

Huakan International Mining Inc. Announces Going Private Transaction With Its Principal Shareholders

17.03.2014 | [Marketwired](#)

VANCOUVER, Mar 17, 2014 - [Huakan International Mining Inc.](#) (the "Company") (TSX-VENTURE:HK) announces that it has entered into an Amalgamation Agreement (the "Agreement") with 0996059 B.C. Ltd. ("Newco"), pursuant to which the Company will be taken private by way of an amalgamation (the "Amalgamation") between Newco and the Company.

Newco is a corporation owned by Hong Kong Huakan Investment Co., Limited ("Hong Kong Huakan"), Sun Luck Asia Investment Limited ("Sun Luck") and Power Best Resources Inc. ("Power Best" and together with Hong Kong Huakan and Sun Luck, the "Acquirors"). Certain wholly-owned subsidiaries of Hong Kong Huakan (being Huakan Resources Inc., Hua Kan International Mining Co., Ltd., Shanchuan Mining Limited and Dashan Mining Limited (collectively, the "Huakan Subsidiaries")), together with Sun Luck and Power Best, collectively own approximately 91.8% of the issued and outstanding common shares (the "Shares") in the capital of the Company. The Acquirors are unrelated, but are acting in concert in the Amalgamation.

More specifically, Hong Kong Huakan, through the Huakan Subsidiaries, collectively owns 31,955,223 Shares (representing approximately 75.27% of the Shares). Sun Luck and Power Best own 3,942,852 Shares (representing approximately 9.29% of the Shares) and 3,074,285 Shares (representing approximately 7.24% of the Shares), respectively. In addition, there is a shareholder holding 214,286 (representing 0.5% of the Shares) who, pursuant to the Amalgamation Agreement will remain a shareholder of the amalgamated company together with Sun Luck, Power Best and the Huakan Subsidiaries (such shareholder together with Sun Luck, Power Best and Huakan Subsidiaries be referred to as the "Amalco Shareholders").

As at March 14, 2014, the Company had outstanding 42,451,939 Shares.

The Acquirors have entered into lock-up agreements with holders of Shares who represent 1,806,752 of all the issued and outstanding Shares (or approximately 4.3% of all the issued and outstanding Shares) pursuant to which such shareholders have agreed to vote all of their Shares in favour of the Amalgamation.

Pursuant to the Agreement, the Acquirors will, directly or indirectly, through the Amalgamation, pay \$0.50 per Share in cash (the "Offer Price") to holders of all of the issued and outstanding Shares that are not directly or indirectly, owned by the Amalco Shareholders. Each shareholder of the Company, other than the Amalco Shareholders, will receive one redeemable preferred share of the amalgamated company for each Share held immediately prior to the Amalgamation. Each redeemable preferred share will then be redeemed for the Offer Price. The total cash consideration for the aggregate Offer Price will be \$1,632,646.50. The Amalgamation, if consummated, will result in the Company being taken private and delisted from the TSX Venture Exchange.

The Offer Price represents a 294% premium to the volume weighted average price of the Shares over the previous 20 trading days on the TSX Venture Exchange.

The Amalgamation, if consummated, will constitute a "business combination" for the purposes of Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101").

The board of directors of the Company (the "Board") formed a special committee (the "Special Committee") comprised of independent directors David Bo (the Chair) and Garnet Dawson to evaluate the Amalgamation and make recommendations to the Board. The Special Committee has engaged McCarthy Tétrault LLP as its legal advisors.

Because the Acquirors directly or indirectly beneficially own, in aggregate, over 90% of the issued and outstanding Shares, the Amalgamation will, pursuant to Section 4.6(1)(a) of MI 61-101, be exempt from the minority shareholder approval requirements of MI 61-101.

Further, because the Company is listed on the TSX Venture Exchange, the Amalgamation will, pursuant to Section 4.4(1)(a) of MI 61-101, be exempt from the formal valuation requirements of MI 61-101.

The Special Committee has, however, retained Mr. Stephen W. Semeniuk as an independent financial advisor to prepare a fairness opinion (the "Fairness Opinion") with respect to the proposed Amalgamation. Having given due consideration to a number of factors including the Fairness Opinion, which concludes that the Offer Price is fair, from a financial point of view, to the minority shareholders of the Company, the Special Committee, as advised by its legal advisors, recommended the Amalgamation positively to the Board, which in turn approved and executed the Agreement for and on behalf of the Company.

The Company has convened a special meeting of shareholders (the "Meeting") which will take place on April 17, 2014 for shareholders to consider and, if thought appropriate, to approve the Amalgamation. Notice of the Meeting has been duly issued and filed.

The completion of the Amalgamation is subject to a number of conditions precedent that are customary to this type of transaction, including, but not limited to, there being no material adverse change with respect to the Company, the approval of at least two-thirds of the votes cast by holders of Shares at the Meeting and the acceptance of the Amalgamation by the TSX Venture Exchange.

Assuming the satisfaction of all conditions, the proposed transaction is expected to close as soon as practicable following the Meeting. However, there can be no assurances that the Amalgamation, or any other transaction with the Acquirors, will be completed.

Details of the terms and conditions of the Amalgamation, together with a summary of the Fairness Opinion, will be included in a management information circular, which will be mailed to the shareholders as soon as practicable and will also be available for download at www.sedar.com.

No actions are required to be taken by shareholders at this stage. The Company will communicate with shareholders in due course with respect to the Amalgamation.

Neither the TSX Venture Exchange nor its Regulations Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING INFORMATION

Forward-looking statements or information are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements or information, including, without limitation, risks and uncertainties relating to the negotiation and consummation of the definitive agreements with respect to the Amalgamation, the completion of the Amalgamation or related transactions, receipt of requisite legal and financial opinions with respect to the Amalgamation and applicable regulatory approvals required with respect to the Amalgamation. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements or information. Accordingly, readers are advised not to place undue reliance on forward-looking statements or information. The Company disclaims any intent or obligation to update forward-looking statements or information except as required by law, and the reader is referred to the full discussion of the Company's business contained in the Company's reports filed with the securities regulatory authorities in Canada at www.sedar.com.

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