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**SAMLING GLOBAL LIMITED**

三林環球有限公司\*

(Incorporated in Bermuda with limited liability)

(Stock Code: 3938)

**(1) A FOURTH SUPPLEMENTAL AGREEMENT TO THE FORMAL SALE AND PURCHASE AGREEMENT IN RELATION TO THE ACQUISITION; (2) DEED OF INDEMNITY AND GUARANTEE IN RELATION TO THE ACQUISITION OF THE ASSETS OF ELEGANT LIVING (HONG KONG) LIMITED, ELEGANT LIVING INTERNATIONAL HOLDINGS LIMITED AND (新生活家木業製品(中山)有限公司) NEW ELEGANT LIVING TIMBER MANUFACTURING (ZHONGSHAN) CO., LTD.; AND (3) RELEASE OF REMAINING PORTION OF FIRST DEFERRED CONSIDERATION IN RELATION TO THE ACQUISITION**

In relation to the Acquisition, reference is made to the Announcement, the Supplemental Announcements, and the Circular, all made by the Company.

This announcement serves to inform investors and the public that, further to the Announcement, the Supplemental Announcements, and the Circular, on 21 December 2009 :-

1. the parties to the Formal Sale and Purchase Agreement entered into a Fourth Supplemental Agreement pursuant to which the parties made amendments to certain condition subsequent to the Formal Sale and Purchase Agreement subject to the fulfillment of certain conditions;
2. the Guarantors executed a Deed of Indemnity and Guarantee in favour of the Indemnitees; and
3. as the condition for the release of the First Deferred Consideration has been fulfilled, the Company has released to the Vendors the remaining portion of the First Deferred Consideration (being 20% of the First Deferred Consideration, with the remaining 80% having already been released as prepayment to the Vendors as disclosed in the 5<sup>th</sup> Supplemental Announcement).

On 21 December 2009 :-

1. the parties to the Formal Sale and Purchase Agreement entered into a Fourth Supplemental Agreement pursuant to which the parties made amendments to certain condition subsequent to the Formal Sale and Purchase Agreement subject to the fulfillment of certain conditions;
2. the Guarantors entered into a Deed of Indemnity and Guarantee in favour of Baroque ZS, SELHL, the Company and the SPV as a condition for the Company and the SPV to enter into the Fourth Supplemental Agreement; and
3. the Company released the remaining portion of the First Deferred Consideration (being a sum equal to 20% of the First Deferred Consideration) to the Vendors as conditions for the release of the First Deferred Consideration have been fulfilled.

To the best of the Directors' information, knowledge and belief, having made all reasonable enquiries, the Vendors and the Guarantors are third parties independent of the Group and its connected persons (as defined in the Listing Rules) and none of the Vendors, the Guarantors and their respective associates (as defined in the Listing Rules) holds any Shares as at the date of this announcement. Further, none of the Company and its connected persons (as defined in the Listing Rules) holds any shares in the Vendors.

## **TERMS AND CONDITIONS OF THE FOURTH SUPPLEMENTAL AGREEMENT**

### **Date**

21 December 2009

### **Parties**

The Vendors, the Company, the SPV and the Guarantors

### **Principal Terms**

- 1.1 The Company and the SPV's obligations under the Fourth Supplemental Agreement are conditionally precedent upon the execution and delivery of the Deed of Indemnity and Guarantee by the Guarantors in favour of the Indemnitees.
- 1.2 The Fourth Supplemental Agreement is conditionally subsequent upon the Vendors and the Guarantors causing all Farmers' Lands held by ELZS to be satisfactorily converted from farmer's collective land into state-owned land, and, thereafter, such Farmers' Lands together with the buildings structure constructed thereon to be transferred to Baroque ZS, and all amounts due in respect of such conversion to be satisfied in full by ELZS.
- 1.3 Subject to the fulfillment of the conditions set out in paragraph 1.1 above, the parties to the Fourth Supplemental Agreement agree to amend the terms of the Formal Sale and Purchase Agreement by deleting the Condition in its entirety and replacing it with the following:

“ELZS shall, as soon as practicable after the Completion Date, convert all Farmers’ Lands held by ELZS from farmer’s collective land into state-owned land and, thereafter, transfer such Farmers’ Lands together with the buildings structure constructed thereon to Baroque ZS and make payment in full of all such fees, costs and expenses in relation to such conversion.”

1.4 Save and except as amended by the Fourth Supplemental Agreement, the remaining terms and conditions of the Formal Sale and Purchase Agreement shall continue to exist and subsist and be valid and binding and have full force and effect.

1.5 Subject to the fulfillment of the condition precedent set out in paragraph 1.1 above, notwithstanding that the Condition has not been fulfilled and the date by which such Condition must be obtained has not expired, the Company and SPV agree to release the Baroque ZS Holdback Amount upon the terms and subject to the conditions set out in the Fourth Supplemental Agreement within seven (7) days of the fulfillment of the conditions precedent set out in paragraph 1.1 above.

