutions to related companies.

##### Sun Treasury (RF) (Pty) Limited

- Special resolutions to amend its MOI and to provide financial assistance to related companies.

##### Sun Time Square (Pty) Limited

- Special resolutions to amend its MOI.

##### Teemane (Pty) Limited

- Special resolution authorising the conclusion of a shareholders' agreement.

##### Far Eastern Africa Holdings

- Special resolution authorising the sale of its remaining 16% shareholding in Minor Hotel Group Gaborone (Proprietary) Limited (previously Sun International (Botswana) (Proprietary) Limited), subject to the approval of any Regulatory Authorities, where necessary.

##### Sands Hotels Holdings (Namibia) (Pty) Limited

- Special resolution authorising the sale of its remaining 20% shareholding in Sands Hotels (Proprietary) Limited, subject to the approval of any Regulatory Authorities, where necessary.

##### Sun International Co Inc

- Special resolution authorising the sale of its remaining shareholding in the following entities:
  - its remaining 20% shareholding in St Vincent Investments Limited;
  - its remaining 50% shareholding in Sun International (Zambia) Limited; and
  - its remaining 9.38% shareholding in MHG Lesotho (Proprietary) Limited (previously Sun International of Lesotho (Proprietary) Limited; subject to the approval of any Regulatory Authorities, where necessary.

## Subsequent events

Subsequent to year end we have exercised our option to acquire a further 19.9% interest in GPI Slots which will cost approximately R253 million and will take our shareholding to 70%.