INTEGRATED DISTRIBUTION SERVICES GROUP LIMITED

(a company incorporated in Bermuda with limited liability)

(Stock Code: 2387)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2005

HIGHLIGHTS

	Six months ended 30 June 2005 US$ million	2004 US$ million	Change %
Revenue	**370.3**	269.4	37.4%
Operating profit	**8.9**	7.2	23.6%
Profit attributable to shareholders	**7.4**	6.6	11.0%
Earnings per share	**US2.39 cents**	US2.77 cents	-13.7%
Earnings per share (equivalent to)	**HK18.6 cents**	HK21.6 cents	-13.7%
Interim dividend per share	**HK6.00 cents**	N/A	

- Solid start to the 3-year Strategic Plan with Operating Profit growth of +24%
- Profit attributable to shareholders delivering double-digit increase (+11%) from US$6.6 million to US$7.4 million. Had it not been for a one-off tax credit in the previous period, growth over last year would have been higher
- Earnings per share lower due to increase in number of shares following IPO in December 2004
- Strong revenue growth from Logistics (+48%) and Marketing (+47%) with Manufacturing remaining flat
- Logistics continues to be the engine of growth along with a four-fold increase in China revenues driven by Marketing
- Solid balance sheet with US$48.8 million of gross cash (net borrowings of US$5.0 million) to fund future growth

The board of directors (the "Board") of Integrated Distribution Services Group Limited (the "Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2005 together with the comparative figures for the corresponding period as follows:

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	As at 30 June 2005 *Unaudited* *US$'000*	As at 31 December 2004 *(Restated)* *US$'000*
ASSETS			
Non-current assets			
Intangible assets		**5,575**	5,485
Property, plant and equipment		**37,495**	33,880
Lease premium for land		**396**	403
Other long-term investments		**—**	16
Other non-current assets		**2,869**	3,031
Pension assets		**1,442**	1,520
Deferred tax assets		**4,497**	1,951
		52,274	46,286
Current assets			
Inventories		**80,310**	78,081
Trade and other receivables		**153,690**	137,088
Taxation recoverable		**639**	566
Time deposits		**30,615**	24,858
Bank balances and cash		**18,210**	28,108
		283,464	268,701
Total assets		**335,738**	314,987
EQUITY			
Capital and reserves attributable to the Company's shareholders			
Share capital		**30,900**	30,900
Reserves	3	**52,912**	47,661
		83,812	78,561
Minority interests		**4,601**	4,371
Total equity		**88,413**	82,932
LIABILITIES			
Non-current liabilities			
Unsecured bank loan		**30,104**	30,110
Obligations under finance leases		**87**	138
Obligations under defined benefit plans		**535**	472
Post-employment benefit liabilities		**1,010**	808
Other non-current liabilities		**851**	476
Deferred tax liabilities		**1,212**	834
		33,799	32,838
Current liabilities			
Trade and other payables		**185,864**	181,003
Bank loans and other borrowings		**23,611**	15,185
Taxation payable		**4,051**	3,029
		213,526	199,217
Total liabilities		**247,325**	232,055
Total equity and liabilities		**335,738**	314,987
Net current assets		**69,938**	69,484
Total assets less current liabilities		**122,212**	115,770

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	Unaudited Six months ended 30 June 2005 *US$'000*	2004 *US$'000*
Revenue	4	**370,273**	269,394
Cost of sales		**(267,919)**	(194,111)
Gross profit		**102,354**	75,283
Marketing and logistics expenses		**(80,029)**	(55,283)
Administrative expenses		**(14,513)**	(13,673)
Other gains	5	**1,099**	1,112
Other expenses	6	**—**	(227)
Operating profit	6	**8,911**	7,212
Finance costs, net	7	**(346)**	(252)
Operating profit after finance costs		**8,565**	6,960
Share of profit of a jointly controlled entity		**—**	25
Profit before taxation		**8,565**	6,985
Taxation	8	**(630)**	78
Profit for the period		**7,935**	7,063
Profit attributable to:			
Shareholders of the Company		**7,375**	6,645
Minority interests		**560**	418
		7,935	7,063
Interim dividends	9	**2,386**	10,558
Basic earnings per share for profit attributable to the shareholders of the Company during the period	10	**US2.39 cents**	US2.77 cents

Notes:

1. **Basis of preparation and accounting policies**

Pursuant to a group reorganization ("Reorganization") in preparation for the listing of the shares of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the companies now comprising the Group on 20 November 2004. The comparative figures of the condensed consolidated financial information have been prepared on the basis of merger accounting as if the Company had been the holding company of the Group throughout the accounting periods presented.

