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## **CBH slams takeover recommendation by board of Perilya**

*Thursday, 08 Jan, 2009*

It is reported that CBH Resources has lashed out at board of its takeover target Perilya for recommending its shareholders approve a rival bid from Chinese steel making giant Shenzhen Zhongjin Lingnan Nonfemet.

Perilya had called for shareholders to approve a USD 45.5 million placement of shares to Zhongjin, which would give it effective control of the company, at an extraordinary meeting scheduled for February 5th 2009.

Mr Paul Arndt MD of Perilya said the proposed deal was, in the board's opinion, superior to an unsolicited all scrip offer put by rival bidder CBH.

But CBH has strongly criticized the board's move, describing the Zhongjin offer as suboptimal.

CBH said in a statement to the ASX "It is very important that Perilya shareholders recognize that under the Zhongjin Lingnan proposal, they will receive no consideration for their shares. Furthermore, they are being asked to vote to approve control of their company passing to Zhongjin Lingnan, with no sustainable plan being advanced for addressing the operational inefficiencies which are continuing at Broken Hill, Perilya's main asset."

The statement added that "In addition, they will remain shareholders in a company which has demonstrated a consistent record of poor performance over recent months."

CBH said its offer was clearly superior to that of Zhongjin at current share prices and because it would involve a merger and integration of each company's operations at Broken Hill.

CBH also said Perilya's arrangements with Zhongjin Lingnan constituted several potential breaches of the conditions of CBH's takeover offer for Perilya. It said it would be informing the market of its response to these breaches soon.

It may be mentioned that Perilya revealed this week an independent report by Ernst and Young had described the Zhongjin offer as not fair but reasonable. The Chinese government has approved the deal but Australia's foreign investment review board is yet to grant approval.

CBH's hostile USD 28.9 million all scrip bid closes on March 13th 2009.

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