



## Announcement

21 July 2005

### SingTel announces takeover offer by Optus for Alphawest

#### Alphawest board unanimously recommends acceptance of Optus' offer

Singapore Telecommunications Limited ("SingTel") announced today that SingTel Optus Pty Limited ("Optus") intends, through a subsidiary Optus Networks Pty Limited, to make an off-market takeover offer for all of the ordinary shares in Alphawest Limited ("Alphawest") for cash consideration of 68 cents per share ("Offer Price"). The Offer is subject to a 90% minimum acceptance condition and a number of other conditions as set out in Appendix 1 to this announcement.

The Offer will involve a total consideration offered by Optus of A\$25.9 million for 100% of the ordinary share capital.

Paul O'Sullivan, Optus Chief Executive, said: "We believe the Offer represents excellent value to all Alphawest shareholders. I am pleased that Alphawest's board has unanimously recommended that shareholders accept the Optus Offer."

Immediately prior to announcing the Offer, Optus signed an agreement with UXC Limited ("UXC") whereby it secured an option to acquire UXC's 19.96% holding of Alphawest shares at an exercise price of 68 cents per share payable in cash.

Hugh Beggs, Chairman of Alphawest said: "The company has an excellent fit with Optus's integration capabilities and we have partnered extremely well together to date. We welcome the opportunity provided by this offer to enhance our position in the Australian ICT market.

"The Optus Offer represents a substantial premium to Alphawest's current and recently traded share price. It is the opinion of the Alphawest board that Optus' Offer represents good value for all shareholders," Mr Beggs said.

The Offer price of 68 cents per share represents:

- A 13% premium to the Alphawest closing share price on 20 July 2005 (the last full day of trading before Optus announced the Offer) of 60 cents;
- A 28% premium to the one month volume weighted average price of Alphawest shares of 53 cents; and
- A 46% premium to the three month volume weighted average price of Alphawest shares of 47 cents.

Mr O'Sullivan said Alphawest was a high quality Information and Communications Technology (ICT) services provider and it would enhance Optus' ability to offer end-to-end solutions to corporate and government customers.

"This acquisition is part of Optus executing on our growth aspirations as an integrated ICT provider. It boosts our national presence and complements our areas of existing strength," he said.

"Alphawest has excellent credentials in network consulting, integration and information management services; high quality people and processes; and a track record of delivering high levels of customer satisfaction. It is for these reasons we are looking to acquire the Company and manage it as a wholly-owned subsidiary of Optus reporting to the Managing Director of Optus Business."

Optus Business combined with Alphawest would put Optus in the Top 10 ICT service providers, by revenue<sup>1</sup>, in Australia.

Optus and Alphawest have entered into an implementation agreement under which the parties have agreed to cooperate to implement Optus' Offer. Additional information on the key terms of the agreement with Alphawest is set out in Appendix 2 to this announcement.

The latest equity market value of Alphawest based on 20 July's closing price is A\$22.8 million. In addition, Alphawest has net debt of A\$3 million<sup>2</sup> which Optus will assume.

Optus will fund the Offer from free cash flows.

Detailed information in relation to Optus' Offer will be set out in its bidder's statement which will be lodged with ASIC and provided to relevant stock exchanges. Optus expects Alphawest shareholders will receive a combined bidder's and target's statement in around four weeks.

#### **About Alphawest**

Alphawest is an Australian listed IT Services business, operating across the Australasian region, focusing on three key sectors of the IT Services market: Information Management, Infrastructure Solutions and Business Continuity. Operating since 1986, Alphawest has grown extensively and now employs over 400 staff based in 10 offices located across Australia and Singapore. For the financial year ending 31 December 2004, Alphawest generated revenues of A\$142 million and an EBITDA of A\$2.5 million. The year-on-year revenue growth was 21 per cent.

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<sup>1</sup> Sourced from 2004 IDC rankings.

