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## CRITERION TIM BOREHAM

# Too long in limbo with a Chinese suitor

### Stonewall Resources (SWJ) 20.5c

WHEN it comes to takeovers involving Chinese suitors, investors need the patience of a saint and, given the risk of non-completion, a plan B as well.

Shandong Qixing Iron Tower in May lobbed a proposal to buy Stonewall's main assets in South Africa for $US124m ($137m), the equivalent of 27c per Stonewall share. We're talking about May last year, when Julia Gillard strode The Lodge with authority (OK, let's just say she was still PM). The Stonewall deal was meant to have been wrapped up last November, but one Kevin Rudd and one Tony Abbott later the parties are still negotiating a slalom course of regulatory approvals.

Is the final mogul in sight? This week, China's State Administration of Foreign Exchange blessed the deal, adding its imprimatur to five other authorities. The deal now needs only a tick from the China Securities Regulatory Commission.

On completion, Stonewall will update punters on the distribution of proceeds, previously cited as 25c a share after tax and other imposts. We assume that given the parties have come this far, any stonewalling is on the part of the regulators only.

Investors who heeded Criterion's spec buy at 13c last May are well in the black. In theory there's still money on the table, but in our view not enough to justify the risks. After all, Chinese bids for Sundance Resources, Indophil and Discovery Metals all fell through.

Meanwhile, PanAust (PNA, $1.98) holders wait for news on Guangdong Rising Asset Management's $2.20 a share indicative proposal. This one was also lobbed in May, but at least it was May this year.

Stonewall is a **hold**. PanAust is a **spec buy**, not on the bid eventuating but on a whisper that the company will exceed its calendar 2014 production guidance of 65,000-75,000 tonnes of copper and 100,000 ounces of gold.

While we're on it, how about a British-style "put up or shut up" rule in which suitors must lodge a firm offer within a month of expressing interest in doing so?