This unaudited condensed consolidated financial information has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34: "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

This unaudited condensed consolidated financial information should be read in conjunction with the 2004 annual financial statements.

The accounting policies and methods of computation used in the preparation of this condensed consolidated financial information is consistent with those used in the annual financial statements for the year ended 31 December 2004 except that the Group has changed certain of its accounting policies following its adoption of new/ revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("new HKFRSs") which are effective for accounting periods commencing on or after 1 January 2005.

This interim financial information has been prepared in accordance with those HKFRS standards and interpretations issued and effective as at the time of preparing this interim financial information.

Items included in the financial information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial information are presented in US dollars, which is the Group's presentation currency.

The changes to the Group's accounting policies and the effect of adoption these new policies are set out in note 2 below.

2. **The adoption of new HKFRSs and changes in accounting policies**

In 2005, the Group adopted the new / revised standards of HKFRSs below, which are relevant to its operation. The 2004 comparatives have been amended as required, in accordance with the relevant requirements.

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKFRS 2	Share-based Payments
HKFRS 3	Business Combinations

The adoption of HKASs 1, 2, 7, 8, 10, 12, 14, 16, 18, 19, 21, 23, 24, 27, 33 and 37 and HKFRS 3 did not result in substantial changes to the Group's accounting policies. In summary:

— HKAS 1 has affected the presentation of minority interests and other disclosures.

— HKAS 2, 8, 16 and 21 affect certain disclosures in the financial information.

— HKAS 7, 10, 12, 14, 18, 19, 23, 27, 33 and 37 do not have any impact as the Group's accounting policies already comply with the standards.

— HKAS 24 has affected the identification of related parties and some other related party disclosures.

The adoption of revised HKAS 17 has resulted in a change in the accounting policy relating to the reclassification of leasehold land and land use rights from property, plant and equipment to operating leases. The up-front prepayments made for leasehold land and land use rights are expensed in the profit and loss account on a straight-line basis over the period of the lease or where there is impairment, the impairment is expensed in the profit and loss account. In prior years, leasehold land was accounted for at valuation less accumulated depreciation and accumulated impairment.

The adoption of HKAS 32 and HKAS 39 has resulted in a change in accounting policy for recognition, measurement, derecognition and disclosure of financial instruments. Prior to this:

— the fair value of derivative financial instruments was not recognized in the balance sheet; and

— the trade and other receivables are initially recognized without discounting to the net present value at the effective interest rate.

In accordance with the provisions of HKAS 32 and HKAS 39:

— the fair value of derivative financial instruments is recognized in the balance sheet and any change in the fair value is recorded in the profit and loss account; and

— Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

The adoption of HKAS 36 and HKAS 38 has resulted in a change in the accounting policy for trademarks. Prior to this, trademarks were:

— amortized on a straight-line basis over a period not exceeding 20 years; and

— assessed for impairment at each balance sheet date.

In accordance with the provisions of HKAS 36:

— the Group ceased amortization of trademarks with indefinite useful lives from 1 January 2005;

— from the year ending 31 December 2005 onwards, such trademarks are tested annually for impairment, as well as when there are indications of impairment.

The adoption of HKFRS 2 has resulted in a change in accounting policy for share-based payments. Prior to this, the provision of share options to employees did not result in a charge to the profit and loss account. Following the adoption of HKFRS 2, the fair value of share options at grant date is amortized over the relevant vesting periods to the profit and loss account.

All relevant changes in the accounting policies have been made in accordance with the transitional provisions of the respective standards, which require retrospective application to prior year comparatives other than:

— HKAS 36 and HKAS 38 — prospective accounting for trademarks from 1 January 2005.

— HKAS 39 which recognize all derivatives at fair value in the balance sheet on 1 January 2005 and adjust the balance to retained earnings as at that date.

Comparatives

Certain non-current assets/liabilities were previously included in the current assets/liabilities. The respective comparative figures have been reclassified to conform with the current period's presentation.

