

**COMPETITION TRIBUNAL
REPUBLIC OF SOUTH AFRICA**

Case No: 31/LM/Jul03

In the large merger between:

Sun Air Limited & Kersaf Investments Limited

and

Sun International (SA) Holdings (Pty) Ltd & Sun International (SA) Ltd

Reasons for Decision

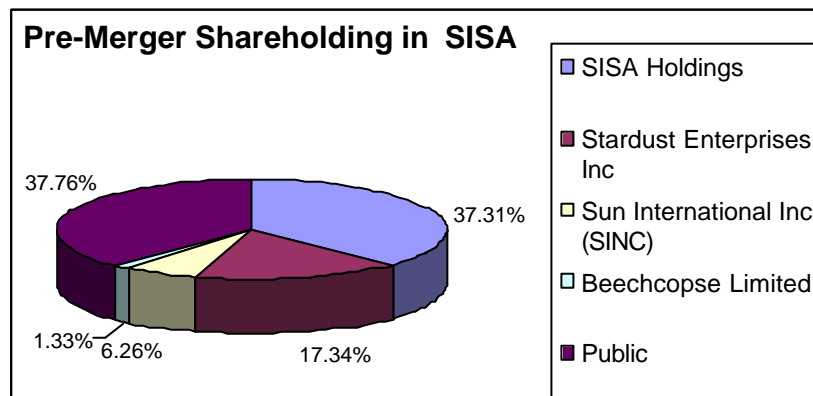
APPROVAL

On 20 August 2003 the Competition Tribunal issued a Merger Clearance Certificate approving the merger between Sun Air Limited, Kersaf Investments Limited and Sun International (SA) Holdings (Pty) Ltd, Sun International (SA) Ltd in terms of section 16(2)(a). The reasons for the approval of the merger appear below.

The Parties

1. The acquiring firm is Sun Air Limited ("SAL"), a subsidiary of Kersaf Investments Limited ("Kersaf"). SAL is an investment holding company which holds only shares in SISA Holdings. As such, it has no competitors, nor customers.
2. Kersaf is a public company listed on the JSE. It is an investment holding company, having interests in gaming, resorts and casinos both locally and abroad. It also, in conjunction with its subsidiary, Sun International Management Limited ("SIML"), renders some management functions to its group companies which operate resorts or casinos. All the SISA operations in RSA are managed by SIML.
3. Kersaf's shareholders are: Old Mutual Life Assurance Company (South Africa)(14.68%), Public Investment Commission (7.17%) and Coronation Life (6.48%).

4. Kersaf also directly controls Sun International Travel (Pty) Ltd, Stardust Enterprises and National Casino Resort Manco Holdings (Pty) Ltd. It has indirect control over 30 other companies, which are listed in the papers, and irrelevant for the purposes of this transaction.
5. The target firms are Sun International (South Africa) Holdings (“SISA Holdings”) and its subsidiary, Sun International (South Africa) Limited (“SISA”).
6. SISA Holdings is an investment holding company, holding only shares in SISA. SISA is the leading casino, resort and hotel operator in South Africa, with investments in major resorts, gaming complexes and other casinos and hotels. These resorts include Sun City, the Table Bay Hotel in CT, Zimballi Lodge in KZN and the Wild Coast Sun in the Eastern Cape. It is described as an operating and investment holding company, insofar as it holds interests in other operating companies in the gambling, hotels and resorts markets. Its shareholders are as follows:



7. The SISA Group trades through different corporate structures in order to enable regional ownership and Black Economic Empowerment.

The Merger Transaction

8. This transaction entails SAL acquiring the remaining 49.9% of the issued share capital of SISA Holdings from North West Development Corporation (“NWDC”). It already owns 50.1% of the issued share capital of SISA Holdings. Up until now, NWDC and SAL jointly controlled SISA Holdings. With this transaction, the shareholders agreement between SAL and

NWDC is being terminated and SAL will thus be the sole shareholder of SISA Holdings and therefore in sole control of this company. The transaction will further give Kersaf indirect control over SISA, which is engaged in the gaming and hospitality industries in South Africa.

9. Taking into account its indirect holdings in its various subsidiaries whom themselves have interests in SISA, Kersaf is acquiring an effective 18.6% in SISA, bringing its total effective interest in SISA to 62.2%, up from 43.6% pre-merger.

Rationale for the Transaction

10. NWDC was obliged to dispose of its shareholdings in SISA Holdings in accordance with section 13 of the National Gambling Act, 1996, which regulates the ability of government bodies to retain investments in certain industries.
11. Management and control already vests in Kersaf and it wants to consolidate its group structure by further investing in its core activity of gaming and resorts as well as in SISA assets. NWDC is in judicial management.

The Relevant Market

12. Since the acquiring firms are investment holding companies and SISA operates in the gaming and hotels and casinos market, there is no product overlap. Furthermore we need not define a market since this transaction concerns an acquisition of shares within the Kersaf group with no competitive consequences, therefore no market analysis is required.

Impact on competition

13. The parties contend that this transaction is merely a transfer or acquisition of shareholding and a vesting of sole control. The operational structure of the company will remain intact. We agree that no aggregation of market shares or acquisition of market power is occurring. No competitor is being removed from the market nor is the market structure being altered. SAL is acquiring direct sole control over SISA holdings and Kersaf is acquiring indirect control over SISA.

We accordingly conclude that this merger will not lead to a substantial lessening of competition. There are no public interest concerns which would alter this conclusion. The merger is therefore approved unconditionally.

D. Lewis

26 August 2003
Date

Concurring: N. Manoim, T.Orleyn

For the merging parties: Edward Nathan Friedland Attorneys

For the Commission: L. Blignaut, M. Worsley, Competition Commission