

# 2011

## EXPLANATORY STATEMENT and NOTICE OF GENERAL MEETING

### NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of the shareholders of Oaks Hotels & Resorts Limited ACN 113 972 366 will be held at the time and place and to conduct the business as follows:

**Date:** Friday, 27 May 2011

**Time:** 9.00am (Brisbane time)

**Place:** Kingston Room, Brisbane Polo Club  
Naldham House, 1 Eagle Street, Brisbane QLD 4000

The General Meeting has been requested pursuant to section 249D of the Corporations Act 2001 (Cth) ("**Corporations Act**"), by members who together hold at least 5% of the votes that may be cast at a General Meeting of the Company.

#### Business

**1. Resolution 1 – Removal of Mr Douglas Wong as a Director**

To consider and if thought fit to pass the following resolution as an ordinary resolution: "That DOUGLAS CHEE YIN WONG be removed as a Director of the Company."

**2. Resolution 2 – Removal of Mr Stephen Lonie as a Director**

To consider and if thought fit to pass the following resolution as an ordinary resolution: "That STEPHEN EDWARD LONIE be removed as a Director of the Company."

**3. Resolution 3 – Removal of Mr Mark Gray as a Director**

To consider and if thought fit to pass the following resolution as an ordinary resolution: "That ALAN MARK GRAY be removed as a Director of the Company."

**4. Resolution 4 – Removal of Mr Colin Archer as a Director**

To consider and if thought fit to pass the following resolution as an ordinary resolution: "That COLIN CAMERON ARCHER be removed as a Director of the Company."

**5. Resolution 5 – Removal of Mr John Cowley as a Director**

To consider and if thought fit to pass the following resolution as an ordinary resolution: "That JOHN COWLEY be removed as a Director of the Company."

**6. Resolution 6 – Appointment of Mr Phillip Downie as a Director**

To consider and if thought fit to pass the following resolution as an ordinary resolution: "That PHILLIP GRAEME DOWNIE be appointed as a Director of the Company."

**7. Resolution 7 – Appointment of Mr Michael Kelly as a Director**

To consider and if thought fit to pass the following resolution as an ordinary resolution: "That MICHAEL JAMES KELLY be appointed as a Director of the Company."

**8. Resolution 8 – Appointment of Mr Brett Pointon as CEO**

To consider and if thought fit to pass the following resolution as an ordinary resolution: "That BRETT MITCHELL POINTON be appointed as Chief Executive Officer for the Company on commercial terms to be agreed between the Company and Brett Mitchell Pointon."

For further information, please refer to the Explanatory Memorandum which is included with, and forms part of, this Notice of General Meeting.

By order of the Board



Graeme Johnson  
Company Secretary

15 April 2011

# NOTICE OF GENERAL MEETING

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## Appointment of proxies

A member entitled to attend and vote may appoint a proxy.

- (a) A proxy can be an individual or a body corporate and need not be a member of the Company.
- (b) A member entitled to cast two or more votes may appoint not more than two proxies.
- (c) A member may specify the manner in which the proxy is to vote on each resolution or may allow the proxy to vote at his or her discretion.
- (d) If the member appoints two proxies and the appointment does not specify the proportion or number of the member's votes, each proxy may exercise half of the votes.
- (e) The Company must receive the following by 9.00am on Wednesday 25 May 2011:
  - The proxy's appointment; and
  - Any authority under which the appointment was signed or a certified copy of the authority (including a copy of any power of attorney).
- (f) The enclosed proxy form must be signed by the shareholder or the shareholder's attorney (if any) and the signed proxy form and any authority appointing an attorney (if relevant) must be lodged with the Company by:
  - Mail or delivery to the Company's share registry, Computershare Investors Services Pty Limited at GPO Box 242, Melbourne, Victoria 3001; or
  - Fax to Computershare Investors Services Pty Limited at 1800 783 447 (within Australia) and + 61 3 9472 2555 (outside Australia); or
  - Mail to the Company's registered office at Level 5, 26 Duporth Avenue, Maroochydore, Queensland 4558,so as to be received by 9.00am on Wednesday 25 May 2011, being at least 48 hours before the time for holding the General Meeting.

A proxy form is attached to this Notice of Meeting.

## Appointing a corporate representative

Any corporate shareholder who has appointed a person to act as its corporate representative at the General Meeting should provide that person with a certificate executed in accordance with the Corporations Act, authorising him or her to act as the company's representative. The authority may be sent to the Company or its share registry before the General Meeting or handed in at the General Meeting when registering as a corporate representative.