Effect of changes in the accounting policies on profit attributable to shareholders of the Company and opening equity attributable to shareholders of the Company is summarized below:

	Group Effect of adopting				
	HKAS 17 *US$'000* *(a)*	**HKFRS 2** *US$'000* *(a)*	**HKAS 36 & HKAS 38** *US$'000* *(b)*	**HKAS 39** *US$'000* *(b)*	**Total** *US$'000*
Increase in profit attributable to shareholders of the Company for the six months ended 30 June 2004	26	—	—	—	26
Decrease in capital and reserves attributable to shareholders of the Company at 1 January 2004	(1,726)	—	—	—	(1,726)
Increase/(decrease) in profit attributable to shareholders of the Company for the six months ended 30 June 2005	26	(227)	31	61	(109)
Decrease in capital and reserves attributable to shareholders of the Company at 1 January 2005	(1,675)	—	—	(118)	(1,793)

(a) adjustments which take effect retrospectively

(b) adjustments which take effect prospectively from 1 January 2005

3. **Reserves**

The reserves movements are as follows:

	Unaudited Group					
	Share premium *US$'000*	Properties revaluation reserve *US$'000*	Merger reserve *US$'000*	Exchange reserve *US$'000*	Accumulated losses *US$'000*	Total *US$'000*
At 1 January 2004	—	2,281	70,850	1,922	(35,427)	39,626
Effect of change in accounting policies	—	(2,281)	—	—	555	(1,726)
	—	—	70,850	1,922	(34,872)	37,900
Exchange differences	—	—	—	(1,232)	—	(1,232)
Profit for the period	—	—	—	—	6,645	6,645
Dividends	—	—	—	—	(10,558)	(10,558)
At 30 June 2004	—	—	70,850	690	(38,785)	32,755
Exchange differences	—	—	—	1,335	—	1,335
Issue of shares by placing and public offer	21,019	—	—	—	—	21,019
Transfer to accumulated losses	—	—	(11,400)	—	11,400	—
Profit for the period	—	—	—	—	3,952	3,952
Dividends	—	—	—	—	(11,400)	(11,400)
At 31 December 2004	21,019	—	59,450	2,025	(34,833)	47,661

	Unaudited Group						
	Share premium *US$'000*	**Employee share-based compensation reserve** *US$'000*	**Properties revaluation reserve** *US$'000*	**Merger reserve** *US$'000*	**Exchange reserve** *US$'000*	**Accumulated losses** *US$'000*	**Total** *US$'000*
At 1 January 2005	**21,019**	**—**	**1,961**	**59,450**	**2,025**	**(35,119)**	**49,336**
Effect of change in accounting policies	**—**	**—**	**(1,961)**	**—**	**—**	**286**	**(1,675)**
	21,019	**—**	**—**	**59,450**	**2,025**	**(34,833)**	**47,661**
Effect of initial adoption of HKAS 39	**—**	**—**	**—**	**—**	**—**	**(118)**	**(118)**
	21,019	**—**	**—**	**59,450**	**2,025**	**(34,951)**	**47,543**
Exchange differences	**—**	**—**	**—**	**—**	**(2,233)**	**—**	**(2,233)**
Employee share option benefits	**—**	**227**	**—**	**—**	**—**	**—**	**227**
Profit for the period	**—**	**—**	**—**	**—**	**—**	**7,375**	**7,375**
At 30 June 2005	**21,019**	**227**	**—**	**59,450**	**(208)**	**(27,576)**	**52,912**

4. **Revenue and segment information**

The Group is principally engaged in the provision of logistics services, the marketing and distribution of consumer and healthcare products and manufacturing.

	Unaudited Six months ended 30 June 2005 *US$'000*	2004 *US$'000*
Total invoiced amounts	**413,046**	299,427
Less: Collections on behalf of principals *(see below)*	**(42,773)**	(30,033)
Revenue	**370,273**	269,394

Collections on behalf of principals

Among other services, the Group has provided standalone credit and cash management service to its clients who usually have their own selling and marketing capabilities. Under this arrangement, the Group generally does not bear any inventory and/or account receivable risks of the invoiced amount, though invoices are issued in the Group's name.

The net amount paid to the Group's clients under this arrangement was recorded as collections on behalf of principals. In accordance with HKAS 18 "Revenue", such collections on behalf of principals was deducted from the total invoiced amounts, to arrive at the revenue earned by the Group.