<sup>2</sup> Sourced from First Quarter Commitments Test submitted to the ASX on 29 April 2005

## Appendix 1 - Offer Conditions

Optus' Offer, and any contract resulting from the acceptance of the Offer, is subject to the following conditions:

**(a) Minimum acceptance condition**

Before the end of the offer period, Optus and its associates have relevant interests in at least 90% of Alphawest shares then on issue.

**(b) Material adverse effect**

Between the date of the announcement of the bid and the end of the offer period, no change, event or condition occurs, is announced, disclosed or otherwise becomes known to Optus (whether it becomes public or not) that has or is reasonably likely to have a material adverse effect on the business, financial or trading position or condition, or the assets, liabilities, profitability or prospects of Alphawest or the Alphawest group of companies taken as a whole since 31 December 2004 other than changes, events or conditions publicly announced or publicly disclosed by Alphawest prior to the date of the announcement of the bid.

**(c) No material transactions**

Except for any transaction or proposed expenditure publicly announced or publicly disclosed before the date of the announcement of the bid none of the following events occurs between the date of the announcement of the bid and the end of the offer period:

- (i) Alphawest or a subsidiary of Alphawest acquires, agrees to or comes under an obligation to acquire, or makes any public announcement or public disclosure about the acquisition of any companies or businesses (or any interests in any companies or businesses); or
- (ii) Alphawest or a subsidiary of Alphawest acquires, agrees to or comes under an obligation to acquire, or makes any public announcement or public disclosure about the acquisition of any assets (or any interests in any assets) other than in the ordinary course of business; or
- (iii) Alphawest or a subsidiary of Alphawest disposes, agrees to or comes under an obligation to dispose, or makes any public announcement or public disclosure about the disposal of any companies, businesses or assets (or any interests in any companies, businesses or assets) for an amount in aggregate in excess of \$100,000; or
- (iv) Alphawest or a subsidiary of Alphawest enters into, agrees to or comes under an obligation to enter into, or makes any public announcement or public disclosure about the entry into any joint venture or partnership or dual listed company structure.

**(d) No Prescribed Occurrences**

Between the date of the announcement of the bid and the end of the offer period, none of the following events occurs (each a **Prescribed Occurrence**):

- (i) Alphawest converts all or any of the Alphawest shares into a larger or smaller number of shares;
- (ii) Alphawest or a subsidiary of Alphawest resolves to reduce its share capital in any way;
- (iii) Alphawest or a subsidiary of Alphawest:
  - (A) enters into a buy-back agreement; or
  - (B) resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- (iv) Alphawest or a subsidiary of Alphawest issues shares, or grants an option over its shares, or agrees to make such an issue or grant such an option other than the issue of shares on the exercise of any options that are on issue as at the date of the announcement of the bid;
- (v) Alphawest or a subsidiary of Alphawest issues, or agrees to issue, convertible notes;
- (vi) Alphawest or a subsidiary of Alphawest charges, or agrees to charge, the whole, or a substantial part, of its business or property;
- (vii) Alphawest or a subsidiary of Alphawest resolves to be wound up;
- (viii) a liquidator or provisional liquidator of Alphawest or of a subsidiary of Alphawest is appointed;
- (ix) a court makes an order for the winding up of Alphawest or of a subsidiary of Alphawest;
- (x) an administrator of Alphawest, or of a subsidiary of Alphawest, is appointed under section 436A, 436B or 436C of the Corporations Act;
- (xi) Alphawest or a subsidiary of Alphawest executes a deed of company arrangement; or
- (xii) a receiver, a receiver and manager, or other controller (as defined in the Corporations Act) is appointed in relation to the whole, or a substantial part, of the property of Alphawest or of a subsidiary of Alphawest.

