



OAKS HOTELS & RESORTS

10 August 2010

Update on proposal to acquire a substantial interest in Oaks Hotels & Resorts

Oaks Hotels & Resorts Limited (**Oaks**) plans to secure a new cornerstone investor, have been successfully progressed with today's announcement that China Pacific Pty Ltd (**China Pacific**) had acquired a 5.5% initial stake in Oaks and was continuing negotiations to increase its investment in the expanding accommodation group.

Oaks' Chief Executive Officer, Brett Pointon, today announced that approximately 8.52 million Oaks' issued share capital controlled by him was sold to an entity associated with China Pacific and that he and the companies controlled by him have entered into a conditional agreement to further sell up to approximately 19.9% of Oaks issued capital to China Pacific.

Mr David Wu, a director of China Pacific joins the Oaks's Board of Directors as non-executive director. He commented, "Our commitment to Oaks is based on its market leading position in the Australian serviced apartment industry, the marketability of its brand and Mr Pointon's entrepreneurial vision and passion. Oaks has big plans and we look forward to working with Brett and his team."

Mr Pointon said, "China Pacific and Oaks have a collaborative relationship underpinned by mutual respect, common goals and a strong commercial drive to realise Oaks potential. We are delighted to have them on board and look forward to together growing the company and shareholder value."

Extension of Exclusivity Agreement

On 3 August 2010 Oaks provided an update to the market on the status of the proposal by China Pacific to acquire a substantial interest in Oaks.

Oaks is continuing to progress discussions with China Pacific in relation to the above and China Pacific is continuing its due diligence processes.



As a result of this progress in negotiations, the board of Oaks has agreed to an extension of the previously announced exclusivity agreement with China Pacific until 20 August 2010 to allow China Pacific to complete its due diligence investigations.

A key condition of the extension is that if a third party proposes a transaction (during the exclusivity period) to Oaks that would compete with China Pacific's proposal, and that transaction would involve Oaks undertaking a share placement or rights issue, Oaks must grant China Pacific the right to participate in the share placement or underwrite the rights issue, on the same terms proposed by the third party, up to a value of \$15 million.

Oaks will keep the market informed of any material developments in relation to its discussions with China Pacific and its capital raising plans, in accordance with its continuous disclosure obligations.

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