Primary reporting format — business segments

An analysis of the Group's segment revenue and contribution to operating profit for the period by business segment is as follows:

	Unaudited					
	Logistics *US$'000*	**Marketing** *US$'000*	**Manufacturing** *US$'000*	**Corporate** *US$'000*	**Inter-segment elimination** *US$'000*	**Group total** *US$'000*
Six months ended 30 June 2005						
Sales of goods	**—**	**254,586**	**59,591**	**—**	**(197)**	**313,980**
Rendering of services	**60,462**	**2,230**	**679**	**—**	**(7,078)**	**56,293**
Revenue	**60,462**	**256,816**	**60,270**	**—**	**(7,275)**	**370,273**
Segment results	**5,094**	**6,062**	**1,275**	**(3,520)**		**8.911**
Finance costs, net						**(346)**
Profit before taxation						**8,565**
Taxation						**(630)**
Profit for the period						**7,935**
Depreciation and amortization	**2,070**	**929**	**580**	**504**		**4,083**

	Unaudited					
	Logistics *US$'000*	Marketing *US$'000*	Manufacturing *US$'000*	Corporate *US$'000*	Inter-segment elimination *US$'000*	Group total *US$'000*
Six months ended 30 June 2004						
Sales of goods	—	172,628	59,300	—	(158)	231,770
Rendering of services	40,875	1,939	879	—	(6,069)	37,624
Revenue	40,875	174,567	60,179	—	(6,227)	269,394
Segment results	3,287	4,372	1,734	(2,181)		7,212
Finance costs, net						(252)
Share of profit of a jointly controlled entity						25
Profit before taxation						6,985
Taxation credit						78
Profit for the period						7,063
Depreciation and amortization	1,538	664	671	754		3,627

Secondary reporting format — geographical segments

	Unaudited Revenue Six months ended 30 June 2005 *US$'000*	2004 *US$'000*
Hong Kong	**116,664**	104,903
Taiwan	**8,807**	5,464
Thailand	**57,981**	54,613
Malaysia	**62,231**	60,225
Singapore	**26,415**	19,954
The Philippines	**44,322**	6,519
Indonesia	**3,875**	4,126
PRC	**44,006**	10,878
Brunei	**8,684**	4,950
	372,985	271,632
Less: Inter-segment elimination	**(2,712)**	(2,238)
Total	**370,273**	269,394

5. **Other gains**

	Unaudited Six months ended 30 June 2005 *US$'000*	2004 *US$'000*
Gain on disposal of property, plant and equipment	**151**	974
Exchange gain	**525**	—
Service fee income	**423**	64
Others	**—**	74
Other gains	**1,099**	1,112

6. **Operating profit**

Operating profit is stated after charging the following:

	Unaudited Six months ended 30 June 2005 *US$'000*	2004 *US$'000*
Loss on disposal of a subsidiary	**—**	227
Other expenses	**—**	227
Depreciation of		
Owned property, plant and equipment	**3,642**	3,389
Leased property, plant and equipment	**63**	26
Amortization of intangible assets	**378**	212
Provision for impairment losses of trade receivables	**295**	194
Provision for obsolete inventories	**471**	293
Costs of inventories sold	**260,561**	183,728
Exchange loss	**—**	377

7. **Finance costs, net**

	Unaudited Six months ended 30 June 2005 *US$'000*	2004 *US$'000*
Interest expense on bank loans and overdrafts	**(1,206)**	(974)
Interest expense on finance leases	**(5)**	(7)
Interest expense on balances with related companies	**—**	(184)
	(1,211)	(1,165)
Interest income from bank deposits	**865**	530
Interest income from related parties	**—**	383
Finance costs, net	**(346)**	(252)

The Group operates cash pooling arrangements in several economies to optimise the net finance costs on gross cash and borrowings by different subsidiaries in the same economy. A substantial portion of the interest income and expense stated above relates to such cash pooling arrangements. Accordingly, the finance cost is presented as interest expense net of interest income.

8. **Taxation**

Hong Kong profits tax has not been provided as the Group has no assessable profit in Hong Kong for the six months ended 2005 and 2004. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation charged/(credited) to the condensed consolidated profit and loss account for the period represents:

	Unaudited Six months ended 30 June 2005 *US$'000*	2004 *US$'000*
Current taxation:		
— Overseas taxation	**2,791**	3,425
Deferred taxation	**(2,161)**	(3,503)
Taxation	**630**	(78)

9. **Interim dividends**

	Unaudited Six months ended 30 June 2005 *US$'000*	2004 *US$'000*
Interim dividend, paid before the Reorganization *(note a)*	**—**	10,558
Interim dividend — proposed after balance sheet date of HK6.00 cents (equivalent to US0.77 cent) (2004: N/A) per share *(note b)*	**2,386**	—
	2,386	10,558

Notes:

(a) The amounts represented dividends paid by the subsidiaries to its then shareholders before the Reorganization. The rates of dividend and the number of shares ranking for dividends are not presented as such information is not meaningful having regard to the purpose of this interim financial information.

