



## PRESS RELEASE

### **IDS Group Acquires Logistics Company in Malaysia**

Adds scale to current operations and gain critical mass to enhance profitability

Hong Kong, 3 August 2006 – Integrated Distribution Services Group Limited (or the IDS Group, or IDS; SEHK: 2387), an integrated-distribution services provider in Asia, today announced that it has reached agreement with Sitt Tatt Company Sdn. Bhd. to acquire the entire issued share capital of Sitt Tatt Logistics Sdn. Bhd. (“STLog”), a Malaysian third-party logistics services provider, and the acquisition of two related distribution centers.

The total cash consideration for the acquisition is approximately US\$25.75 million, comprising approximately US\$4.52 million for the acquisition of the shares of STLog and US\$21.23 million for the two major distribution centers located in Kuala Lumpur and Penang totalling about 550,000 square feet. The consideration was determined based on the estimated net asset value of STLog as at 30 June 2006 and goodwill of STLog of approximately US\$3.16 million and US\$1.36 million respectively, and the estimated value of the two distribution centers of approximately US\$21.23 million.

This acquisition will be financed by the IDS Group’s internal cash reserves and bank borrowings. Subject to completion of satisfactory due diligence, the acquisition of STLog is expected to be completed by 30 September 2006, and the acquisition of the two distribution centres is expected to take place before 31 December 2006, subject to obtaining necessary regulatory approvals.

For the fiscal year ended 31 December 2005, STLog reported net profit after tax of approximately US\$0.56 million, representing year-on-year increase of 43.9%.

“I am delighted to announce our first acquisition since our IPO. This is in line with our profitable growth strategy driven by strong organic growth and complemented by selective M&A,” said Mr. Ben Chang, Group Managing Director of the IDS Group. “The acquisition will give us leadership position in the Fast Moving Consumer Goods (FMCG) segment in Malaysia by doubling the size of our local logistics operations. Also, it will substantially enhance the profitability of our existing Malaysian logistics business by giving us the critical mass to enjoy better operating leverage.”

Mr. Joseph Phi, Regional Managing Director of the IDS Group, said, "STLog has a strong management team and a solid customer base, many of whom we already serve in other countries. An example of this is Unilever who we provide exclusive logistics services to in Hong Kong, the Philippines and Taiwan. This will strengthen our regional value proposition and position IDS for strong growth in 2007 and beyond."

STLog is a third-party logistics provider in Malaysia with an extensive logistics network, operating from two regional centers in Kuala Lumpur and Penang. It has a solid track record in the FMCG and electronics segment. STLog currently employs about 230 employees.

"IDS has a sound financial position, and we will continue to look out for other good investment opportunities to enhance returns for our shareholders and to achieve our 2005-2007 Strategic Plan target to double profits," Mr. Chang concluded.

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#### **About Integrated Distribution Services Group Limited**

Integrated Distribution Services Group Limited ("IDS Group") is a leading integrated-distribution services provider in Asia covering the three core businesses of Marketing, Logistics and Manufacturing. The Group focuses primarily on serving brand owners of consumer and healthcare products who wish to penetrate the Asian market. IDS Manufacturing produces branded goods under licence, IDS Logistics provides in-country and international logistics services and IDS Marketing sells and distributes products on behalf of brand owners. Headquartered in Hong Kong, the IDS Group operates in nine economies in Asia offering a full menu of integrated-distribution services to 370 customers including an array of multinational brands. The IDS Group is a member of the Li & Fung Group.

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