



OAKS HOTELS & RESORTS

3 August 2010

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

On 17 June 2010 Oaks Hotels & Resorts Limited (**Oaks**) announced that Brett Pointon, the company's chief executive officer, and companies controlled by him had granted a call option to China Pacific Pty Ltd (**China Pacific**) to acquire shares representing approximately 19.9% of Oaks' issued share capital.

Oaks has been advised by Mr Pointon that the acquisition of his shares by China Pacific, which was due to occur yesterday, has not completed. Mr Pointon has also advised Oaks that at the time of this announcement, he and China Pacific are continuing discussions about the status of the acquisition and the potential for an extension of the date for completion of the acquisition.

Update on proposed Rights Issue

The board of Oaks also announced on 17 June 2010 that it had received an indicative proposal from China Pacific to partially underwrite a rights issue by Oaks to raise approximately \$30 million (**Rights Issue**) following completion of the acquisition of Mr Pointon's shares in Oaks by China Pacific, and that Oaks had entered into an exclusivity agreement with China Pacific regarding the proposed underwritten Rights Issue.

As noted above, the acquisition of Mr Pointon's shares in Oaks by China Pacific has not completed. Further, the exclusivity period under the exclusivity agreement between Oaks and China Pacific has now expired. The parties are continuing discussions with regard to the status of the proposed underwriting of the Rights Issue by China Pacific.



The board proposes to consider capital raising alternatives for the purposes of satisfying the debt reduction covenant with its financiers as announced on 29 July 2010 to be completed in conjunction with the public release of its financial results for the financial year ending 30 June 2010.

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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