



**Australian Government**

**Takeovers Panel**

# MEDIA RELEASE

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**No: 04/2010**

**Wednesday, 20 January 2010**

## **Powerlan Limited - Panel Receives Application**

The Panel has received an application from Alpha Growth International (Australia) Pty Ltd in relation to the affairs of Powerlan Limited dated 19 January 2010. The application concerns the renounceable 4 for 1 rights issue announced by Powerlan on 15 January 2010. On the same day, Alpha announced a takeover bid for all the shares in Powerlan.

According to the prospectus dated 15 January 2010, the rights issue seeks to raise up to approximately \$19.2m by issuing up to approximately 330m shares at an issue price of \$0.06. It includes a shortfall facility. It is underwritten to \$8m by Bizzell Partners Pty Ltd over and above the amount to be contributed by CPS Group Investments Pty Ltd (see below). Under the underwriting agreement, if there is a shortfall of less than 133,333,333 shares, Bizzell may request Powerlan to issue more shares such that it holds that number of shares, but subject to a cap referable to the maximum available without shareholder approval under the ASX listing rules.

CPS, a major shareholder (40.25%) and controlled by Powerlan's chairman, has confirmed that it will take up its full entitlement under the rights issue.

Alpha submits (among other things) that the rights issue is structured in a way that affects control of Powerlan, the directors have not reasonably considered alternative sources of funding and the rights issue prospectus does not disclose an urgent and compelling need for fresh capital to justify the rights issue.

On 19 January 2010, the President of the Panel made an interim order postponing the rights issue (see [TP 10/003](#)). The interim order was made on the basis of an undertaking from Alpha to make an application by 5pm that day to the effect that the rights issue was a frustrating action in relation to its takeover which amounted to unacceptable circumstances.

Alpha has not specified final orders other than a declaration of unacceptable circumstances.

The sitting Panel is Mike Roche, Robert Sultan (sitting President) and Heather Zampatti. At this stage, no decision has been made whether to conduct proceedings. The Panel makes no comment on the merits of the application.

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