



Burwill Holdings Limited

寶威控股有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 24)

DISCLOSEABLE TRANSACTION

On 20 November 2006, the Vendor, a wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with the Purchaser for the disposal of 71% equity interest in the Target Company, Burwill Coil Centre (Yangzhou) Company Limited* 寶威鋼板製品(揚州)有限公司, at a Consideration of RMB61,651,010.34 (equivalent to approximately HK\$60,442,167.00).

The Purchaser is Maanshan Iron & Steel Company Limited in China. The Purchaser and the Vendor proposed to change the registration of the Target Company from a wholly foreign-owned enterprise to a sino-foreign equity joint venture through the transfer of equity interest.

The transaction constitutes a discloseable transaction under Chapter 14 of the Listing Rules. A circular containing further details of the transaction will be despatched to the Shareholders in accordance with the Listing Rules.

INTRODUCTION

On 20 November 2006, the Vendor, a wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with the Purchaser for the disposal of 71% equity interest in the Target Company, Burwill Coil Centre (Yangzhou) Company Limited* 寶威鋼板製品(揚州)有限公司, at a Consideration of RMB61,651,010.34 (equivalent to approximately HK\$60,442,167.00).

THE EQUITY TRANSFER AGREEMENT

A summary of the principal terms of the Equity Transfer Agreement is set out below:

- Date:** 20 November 2006
- Parties**
 - Burwill Times Industrial Limited, a wholly-owned subsidiary of the Company, as the Vendor; and
 - Maanshan Iron & Steel Company Limited as the Purchaser.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser and its ultimate beneficial owners are third parties independent of the Group and connected persons of the Group.

- The Target Company**

The Target Company, Burwill Coil Centre (Yangzhou) Company Limited* 寶威鋼板製品(揚州)有限公司, a wholly foreign-owned enterprise established under the laws of the PRC in May 2004 in Yangzhou Municipality, Jiangsu Province of the PRC and is principally engaged in the business of high value-added steel coils cutting and distribution.

The Target Company is 100% owned by the Vendor prior to the completion of the transactions contemplated under the Equity Transfer Agreement and the registration will upon completion be changed from a wholly foreign-owned enterprise to a sino-foreign equity joint venture.

- Consideration and Payment Terms**

The Consideration under the Equity Transfer Agreement for 71% of the equity interest in the Target Company is RMB61,651,010.34 (equivalent to approximately HK\$60,442,167.00) and is payable by the Purchaser to the Vendor on the following terms:

- within 15 Business Days from the Effective Date, the Purchaser shall pay to the Vendor the Consideration less an amount equivalent to 71% of the Outstanding Account Receivables; and
- the Purchaser shall pay to the Vendor 71% of any of the Outstanding Account Receivables collected by the Target Company within 10 Business Days of each collection (as at 31 October 2006, the Target Company has recorded an unaudited account receivables of approximately RMB1,957,000.00 (equivalent to approximately HK\$1,919,000.00)).

The terms of the Equity Transfer Agreement have been reached after arms' length negotiations between the Vendor and the Purchaser and the Consideration has been determined based on 71% of the audited net asset value of the Target Company as at 31 July 2006. The Vendor shall be entitled to enjoy the benefits in the event of any increase, or take the reduction in the event of any decrease (as the case may be), in the net asset value of the Target Company as a result of the operation during the period between 31 July 2006 and the Completion Date.

ACCOUNTING

As at 31 July 2006, the Target Company has an audited total asset value and net asset value of approximately RMB92,799,000.00 (equivalent to approximately HK\$90,979,000.00) and approximately RMB79,661,000.00 (equivalent to approximately HK\$78,099,000.00) respectively. The net losses before and after taxation of the Target Company attributable to 71% equity interest in the Target Company amounted to RMB Nil and RMB Nil respectively, for the financial year ended 31 December 2004 (since the expenses for the financial year ended 31 December 2004 has been capitalised) and approximately RMB923,000.00 (equivalent to approximately HK\$905,000.00) and approximately RMB923,000.00 (equivalent to approximately HK\$905,000.00) respectively, for the financial year ended 31 December 2005.

Prior to the completion of the transaction contemplated under the Equity Transfer Agreement, the Target Company has been accounted for as a subsidiary of the Company. Upon and after the completion of the transaction, it will be accounted for as an interest in an associate.

REASONS FOR THE TRANSACTION

The Company is an investment holding company and its subsidiaries are principally engaged in international steel trading, warehousing and distribution, steel manufacturing and processing, property development and investment. The Vendor is a wholly-owned subsidiary of the Company.

The Purchaser is one of the largest iron and steel producers and operators in the PRC and is principally engaged in the production and sale of various iron and steel products.