**(e) Conduct of Alphawest's business**

Between the date of the announcement of the bid and the end of the offer period, none of the following events occurs:

- (i) except as required by law, Alphawest or a subsidiary of Alphawest:
  - (A) increases the remuneration of or pays any bonus or issues any securities or options to, or otherwise varies the employment agreements with, any of its directors or employees except:
    - (I) as expressly required under the terms of any employment agreement existing as at the date of the announcement of the bid; or
    - (II) that the remuneration of employees may be increased provided that the remuneration of any one employee is not increased by more than 20% of the remuneration payable to that employee as at the date of the announcement of the bid and the increases in remuneration are not given to more than 5% of the number of employees as at the date of the announcement of the bid without Optus' prior approval; or
  - (B) accelerates the rights of any of its directors or employees to benefits of any kind; or
  - (C) pays a director, executive or employee a termination payment, other than as provided for in an existing employment contract;
- (ii) Alphawest or an entity that Alphawest controls gives or agrees to give a financial benefit to a related party of Alphawest within the meaning of Chapter 2B of the Corporations Act;
- (iii) Alphawest or a subsidiary of Alphawest enters into any arrangement for the borrowing of an amount in excess of \$100,000 except as a consequence of the renegotiation of its Westpac Banking Corporation banking facilities existing as at the date of the announcement of the bid;
- (iv) Alphawest or a subsidiary of Alphawest enters into any arrangement under which Alphawest or a subsidiary of Alphawest may be required to advance financial accommodation to another party, other than in the ordinary course of business;
- (v) Alphawest or a subsidiary of Alphawest undertakes capital expenditure of an amount in excess of \$200,000 with respect to any one item, other than any capital expenditure in accordance with relevant capital expenditure budgets on the date of the announcement of the bid;
- (vi) Alphawest or a subsidiary of Alphawest conducts its business other than in the ordinary course.

**(f) No untrue statements**

Between the date of the announcement of the bid and the end of the offer period, Optus does not become aware of any statement that is untrue or fact that is required to be stated to make a statement not misleading in any document filed by or on behalf of Alphawest with ASX, and which has or is reasonably likely to have a material adverse effect on the business, financial or trading position or condition, or the assets, liabilities, profitability or prospects of Alphawest since 31 December 2004 other than changes, events or conditions publicly announced or publicly disclosed by Alphawest prior to the date of the announcement of the bid.

**(g) No regulatory action**

Between the date of the announcement of the bid and the end of the offer period:

- (i) there not being in effect any preliminary or final decision, order or decree issued by a public authority;
- (ii) no action or investigation being announced, commenced or threatened by any public authority;
- (iii) no application being made to any public authority (other than by Optus or any associate of Optus),

in consequence of or otherwise relating to the Bid (other than a determination by ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act or if the regulatory action results from action or inaction of Optus or its associates) which:

- (iv) restrains or prohibits or otherwise materially adversely impacts the completion of any transaction contemplated by the implementation agreement with Alphawest (including the acquisition of Alphawest shares) or which threatens to do so; or
- (v) seeks to require or approve the divestiture of any assets of any company within the Alphawest group or the Optus group.

**(h) Non-existence of certain rights**

No person (other than a member of the Optus group) has or will have any right (whether subject to conditions or not) as a result of Optus acquiring Alphawest shares to:

- (i) acquire, or require the disposal of, or require Alphawest or a subsidiary of Alphawest to offer to dispose of, any material asset of Alphawest or a subsidiary of Alphawest; or
- (ii) terminate, or vary the terms or performance of, any material agreement with Alphawest or a subsidiary of Alphawest,

except those rights that Optus has actual knowledge of.

(i) **Equal access to information**

That at all times between the date of the announcement of the bid and the end of the offer period, Alphawest promptly (and in any event within two business days) provides to Optus a copy of all information that is not generally available (within the meaning of the Corporations Act) and that has not already been provided to Optus relating to Alphawest or any subsidiary of Alphawest or any of their respective businesses or operations that is provided by Alphawest or any of its related parties to any person (other than Optus) for the purpose of soliciting, encouraging or facilitating a proposal or offer by that person, or by any other person, in relation to any proposal or transaction that, if completed, would mean a person (other than Optus and its related bodies corporate) would:

- (i) directly or indirectly, acquire an interest or a relevant interest in, or become the holder of:
  - (A) 20% or more of Alphawest's share capital or of the share capital of any of its subsidiaries; or
  - (B) all or a substantial or material part of Alphawest's business, including by way of takeover bid, scheme of arrangement, capital reduction, sale of assets, sale of shares, joint venture or the creation of a direct or indirect economic interest;
- (ii) acquire control of Alphawest, within the meaning of section 50AA of the Corporations Act; or
- (iii) otherwise acquire, or merge with, Alphawest.

