

# **OAKS HOTELS & RESORTS LIMITED**

ACN 113 972 366

## **NOTICE OF GENERAL MEETING**

## **EXPLANATORY MEMORANDUM**

**AND**

## **PROXY FORM**

### **Date of Meeting**

29 September 2010

### **Time of Meeting**

2pm (Brisbane time)

### **Place of Meeting**

Lady Thies Room  
Customs House  
399 Queen Street  
BRISBANE

**NOTICE OF GENERAL MEETING**  
**Oaks Hotels & Resorts Limited ACN 113 972 366**

Notice is given that a General Meeting of Oaks Hotels & Resorts Limited ACN 113 972 366 will be held at Lady Thies Room, Customs House, 399 Queen Street, Brisbane on Wednesday, 29 September 2010 and will commence at 2pm Brisbane time.

The Explanatory Memorandum accompanying this Notice provides additional information on the matters to be considered at the Meeting. The Explanatory Memorandum is intended to be read in conjunction with, and forms part of, this Notice.

Words that are defined in the Explanatory Memorandum have the same meaning when used in this Notice, unless the context requires otherwise.

**Special Business**

**Resolution - Approval of issue of Placement Shares to the Subscriber**

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

*That for the purposes of Listing Rule 10.11 and for all other purposes, the allotment and issue by Oaks of 27,935,679 Shares to the Subscriber at \$0.35 per Share to raise \$9,777,487.65, and otherwise on the terms set out in the Explanatory Memorandum, is approved.*

***Voting exclusion statement***

Oaks will disregard any votes cast on the resolution by:

- (a) the Subscriber;
- (b) Yuanlin Wu (known as David Wu); and
- (c) any of the Subscriber's associates.

However, Oaks need not disregard a vote if:

- (d) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (e) it is cast by the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as their proxy decides.

***Note: if approval of the Placement is given under Listing Rule 10.11, approval of the Placement is not required under Listing Rule 7.1.***

**By order of the Board**

Graeme Johnson  
Company Secretary  
25 August 2010

## SHAREHOLDER INFORMATION

### HOW TO VOTE

You may vote at the Meeting in person, by proxy or authorised corporate representative.

### VOTING IN PERSON

To vote in person, attend the Meeting on the date and at the time set out in the Notice. The Meeting will commence at 2pm Brisbane time.

### VOTING BY PROXY

A shareholder who is entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy. A form of appointment of proxy is enclosed with this Notice.

The proxy need not be a member of Oaks. A shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the appointment does not specify a percentage or number and two proxies are appointed, each may exercise half of the votes to which the shareholder is entitled (in which case any fraction of votes will be disregarded).

All Proxy Forms will need to be lodged with Oaks no later than 48 hours prior to the Meeting (i.e. by 2pm Brisbane time on 27 September 2010). Any proxy form received after this time will not be valid.

If you wish to appoint a proxy and are entitled to do so, then complete the enclosed Proxy Form in accordance with the instructions on it and return it to the Oaks' share registry by the deadline for lodgement:

- by using the enclosed **reply paid envelope**; or
- by **posting or faxing** the Proxy Form to Oaks' share registry as follows:

Computershare Investor Services  
Pty Limited  
GPO Box 242  
Melbourne Vic 3001  
Facsimile: (within Australia  
1800 783 447)  
(outside Australia +61 3 9473 2555)

Proxies given by corporate shareholders must be executed in accordance with their constitutions, or signed by a duly authorised attorney. A proxy may decide whether to vote on any motion, except where the proxy is required by law or the company's constitution to vote, or abstain from voting, in their capacity as proxy. If a proxy is directed how to vote on an item of business, the proxy may vote on that item only in accordance with that direction. If a proxy is not directed how to vote on an item of business, a proxy may vote as he or she thinks fit. If a shareholder appoints the chair of the Meeting as the shareholder's proxy and does not specify how the chair is to vote on an item of business, the chair will vote, as proxy for that shareholder, in favour of the item on a poll.

### VOTING BY CORPORATE REPRESENTATIVES

A corporate shareholder wishing to appoint a person to act as its representative at the Meeting must provide that person with an authority executed in accordance with the company's constitution and the Corporations Act authorising him or her to act as the company's representative. The authority must be sent to Oaks or its share registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

### RIGHT TO VOTE

The Board has determined that, for the purposes of the Meeting, Shares will be taken to be held by the persons who were the registered holders of those Shares at 7pm Sydney time on 27 September 2010. Accordingly, Share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

## EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of shareholders in relation to the business to be conducted at the General Meeting of Oaks to be held at Lady Thies Room, Customs House, 399 Queen Street, Brisbane on Wednesday, 29 September 2010 at 2pm Brisbane time. This Explanatory Memorandum should be read in conjunction with the Notice.

A number of words and terms that are used in this Explanatory Memorandum have defined meanings, which are set out in the glossary.