Attributing to the continuous and significant growth of the China economy, high value-added steel coils processing and distribution business, which cater for the demand of end-users, has vast development prospect in the Yangtze River Delta. Founded on the long-term favourable relationship between the Company and the Purchaser, the new joint venture company to be set up with the Purchaser through the equity transfer would further consolidate its market position effectively and improve its scale of operation as a result of the synergy effect generated.

The Company originally planned to invest into and operate the Target Company on the basis of an annual capacity of 150,000 tonnes of steel coils processing, production and distribution. The new joint venture company would install additional steel coils production lines to achieve the annual integrated processing and sales capacity of 800,000 tonnes of various types of steel coils.

Capitalised on the Purchaser's stable raw materials supplies, reputable corporate identity, established corporate governance and the extensive and high quality clientele, sales of the Target Company may potentially increase significantly thereby achieving better operating efficiency. In addition, the net proceeds of approximately RMB61,095,000.00 (equivalent to approximately HK\$59,897,000.00) will be used for the Company's general working capital, contributing to a better financial position of the Company. The Directors (including the Independent Non-Executive Directors) consider that the transaction has been entered into on normal commercial terms and on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The transaction would result in an estimated gain of approximately HK\$4,447,000.00 to the Group and upon completion of the transaction, the net asset value of the Group will increase by approximately HK\$4,447,000.00. The estimated gain has been arrived at after deducting withholding tax and cost of sale from the Consideration under the Equity Transfer Agreement.

LISTING RULES IMPLICATIONS

The transaction constitutes a discloseable transaction under Chapter 14 of the Listing Rules. A circular containing further details of the transaction will be despatched to the Shareholders in accordance with the Listing Rules.

DEFINITIONS

In the announcement, the following expressions have the meanings set out below unless the context otherwise requires.

"Board"	means the board of directors of the Company
"Business Day(s)"	means any day except those days on which commercial banks in China are required or authorised not to conduct business in accordance with applicable PRC laws
"Company"	means Burwill Holdings Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the Stock Exchange and on Singapore Exchange Securities Trading Limited
"Completion Date"	means the first Business Day immediately following the Effective Date
"Consideration"	means the cash consideration in the sum of RMB61,651,010.34 (equivalent to approximately HK\$60,442,167.00) payable by the Purchaser to the Vendor pursuant to the Equity Transfer Agreement
"Directors"	means the directors of the Company
"Effective Date"	means the date of formal approval in respect of the Equity Transfer Agreement, including all transactions contemplated thereunder, issued by the relevant approval authorities in the PRC
"Equity Transfer Agreement"	means the equity transfer agreement dated 20 November 2006 entered into between the Vendor and the Purchaser for the sale and purchase of 71% equity interest in the Target Company
"Group"	means the Company and its subsidiaries
"HK\$"	means the lawful currency of Hong Kong
"Hong Kong"	means the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Outstanding Account Receivables"	means the outstanding account receivables of the Target Company as at the Completion Date
"PRC" / "China"	means the People's Republic of China
"Purchaser"	means Maanshan Iron & Steel Company Limited 馬鞍山鋼鐵股份有限公司, a joint stock limited company incorporated in the PRC with limited liability, whose H shares and A shares are listed on the Stock Exchange and the Shanghai Stock Exchange respectively
"RMB"	means the lawful currency in the PRC
"Shareholders"	means the shareholders of the Company
"Stock Exchange"	means The Stock Exchange of Hong Kong Limited
"Target Company"	means Burwill Coil Centre (Yangzhou) Company Limited* 寶威鋼板製品(揚州)有限公司, a wholly foreign-owned enterprise established under the laws of the PRC on 9 May 2004 in Yangzhou Municipality, Jiangsu Province of the PRC
"Vendor"	means Burwill Times Industrial Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company

By Order of the Board
Burwill Holdings Limited
Ng Lai Ping, Grace
Company Secretary

Hong Kong, 21 November 2006

In this announcement, unless otherwise stated, conversion of Renminbi into Hong Kong dollars is calculated at the approximate rate of RMB1.02 to HK\$1.00, for the purpose of illustration only, and does not constitute a representation that any amount has been, could have been, or may otherwise be exchanged or converted at this or any other rate.

As at the date of this announcement, the Board comprises Mr. Chan Shing, Mr. Sit Hoi Tung, Mr. Yang Da Wei, Ms. Lau Ting, Ms. Tung Pui Shan, Virginia, Mr. Kwok Wai Lam and Mr. Yin Mark as Executive Directors, Mr. Cui Shu Ming, Mr. Song Yufang and Mr. Huang Shenglan as Independent Non-Executive Directors and Mr. Sze Tsai Ping, Michael as Non-Executive Director.

* For Identification Only