## Voting entitlement

In accordance with Regulation 7.11.37 of the Corporations Act and paragraph 5.6.1 of the ASX Settlement Operating Rules, the Company has set a date to determine the identity of those to attend and vote at the General Meeting. For the purposes of determining voting entitlements at the General Meeting, shares that are quoted securities at 7.00p.m (Brisbane time) on Wednesday, 25 May 2011 will be taken, for the purposes of the meeting, to be held by the persons who held them at that time.



# EXPLANATORY MEMORANDUM

This Explanatory Memorandum contains information about the resolutions to be considered at the General Meeting, which are set out in the accompanying Notice of General Meeting dated 15 April 2011 ("**Notice**"), to assist shareholders to determine how they wish to vote on the resolutions.

## Reason for General Meeting

The General Meeting has been convened in accordance with section 249D of the Corporations Act following receipt on 28 March 2011 of a requisition from members who hold at least 5% of the votes which may be cast at the General Meeting ("**Requesting Shareholders**"). As such, the General Meeting is not being held at the option of the majority of the current Board (comprising of Messrs Wong, Lonie, Gray, Archer and Cowley).

The Requisitioning Shareholders are:

- (a) TMP Holdings Pty Ltd as trustee for the T M Pointon Family Trust;
- (b) Toni Cunning as trustee for the T Cunning Family Trust;
- (c) R A Pointon Investments Pty Ltd as trustee for the R A Pointon Family Trust;
- (d) Ms Ronda Maree Pointon; and
- (e) Mr Brett Mitchell Pointon.

Each resolution set out in the Notice has been proposed by the Requisitioning Shareholders not by the majority of the current Board.

The Requisitioning Shareholders put forward 8 resolutions which will be put to the General Meeting:

1. Mr Douglas Wong be removed as a Director of the Company;
2. Mr Stephen Lonie be removed as a Director of the Company;
3. Mr Mark Gray be removed as a Director of the Company;
4. Mr Colin Archer be removed as a Director of the Company;
5. Mr John Cowley be removed as a Director of the Company;
6. Mr Phillip Downie be appointed as a Director of the Company;
7. Mr Michael Kelly be appointed as a Director of the Company; and
8. Mr Brett Pointon be appointed as Chief Executive Officer of the Company.

## Requesting Shareholders' statement

The Company has received a statement pursuant to section 249P of the Corporations Act from the Requesting Shareholders, a copy of which is attached.

## Resolutions 1 to 5

These resolutions seek the removal of five directors, being all directors of the Company with the exception of Mr David Wu and Mr Brett Pointon. The reason for their removal has not been explained by the Requisitioning Shareholders.

Messrs Wong, Lonie, Gray, Archer and Cowley have exercised their rights under the Corporations Act to provide to the shareholders a statement in relation to the proposed resolutions to remove them as directors. A copy of that statement is provided in Schedule 1.

## Resolutions 6 and 7

These resolutions seek to appoint two new directors. No explanation for their appointment has been given and their consent to act as directors has not, at the time this Notice is given, been received.

## Resolution 8

This resolution purports to re-appoint Mr Brett Pointon as Chief Executive Officer of the Company on terms to be agreed between the Company and Mr Pointon. No explanation for the proposed re-appointment has been given by the Requisitioning Shareholders.

Mr Pointon's previous appointment as Chief Executive Officer of the Company was terminated on 11 March 2011. Further information regarding the termination of Mr Pointon's appointment as Chief Executive Officer and the majority of the current Board's position in relation to this resolution is set out in the accompanying statement in Schedule 1.

## Recommendations of Directors

The majority of the current Board (comprising of Messrs Wong, Lonie, Gray, Archer and Cowley) is of the view that the Resolutions are not in the best interests of the Company for the reasons set out in the accompanying statement in Schedule 1.

The majority of the current Board recommends that shareholders vote:

- (a) Against Resolution 1 (with Douglas Wong abstaining from making this recommendation);
- (b) Against Resolution 2 (with Stephen Lonie abstaining from making this recommendation);
- (c) Against Resolution 3 (with Mark Gray abstaining from making this recommendation);
- (d) Against Resolution 4 (with Colin Archer abstaining from making this recommendation); and
- (e) Against Resolution 5 (with John Cowley abstaining from making this recommendation).

The majority of the current Board recommends that shareholders vote against Resolutions 6, 7 and 8.