(b) At a meeting held on 18 August 2005 the directors declared an interim dividend of HK6.00 cents (equivalent to US0.77 cent) per share. This proposed dividend is not reflected as a dividend payable in this condensed financial information, but will be reflected as an appropriation of reserve for the year ending 31 December 2005.

10. **Earnings per share**

The calculations of basic and diluted earnings per share are based on the Group's profit attributable to shareholders of US$7,375,000 (2004: US$6,645,000).

The basic earnings per share is based on the weighted average number of 309,000,000 (2004: 240,000,000) ordinary shares in issue during the period. In determining the weighted average number of ordinary shares deemed to be in issue, a total of 239,880,000 ordinary shares were deemed to be in issue since 1 January 2004 after taking into consideration the effect of the Reorganization.

No diluted earnings per share has been presented for the period ended 30 June 2005 as the exercise of share options would be anti-dilutive.

BUSINESS REVIEW

Overview

The Group's strong first half 2005 interim results continue to build on our successful December 2004 listing. It is an encouraging and solid start to our Three-Year Strategic Plan for 2005–2007. General consumer sentiment in the region remains buoyant, despite some signs of softness in Malaysia and Thailand. Outsourcing trend continued to gain traction in the region and expected to continue to grow at a faster pace in Asia than other parts of the world.

The Group's efforts in business development continue to deliver remarkable results. During the first half of 2005, over 30 new contracts were concluded, and the total number of customers has increased to 380 as of 30 June 2005, compared to 350 at the end of 2004.

The Group's operations in the Chinese Mainland thrived with the booming economy. The revenue from our Chinese Mainland operations quadrupled year-on-year and contributed 11.8% of the Group's revenue in the first half of 2005, up from 4.0% over the same period in 2004. Both Logistics and Slumberland operations in the Chinese Mainland delivered strong growth. The China Marketing business, which was started in April 2004, performed ahead of budget.

IDS Logistics

IDS Logistics maintained its fast pace of growth and a steadily improving operating margin. New facilities have been added to our infrastructure network in Hong Kong, the Chinese Mainland, Thailand, Malaysia and the Philippines.

Efforts to move into adjacencies during the past few years, first the footwear and apparel sector and later in the areas of regional hubbing, export logistics, retail logistics and automotive parts, began to bear fruit. IDS Logistics is now recognized as a dominant service provider in FMCG and healthcare as well as footwear and apparel sectors.

Building from our initial foray into retail and automotive parts logistics sectors in Thailand, we have concluded several new contracts across the region that have further established our foothold in this industry sector. We also started the first cold storage operation in Thailand to handle the full range of fresh and frozen produce for Carrefour.

IDS Marketing

IDS Marketing experienced steady performance in Hong Kong and South East Asia with strong growth recorded in Brunei and the Chinese Mainland. Significant growth in revenue was mainly attributed to the strong top line registered in the Philippines since commencement of operations in April 2005.

IDS Marketing continued to expand in the Chinese Mainland in the first half of 2005. After the opening of a new office in Chengdu, IDS Marketing now has six major offices in the Chinese Mainland: Shenzhen, Guangzhou, Shanghai, Nanjing, Beijing and Chengdu, as well as sub branch offices in an additional 20 cities. Implementation of the Group's ERP system is underway and will become fully operational by the end of the year.

IDS Marketing will continue to expand on its menu of service to include billing and collection (Sales Operations Management) and merchandising. This has resulted in many of our Logistics customers to engage us in providing these services.

IDS Manufacturing

IDS Manufacturing got off to a slow start in 2005 due to lower-than-expected order volume in Malaysia especially in our new Hot PET line and the start-up of the new Pfizer plant in Thailand. However, the Group experienced some signs of improvement towards the end of second quarter.

The export business continued to grow with production for P & G and Nestle commencing in the first quarter. The contract with Pfizer for the production of Listerine mouthwash commenced in July. This product is initially made for the domestic market with plans to cover export markets for this region starting from the last quarter of this year.

In order to further extend our export capabilities to other markets such as Australia, North Asia and the Middle East, we are in the process of applying for the corresponding certifications required to ensure our plants are qualified for exporting products to these areas.

FINANCIAL REVIEW

Revenue

The Group reported revenue of US$370.3 million for the six months ended 30 June 2005, an increase of 37.4% compared with the six months ended 30 June 2004. The increase in revenue was driven by a 47.9% growth in Logistics on the back of new contracts won last year from both existing as well as new customers. Similarly, Marketing business grew by 47.1% which was mainly attributed to the commencement of Marketing business in the Philippines in April 2005 as well as the rapid expansion of the China Marketing business since its inception in April 2004.