### 1. Background

On 23 August 2010, Oaks entered into the Subscription Deed with the Subscriber, a company controlled by Mr David Wu. Mr Wu is also a Director of Oaks and the sole director and shareholder of China Pacific Pty Ltd ACN 139 169 672.

Under the Subscription Deed, Oaks has agreed to issue 27,935,679 fully paid ordinary shares to the Subscriber at an issue price of \$0.35 per ordinary share (**Issue Price**). As at the date of the Subscription Deed, the Issue Price was at the share market price for Oaks' ordinary shares.

The Placement will raise \$9,777,487.65 for Oaks.

Following the Placement, the Subscriber will hold approximately 19.9% of the share capital in Oaks.

### 2. Use of funds

The funds raised from the Placement will be used to reduce debt owing under Oaks' facilities with ANZ Banking Group Limited and National Australia Bank Limited. Under these facilities, Oaks is required to repay at least \$15 million of its debt by 31 October 2010.

### 3. Subscription Deed

The key terms and conditions of the Subscription Deed are:

- (a) (**Placement Share price**): \$0.35 cents per Share;
- (b) (**Placement Shares**): 27,935,679 fully paid ordinary shares in Oaks;
- (c) (**condition precedent**): the Subscription Deed is conditional on the Placement being approved at a general meeting of Oaks;
- (d) (**Board representation**): the Subscriber is entitled to nominate up to two persons to the Board of Oaks (the right to nominate one person has been exercised, as announced by Oaks to ASX on 23 August 2010); and
- (e) (**warranties**): Oaks and the Subscriber have provided each other with warranties that are customarily included in subscription deeds of this nature.

### 4. Why is shareholder approval required?

Listing Rule 10.11 requires a listed company to obtain shareholder approval by ordinary resolution before the issue of shares to a related party. As Mr David Wu, a Director of Oaks, controls the Subscriber, the Subscriber is considered a related party of Oaks and therefore approval of the issue of the Placement Shares is being sought for the purposes of Listing Rule 10.11.

Listing Rule 7.1 imposes a limit on the number of shares that a company can issue without shareholder approval. In general terms, a company may not, without shareholder approval, issue equity securities representing more than 15% of its share capital in a 12 month period.

As approval for the issue of the Placement Shares is being sought under Listing Rule 10.11, if shareholders approve the resolution, the Placement Shares will not be included in the 15% calculation for the purposes of Listing Rule 7.1.

## 5. Regulatory information

The following information is provided to shareholders in accordance with the disclosure requirements of the Listing Rules:

- (a) the Placement Shares will be issued to the Subscriber;
- (b) the maximum number of Shares to be issued in connection with the Placement is 27,935,679 at an issue price of \$0.35 per Share;
- (c) the Placement Shares will rank equally with all other existing ordinary shares of Oaks;
- (d) Oaks intends to issue the Placement Shares as soon as practicable following the Meeting, and in any event, not later than one month from the date of the Meeting. Oaks will apply for quotation of the Placement Shares on ASX once they are issued;
- (e) the intended use of the funds raised by the Placement is to reduce debt owed by Oaks to its financiers. Further details of Oaks' use of the funds raised are found in section 2 above titled "Use of funds"; and
- (f) the Subscriber is a related party of Oaks as Mr David Wu, a Director of Oaks, controls the Subscriber.

## 6. Directors' interests and recommendations

None of the Directors, other than Mr David Wu, have an interest in the Placement, except in their capacity as shareholders of Oaks.

The Directors, other than Mr Wu, have considered all the relevant information relating to the resolution and the Directors **unanimously recommend that you vote in favour of the resolution.**

As Mr Wu has, by virtue of his control of the Subscriber, an interest in the resolution, he makes no recommendation in relation to it.

## GLOSSARY OF TERMS

In the Notice and Explanatory Memorandum the following words and expressions have the following meanings:

**ASX** means the ASX Limited ACN 008 624 691 and the market that it operates.

**Board** means the board of Directors of Oaks.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Director** means a director of Oaks.

**Explanatory Memorandum** means the explanatory memorandum to the Notice contained in this booklet.

**General Meeting** or **Meeting** means the general meeting of Oaks to be held on 29 September 2010.

**Listing Rules** means the official listing rules of ASX.

**Notice** means the notice of meeting convening the Meeting.

**Oaks** means Oaks Hotels & Resorts ACN 113 972 366.

**Placement** means the placement proposed to be completed by Oaks through the issue of the Placement Shares pursuant to the Subscription Deed.

**Placement Shares** means 27,935,679 fully paid ordinary shares in Oaks to be issued to the Subscriber under the Subscription Deed.

**Proxy Form** means a proxy form accompanying the Notice.

**Share** means an ordinary share in the capital of Oaks, the terms of which are contained in Oaks' constitution.

**Subscriber** means ACN 145 582 136 Pty Ltd ACN 145 582 136.

**Subscription Deed** means the deed between Oaks and the Subscriber dated 23 August 2010.