## Proxy form directions

A proxy form is attached to this Notice. Please ensure that the instructions contained in the proxy form are followed. All proxies must be received by the Company or the Company's share registry, as outlined in the Notice, by 9.00am on Wednesday 25 May 2011 at the address specified in the proxy form.

By order of the Board



Graeme Johnson  
**Company Secretary**

**15 April 2011**

# SCHEDULE 1 – ACCOMPANYING STATEMENT

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This accompanying statement is made by the majority of the current Board of the Company (comprising of Messrs Wong, Lonie, Gray, Archer and Cowley).

The requisition pursuant to which the General Meeting is convened was delivered to the Company by Mr Brett Pointon.

Mr Pointon's appointment as Chief Executive Officer of the Company was terminated by the Board on 11 March 2011. Prior to this termination, the Board was considering a recapitalisation process for the Company, aimed at reducing the Company's debt levels. The Company had appointed advisors to assist with this recapitalisation process. Market soundings were conducted by these advisors and the advice received as a result of these market soundings was that key capital providers to the Company would not support a recapitalisation process while Mr Pointon remained as Chief Executive Officer. A recapitalisation process was considered essential by the Board to secure the financial future of the Company, given that both the Company's bankers, National Australia Bank and ANZ Bank, insisted that a debt reduction occur as a matter of priority.

Mr Pointon used to control a significant shareholding in the Company. The relevant shareholding represented approximately 49.71% of the issued shares in the capital of the Company. Of this shareholding, approximately 34% of the issued shares of the Company were pledged by Mr Pointon as security for debt facilities provided in connection with business interests Mr Pointon has outside of the Company. On 28 January 2011, the ANZ Bank appointed receivers and managers PricewaterhouseCoopers ("PwC"), under these debt facilities and PwC now controls the 34% shareholding formerly controlled by Mr Pointon. PwC has announced that it is conducting a sale process to enable this shareholding to be sold and the Board expects that this sale process will be completed in May 2011. ANZ Bank is also one of the Company's relationship banks and the circumstances in respect of Mr Pointon's personal interests are considered to have negatively impacted on this important Company relationship.

The Company is currently subject to an opportunistic, unsolicited takeover bid by a subsidiary of Minor International Public Company Limited ("**Minor**"). The price offered under this bid of \$0.35 per share is considered by the Board to be inadequate. The Board is actively canvassing alternative proposals to the Minor offer. The Board considers that there is a reasonable prospect that superior proposals may emerge before the Minor offer closes, which is the best way of securing a higher price for your shares in the Company.

Minor currently controls approximately 20% of the shares in the Company. This 20% shareholding includes approximately 5% acquired from entities controlled by Mr Pointon and 15% acquired from entities controlled by Mr David Wu, prior to Minor announcing its unsolicited and inadequate bid for the Company. By helping Minor to acquire its pre-bid stake, Mr Pointon and Mr Wu have facilitated this unsolicited and inadequate bid.

The evident purpose of the requisition is to substantially reconstitute the Board of the Company at a critical time in the Company's history, with a view to securing Mr Pointon's reappointment as Chief Executive Officer of the Company. In other words, Mr Pointon is trying to secure the removal of those Directors who supported his termination as Chief Executive Officer of the Company.

Messrs Wong, Lonie, Gray, Archer and Cowley, being a majority of the Board of the Company, considered that the termination of Mr Pointon's appointment as Chief Executive Officer of the Company was prudent and in the best interests of the Company. Nothing has occurred since the termination of Mr Pointon's appointment as Chief Executive Officer of the Company on 11 March 2011 that has caused them to change their position. Accordingly, Messrs Wong, Lonie, Gray, Archer and Cowley consider that it is not in the best interests of your Company that Mr Pointon be reappointed as Chief Executive Officer of the Company.

**For these reasons, each of Messrs Wong, Lonie, Gray, Archer and Cowley recommend that you vote NO to all of the Resolutions that are being put to the General Meeting, but, in each case, abstain from making a recommendation in relation to the Resolution that relates to themselves.**



**HEAD OFFICE**

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19 April 2011

At the time the Notice of Meeting was printed we expected to receive a request pursuant to section 249P of the Corporations Act 2001 (Cwth) to circulate a Statement with the Notice of Meeting and the Notice of Meeting was prepared accordingly. However no valid request pursuant to section 249P was received and so the Notice of Meeting is not accompanied by a Statement.

A handwritten signature in black ink, appearing to be "G. Johnson", with a long horizontal line extending to the right.

Graeme Johnson  
*Company Secretary*  
**Oaks Hotels & Resorts Ltd**