SAMLING GLOBAL LIMITED
三林环球有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 3938)

CLARIFICATION OF MATTERS IN RESPECT OF SANCTIONS IMPOSED ON BARAMA COMPANY LIMITED BY THE GUYANA FORESTRY COMMISSION

Samling Global Limited (the “Company”) hereby announces that, in relation to its wholly-owned indirect subsidiary, Barama Company Limited (“Barama”), which operates and manages timber harvesting and forest concession areas in Guyana, it has been informed that, further to an investigation by the Guyana Forestry Commission (“GFC”), alleged breaches of regulations made under section 42 of the Forests Act (Chapter 67:0) of Guyana (the “Forests Act”) by Barama as contractor and three other independent companies, namely, A. Mazaharally & Sons Limited (“Mazaharally”), N. Sukul & Sons (“Sukul”) and Barakat Timbers & Trading Co. Ltd. (“Barakat”) (collectively, the “Other Companies”) as concession-holders were discovered in the concessions held by the Other Companies and the following sanctions have been imposed on Barama as contractor by the Minister of Agriculture of Guyana (the “Minister”) which has authority under the Forests Act to impose sanctions against Barama as follows:

1. a penalty of G$96,483,148 (approximately US$470,000); and

2. the immediate suspension in respect of Barama of all sub-contracting operations in relation to the concessions held by the Other Companies.

Barama will appeal to the GFC to reconsider its decision in the light of the explanations offered by Barama as well as to establish and adhere to a fair and transparent process in its determination of such matters. The directors of the Company are of the opinion that the penalties imposed by the GFC in respect of Barama in this instance are severe, undeserved and arbitrary. The Company, in its quest for a fair and transparent process, is prepared to engage internationally recognised auditors, forestry consultants and other experts to investigate the issues with the involvement and cooperation of the GFC.

* for identification purposes only
This announcement sets out the full details and the Company’s position in respect of the above matter in order to enable investors and the public to appraise the position of the Company’s group of companies as a whole.

**BACKGROUND**

On 25 September 2007, the Minister and GFC announced the launch of a probe against Barama and the Other Companies for allegedly under or falsely-declaring forest produce harvested and the origin of the forest produce harvested.

On 9 October 2007, at a press conference given by the President of Guyana, certain allegations of breaches of Guyanese forestry regulations, were made against Barama but comment was reserved in respect of these matters pending the results of a full investigation.

Barama responded immediately to the allegations at a press conference held on 10 October 2007, expressing its surprise and concern and categorically stating that under no circumstances had Barama intentionally breached any procedures and, in any event, it would cooperate fully with the authorities in their investigation.

In a letter by the GFC to Barama dated 15 October 2007, the GFC set out the results of its investigation and required a response from Barama in relation thereto. Barama responded by way of a letter dealing point-by-point with the issues raised by the GFC in its letter of 15 October 2007, among other things, requesting clarification on certain unclear statements in the GFC’s letter of 15 October 2007, providing details where possible of its operations as requested by the GFC and addressing each issue of the summary report of findings set out in the GFC’s letter of 15 October 2007. As at the date of this announcement, Barama has received no response to its letter to the GFC.

However, Barama was, thereafter, surprised by a press release on 22 October 2007 by the Minister (which has authority under the Forests Act to impose sanctions against Barama) in which it was stated that certain alleged breaches of regulations under section 42 of the Forests Act by Barama and the Other Companies in the concessions held by the Other Companies were discovered by the GFC. The Minister stated in summary that the GFC’s findings were that, among other things,:

1. in July 2007, Barama transported a quantity of logs harvested from ESS 10/92 issued to Barakat, to Buck Hall, Guyana which was higher than the actual quantity of logs declared to the GFC in July 2007;

2. Barama harvested and removed without GFC’s permission, a large quantity of logs from the concession 2/90 issued to Mazaharally evidenced by the fact that tags issued to Barama and Barakat were used on stumps located within the Mazaharally concession;

3. Barama removed a quantity of logs from WCL 05/93 issued to Sukul without approval from the GFC; and
(4) the harvesting operations on the ground were NOT conducted in a manner that had serious negative environmental implications.

The GFC reported that the regulations of Guyana that were breached included the following:

(1) Evasion of Payment of Royalty (Regulation 20);

(2) Removal Permits Fourth Schedule (Regulation 21(1); Regulation 22(1) and (2));

(3) Unlawful declaration of Removal of Forest Produce (Regulation 23); and

(4) Removal permit to be endorsed before sale and purchase (Regulation 24).

Based on the above, the GFC calculated that the amount of Guyana Dollars payable by Barama as penalty for the breaches will be G$96,483,148.00.

In addition, all sub-contractual operations of Barama in relation to Mazaharally, Sukul and Barakat were to be suspended immediately. No clear indication as to the period of suspension by the Minister.