## **TERMS AND CONDITIONS OF THE DEED OF INDEMNITY AND GUARANTEE**

### **Date**

21 December 2009

### **Parties to the Deed of Indemnity and Guarantee**

The Guarantors as the indemnifiers in favour of the Indemnitees

### **Principal Terms**

#### **Indemnity**

In consideration of and as a condition to the Indemnitees agreeing to enter into the Fourth Supplemental Agreement, each of the Guarantors unconditionally and irrevocably, jointly and severally agree with each of the Indemnitees that he will indemnify and at all times keep them in their joint and individual capacities fully indemnified against any losses which are or become payable or suffered by any Indemnitee as a result of the Indemnitees agreeing to enter into the Fourth Supplemental Agreement and to release the Baroque ZS Holdback Amount before the satisfaction in full of the Condition.

#### **Guarantee**

In consideration of and as a condition to the Company and the SPV agreeing to enter into the Fourth Supplemental Agreement, each of the Guarantors unconditionally and irrevocably jointly and severally guarantee, as a continuing obligation, the due and punctual performance and observance by each of ELHK, ELIH and ELZS of all obligations of the Vendors contained in the Formal Sale and Purchase Agreement notwithstanding any dispute between the Vendors, the Guarantors and the Indemnitees and notwithstanding Completion.

## **RELEASE OF REMAINING PORTION OF FIRST DEFERRED CONSIDERATION**

As disclosed in the Circular, it was agreed in the Agreement that the First Deferred Consideration would be paid by the Company to the Vendors within 30 days of the issuance by the auditors of the SPV of the audited consolidated financial statements of the SPV in accordance with the conditions stated therein.

As disclosed in the 5<sup>th</sup> Supplemental Announcement, the Company agreed to release and has subsequently released on 30 September 2009, a sum equal to 80% of the First Deferred Consideration to the Vendors as prepayment of 80% of the First Deferred Consideration.

As the audited consolidated financial statements of the SPV have now been issued, confirming that the first year net profit target set for the SPV in the Formal Sale and Purchaser Agreement has been exceeded, the obligation of the Company to make payment of the First Deferred Consideration has now become due and enforceable.

Accordingly, the Company has, pursuant to and in accordance with the Agreement, released the remaining 20% of the First Deferred Consideration, being an amount of US\$1,667,000, to the Vendors on 21 December 2009.

## **REASONS FOR THE FOURTH SUPPLEMENTAL AGREEMENT AND THE DEED OF INDEMNITY AND GUARANTEE**

The Group is principally engaged in the businesses of integrated forest resources and wood products, both upstream and downstream, in Malaysia, Guyana, New Zealand and China and, as previously disclosed in the Announcement, the Supplemental Announcements and the Circular, the Directors are of the view that the Acquisition will enable the Group to own a company which is involved in the manufacture and distribution of wood flooring products in the PRC, a market which is expanding with the growth of new housing developments and increasing housing renovation works as the population gets more affluent and to own an existing distribution network covering various parts of the PRC which can be used for the future distribution of the Group's other timber products.

The Vendors have informed the Company that they would be unable to meet the Condition, which, pursuant to the Agreement, should be satisfied on or before 1 January 2010. The Directors are of the view that, in light of the first year net profit target set for the SPV in the Formal Sale and Purchaser Agreement having been exceeded, the Baroque ZS Holdback Amount, being US\$500,000, and the adverse effect of entering into the Fourth Supplemental Agreement, if any, would not be material. Further, the Directors recognize that entering into the Fourth Supplemental Agreements and the Deed of Indemnity and Guarantee would be beneficial to the long-term amicable business relationship between the Group and the Vendors. As such, the Forth Supplemental Agreement was entered into with certain conditions attached and the Deed of Indemnity and Guarantee was executed.

The Directors are of the view that with the Deed of Indemnity and Guarantee as security against any losses that the Company may suffer as a result of the early release of the Baroque ZS Holdback Amount, it is in order for the Company to agree to the Vendors' request for a release of the Baroque ZS Holdback Amount.

Having considered the terms and conditions of the Fourth Supplemental Agreement and the Deed of Indemnity and Guarantee as a whole, the Directors consider them to be fair and reasonable and in the interests of the shareholders of the Company as a whole.