Each of the conditions in each paragraph and sub-paragraph above is a separate condition.

The conditions are conditions subsequent and do not prevent a contract resulting from acceptance of the Offer from coming into effect but any breach or non-fulfilment of them entitles Optus to rescind any contracts resulting from acceptance of the Offer.

## Appendix 2 - Key terms of implementation agreement

Optus today entered into an agreement with Alphawest under which:

- Optus agrees to make offers under a takeover bid at A\$0.68 for each Alphawest share.
- If Optus acquires more than 90% of all Alphawest shares, Optus will bid at fair value for all Alphawest options.
- Optus and Alphawest will prepare the formal takeover bid and response. Alphawest's target's statement will include:
  - a unanimous recommendation by the Alphawest Board to Alphawest shareholders to accept the offer in respect of all of their Alphawest shares in the absence of a superior offer to acquire all their Alphawest shares; and
  - a statement by each member of the Alphawest Board that that director will accept the offer in respect of all Alphawest shares held by that director or any associate of that director in the absence of a superior offer to acquire all their Alphawest shares.
- Alphawest agrees that until the end of Optus' offer period that:
  - neither Alphawest nor any of its related bodies corporate, directors, officers, employees, contractors, advisers, financiers or agents will:
    - subject to the fiduciary carve out described below negotiate or enter into or participate in negotiations or discussions with any person in relation to any proposal to directly or indirectly acquire 20% or more of Alphawest's shares or the shares of any of its subsidiaries or all or a substantial or material part of Alphawest's business, to acquire control of Alphawest or to otherwise acquire or merge with Alphawest (**Competing Proposal**); or
    - directly or indirectly solicit, invite, initiate, facilitate or encourage any enquiries, negotiations or discussions or communicate any intention to do any of these things with a view to obtaining any expression of interest, proposal or offer from any person in relation to an **Competing Proposal**;
  - Alphawest will not solicit, invite, initiate or encourage or facilitate or permit any person other than Optus to undertake due diligence investigations of Alphawest and subject to the fiduciary carve out, will not facilitate or permit any person other than Optus to undertake due diligence investigations of Alphawest; and
  - Subject to the fiduciary carve out Alphawest will not make available to any other person any non-public information about Alphawest.
- The fiduciary duty carve out will apply if the Alphawest Board obtains written advice from a Queen's Counsel or Senior Counsel that failing to take action with respect to a bona fide **Competing Proposal** would, in his or her reasonable opinion, be likely to constitute a breach



of the fiduciary or statutory obligations of the Alphawest Board and the Alphawest Board in good faith and having regard to the written advice of the Queen's Counsel or Senior Counsel determines that failing to take action with respect to the bonafide Competing Proposal would constitute a breach of their fiduciary or statutory obligations.

- If Alphawest is approached by any person about a Competing Proposal at any time until the end of Optus' offer period, Alphawest must notify Optus of the identity of the person and details of the Competing Proposal and any discussions with that person even if the fiduciary duty carve out applies.
- Alphawest must pay Optus a break fee of A\$375,000 if before the end of Optus' offer period:
  - any member of the Alphawest Board recommends against, qualifies their support of or withdraws his or her recommendation or approval of Optus' offer or recommends or promotes a Competing Proposal;
  - a person other than Optus obtains control of Alphawest as defined in section 50AA of the Corporations Act;
  - an event outlined in conditions (c) (no material transactions), (d) (no prescribed occurrences), (e) (conduct of Alphawest's business) or (f) (no untrue statements) in Appendix 1 occurs and Optus does not waive the breach before the end of Optus' offer period; or
  - Alphawest is in material breach of any material clause of the agreement.