It was, further, identified that ineffective monitoring of the relevant concession areas by two GFC field officers resident at that location contributed to the breaches of procedures. The two GFC field officers have been dismissed.

IMPLICATIONS

Affected Areas

The areas of Barama’s harvesting rights affected by the suspension (“Affected Areas”) are as follows:

<table>
<thead>
<tr>
<th>Affected Areas</th>
<th>Harvesting agreement</th>
<th>Gross area (ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barakat</td>
<td>10 years from 1 October 2002</td>
<td>77,194</td>
</tr>
<tr>
<td>Sukul</td>
<td>10 years from 4 April 2002</td>
<td>26,259</td>
</tr>
<tr>
<td>Mazaharally</td>
<td>10 years from 16 April 2005</td>
<td>126,941</td>
</tr>
</tbody>
</table>

Total 230,394

The Affected Areas are not part of Barama’s own concession area of approximately 1.6 million hectares.
Log Production Volumes from Affected Areas

<table>
<thead>
<tr>
<th></th>
<th>FY2005 '000 m³</th>
<th>FY2006 '000 m³</th>
<th>FY2007 '000 m³</th>
</tr>
</thead>
<tbody>
<tr>
<td>Log production volumes from Affected Areas</td>
<td>53</td>
<td>53</td>
<td>28</td>
</tr>
<tr>
<td>% of log production in Affected Areas to total log production of Barama</td>
<td>28%</td>
<td>24%</td>
<td>12%</td>
</tr>
</tbody>
</table>

Effect on Group’s Earnings

The volume of logs extracted from the Affected Areas for the financial year ended 30 June 2007 comprises approximately 12% of the total logs produced by Barama and the suspension of Barama’s right to log the Affected Areas is not expected to have a significant impact upon Barama’s operations for the financial year ending 30 June 2008. In any event, Barama intends to source alternative log supplies to replace the logs from the Affected Areas during the suspension. The impact, if any, on the Group’s earnings will not be significant.

COMPANY’S RESPONSE

The Company admits that an immediate internal investigation carried out by Barama has found some mistakes including the mixing of tree tags between areas and harvesting in areas where permits were still being processed but these were unintentional at all times and are part and parcel of the operational realities and practices in any dynamic and geographically challenging industry such as the timber industry where operations take place in deep jungle. However, at the end of the day, all logs were openly declared to the GFC and signed off by representatives of the GFC and all royalties declared were paid in full by Barama, and Barama categorically denies all allegations of bad faith on its part in this respect.

The directors of the Company are of the opinion that the penalties imposed by GFC are severe, undeserved and arbitrary and firmly believes that its letter of response to the letter of GFC dated 15 October 2007, was not given the full, fair and proper consideration it deserved.

Barama will appeal to the GFC to reconsider its decision in the light of the explanations offered by Barama as well as to establish and adhere to a fair and transparent process in its determination of such matters in order to eliminate or minimise recurrence of such situations. Furthermore, Barama, in its quest for a fair process, is prepared to engage internationally recognised auditors, forestry consultants and other experts to investigate the issues with the involvement and cooperation of the GFC.
DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the meanings asset out below:

“AFFECTED AREAS” the areas of Barama’s harvesting rights affected by the suspension

“BARAKAT” Barakat Timbers & Trading Co. Ltd., a forest concession owner and operator in Guyana

“BARAMA” Barama Company Limited, a wholly-owned indirect subsidiary of the Company

“BOARD” the board of Directors

“COMPANY” Samling Global Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange

“DIRECTORS” the directors of the Company

“FORESTS ACT” the Forests Act (Chapter 67:0) of Guyana

“FY” financial year

“G$” or “GUYANA DOLLARS” Guyana dollars, the lawful currency of Guyana

“GFC” Guyana Forestry Commission

“GROUP” the Company and its subsidiaries

“HA” hectares

“HONG KONG” the Hong Kong Special Administrative Region of the PRC

“M3” cubic meters

“MAZAHARALLY” A. Mazaharally & Sons Limited, a forest concession owner and operator in Guyana

“MINISTER” the Minister of Agriculture of Guyana

“OTHER COMPANIES” collectively, Mazaharally, Sukul and Barakat

“SHARES” shares of US$0.10 each in the share capital of the Company

“STOCK EXCHANGE” The Stock Exchange of Hong Kong Limited
“Sukul”  N. Sukul & Sons., a forest concession owner and operator in Guyana
“US$”  United States dollars, a lawful currency of the United States of America
“%”  per centum

By order of the Board
Samling Global Limited
Chan Hua Eng
Chairman

Hong Kong, 26 October 2007

As at the date of this announcement, the Board comprises Yaw Chee Ming and Cheam Dow Toon as executive directors, Chan Hua Eng as non-executive director and, Fung Ka Pun, Tan Li Pin, Richard and David William Oskin as independent non-executive directors.


The Notification will be published in The South China Morning Post, Hong Kong Economic Times and Hong Kong Economic Journal on the date of the announcement.