Gross Profit

Gross profit increased by 36.0% for the six months ended 30 June 2005 to US$102.4 million. The increase in gross profit was in line with the strong growth in revenue.

Expenses

Selling, marketing and logistics expenses increased by 44.8% for the six months ended 30 June 2005 to US$80.0 million. This was primarily due to an increase in logistics expenses reflecting the strong growth of our Logistics business. The remaining increase in selling and marketing expense was explained by the expansion of our distribution network in the Chinese Mainland and the Philippines.

Administrative expenses increased by 6.1% for the six months ended 30 June 2005 to US$14.5 million reflecting the expansion of our distribution network in the Chinese Mainland.

Operating Profit

As a result of the increase in gross profit and better operating leverage, operating profit increased by 23.6% for the six months ended 30 June 2005 to US$8.9 million.

Net Profit

The increase in taxation from a credit of US$0.08 million for the six months ended 30 June 2004 to a charge of US$0.6 million arose primarily due to the write back of deferred tax liabilities arising from disposal of a property in the previous period. The effect was partially offset by tax credit from recognition of deferred tax assets for the six months ended 30 June 2005.

Taking into account the above, profit attributable to shareholders grew 11.0% to US$7.4 million.

Liquidity and Financial Resources

The gearing ratio is defined as net debt (represented by borrowings net of time deposits and bank balances and cash) divided by owners' equity. As at 30 June 2005, the Group had gearing ratio of 5.9%. In addition, the Group has available bank loans and overdraft facilities of US$180 million of which only US$53.8 million have been utilized.

Charges on Group Assets

As at 30 June 2005, there were no charges on the Group's assets.

Subsequent Events

Subsequent to the balance sheet date, the Group disposed of certain properties situated in Indonesia to several independent third parties. The sales proceeds and the estimated gains on disposal of the properties were approximately US$1,000,000 and US$800,000, respectively. These gains were not reflected in this condensed financial information, but will be reflected in the profit and loss account for the year ending 31 December 2005.

FUTURE PROSPECTS

The Group is cautiously optimistic about the second half of 2005. On the positive side, we see the overall Asian economy remaining strong and the trend of outsourcing continuing to gain traction. As brand owners' supply chains are becoming increasingly complex, they are focusing more on their core competencies of product development and brand marketing while outsourcing the logistics, marketing and manufacturing functions to third party professionals. This is a favorable trend that will benefit the overall business of the Group.

However, rising oil prices and interest rates may dampen consumer spending and overall economic growth. Although we continue to see high levels of consumer confidence in markets such as the Chinese Mainland, Hong Kong and Singapore, some softness has been noted in places where government fuel subsidies have been cut, such as Thailand and Malaysia.

As part of its strategy to drive further growth, the Group continues to identify acquisition targets around the region. The Group is currently exploring a number of interesting opportunities that can provide us an entry into a new market or add scale to an existing operation.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

The Company has not redeemed any of its listed shares during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed shares during the period.

CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange throughout the six months ended 30 June 2005.

The Audit Committee has reviewed the unaudited interim results for the six months ended 30 June 2005.

INTERIM DIVIDEND

The Board of Directors has declared an interim dividend of HK6.00 cents (equivalent to US0.77 cent) (2004: N/A) in cash per share for the six months ended 30 June 2005, which will be payable to shareholders whose names appear on the Register of Members of the Company on 9 September 2005.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 6 September 2005 to 9 September 2005, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Abacus Share Registrars Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration not later than 4:00 p.m. on 5 September 2005. Dividend warrants will be despatched to shareholders on or about 23 September 2005.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange. The Interim Report will be despatched to shareholders of the Company in due course.

By Order of the Board
Victor FUNG Kwok King
Chairman

Hong Kong, 18 August 2005

As at the date of this announcement, the executive directors of the Company are Mr. Benedict CHANG Yew Teck, Mr. Joseph Chua PHI and Mr. Rajesh Vardichand RANAVAT; the non-executive directors of the Company are Dr. Victor FUNG Kwok King, Dr. William FUNG Kwok Lun, Mr. Jeremy Paul Egerton HOBBINS, Mr. Butt Farn LAU and Mr. Derrick LEE Meow Chan; and the independent non-executive directors of the Company are Mr. William Winship FLANZ, Mr. John Estmond STRICKLAND, Dr. FU Yu Ning and Prof. Hau Leung LEE.