## DEFINITIONS

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

“Acquisition”			the acquisition of certain assets of ELIH, ELHK and ELZS as more particularly described in the Formal Sale and Purchase Agreement
“Agreement”			collectively, the Formal Sale and Purchase Agreement and the Letter
“Announcement”			the announcement of the Company dated 25 February 2008 in relation to the Acquisition
“Baroque ZS”			巴洛克木業（中山）有限公司 Baroque Timber (Zhongshan) Co., Ltd.
“Baroque ZS Holdback Amount”	ZS	Holdback	US\$500,000, representing a portion of the Holdback Amount
“Board”			the board of Directors of the Company
“Circular”			the circular of the Company dated 24 April 2008 in relation to the Acquisition
“Company”			Samling Global Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”			completion of the Acquisition
“Completion Date”			15 August 2008
“Condition”			a condition subsequent to the Formal Sale and Purchase Agreement that all Farmers’ Lands held by ELZS be satisfactorily converted from farmer’s collective land into state-owned land and, thereafter, such Farmers’ Lands together with the buildings structure constructed thereon be transferred to Baroque ZS, and that all amounts due in respect of such conversion be satisfied in full by ELZS, on or before 1 January 2010
“Deed of Indemnity and Guarantee”			a deed of indemnity and guarantee dated 21 December 2009 entered into by the Guarantors in favour of the Indemnitees

“Directors”	the directors of the Company
“ELHK”	Elegant Living (Hong Kong) Limited
“ELIH”	Elegant Living International Holdings Limited
“ELZS”	新生活家木業製品（中山）有限公司 New Elegant Living Timber Manufacturing (Zhongshan) Co., Ltd.
“Farmers’ Land”	means, collectively: <ul style="list-style-type: none"> <li>(a) Land No. 111181 bearing certificate serial number Zhong Fu Ji Yong (2007) No. 111181 (中府集用（2007）第111181號) in Shite Community, Gangkou Town, Zhongshan City, measuring 642.8 square metres in the name of ELZS; and</li> <li>(b) Land No. 111182 bearing certificate serial number Zhong Fu Ji Yong (2007) No. 111182 (中府集用（2007）第111182號) in Shite Community, Gangkou Town, Zhongshan City, measuring 10,126.5 square metres in the name of ELZS.</li> </ul>
“First Deferred Consideration”	has the meaning ascribed to it under the Circular
“Formal Sale and Purchase Agreement”	an agreement dated 28 March 2008 entered into by and between ELHK, ELIH, ELZS, the Company, the SPV and the Guarantors, as amended, modified or supplemented from time to time, in relation to the Acquisition
“Fourth Supplemental Agreement”	an agreement dated 21 December 2009 among the parties to the Formal Sale and Purchase Agreement pursuant to which, among other things, the parties therein conditionally made amendments to certain condition subsequent to the Formal Sale and Purchase Agreement
“Group”	the Company and its subsidiaries
“Guarantors”	collectively, Liu, She-Chen also known as Michael Liou and DeYing Lin
“Holdback Amount”	US\$2,500,000, a portion of the Initial Consideration

	retained by the Company pending completion of certain conditions precedent to the Formal Sale and Purchase Agreement
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Indemnitees”	collectively, Baroque ZS, SELHL, the Company and the SPV
“Initial Consideration”	The amount of US\$38,355,000 as more particularly described in the Agreement
“Letter”	the letter of understanding in relation to the Formal Sale and Purchase Agreement dated 15 August, 2008 entered into by and between ELHK, ELIH, ELZS, the Company, the SPV and the Guarantors
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“SELHL”	Samling Elegant Living Holding (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability, a wholly owned subsidiary of the SPV and the holding company of Baroque ZS
“Share(s)”	shares of US\$0.10 each in the share capital of the Company
“SPV”	Samling Elegant Living Group Co., Ltd. (formerly known as Samling Elegant Living Inc.), a business company duly incorporated under the laws of the British Virgin Islands and a 70% owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Announcements”	collectively, the 1 <sup>st</sup> Supplemental Announcement, 2 <sup>nd</sup> Supplemental Announcement, 3 <sup>rd</sup> Supplemental Announcement, 4 <sup>th</sup> Supplemental Announcement and the 5 <sup>th</sup> Supplemental Announcement
“1 <sup>st</sup> Supplemental Announcement”	the 1 <sup>st</sup> supplemental announcement of the Company dated 3 April 2008 in relation to the Acquisition
“2 <sup>nd</sup> Supplemental Announcement”	the 2 <sup>nd</sup> supplemental announcement of the Company dated 13 June 2008 in relation to the Acquisition
“3 <sup>rd</sup> Supplemental	the 3 <sup>rd</sup> supplemental announcement of the Company

Announcement”	dated 27 June 2008 in relation to the Acquisition
“4 <sup>th</sup> Supplemental Announcement”	the 4 <sup>th</sup> supplemental announcement of the Company dated 26 August 2008 in relation to the Acquisition
“5 <sup>th</sup> Supplemental Announcement”	the 5 <sup>th</sup> supplemental announcement of the Company dated 28 September 2009 in relation to the Acquisition
“Vendors”	collectively, ELHK, ELIH and ELZS

By order of the Board

**Samling Global Limited**

**Chan Hua Eng**

*Chairman*

Hong Kong, 21 December 2009

*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.*