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**If you are in any doubt** as to any aspect of this Circular or as to the action to be taken, you should obtain independent professional advice or consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Integrated Distribution Services Group Limited, you should at once hand this Circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**INTEGRATED DISTRIBUTION SERVICES GROUP LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 2387)**

**DISCLOSEABLE TRANSACTION**

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## DEFINITIONS

*In this Circular, unless the context requires otherwise, the following expressions have the following meanings:*

“2006 Agreement”	the sale and purchase agreement dated 13 November 2006 entered into between the Seller (being the then owner of 80% interest in Slumberland), the Purchaser (being the then owner of 20% interest in Slumberland) and the Purchaser’s Guarantor for the disposal by the Seller of a total of 40% interest in Slumberland in three tranches to the Purchaser
“2008 Agreement”	the sale and purchase agreement dated 17 June 2008 entered into between the Seller, the Purchaser and the Purchaser’s Guarantor in relation to the sale of the Sale Shares
“Addendum”	the addendum to the 2006 Agreement dated 17 June 2008 entered into between the Seller, the Purchaser, the Purchaser’s Guarantor and Slumberland
“associates”, “connected person(s)”	has the meaning ascribed to them under the Listing Rules
“Company”	Integrated Distribution Services Group Limited, a company incorporated in Bermuda whose shares are listed on the Main Board of the Stock Exchange
“Directors”	directors of the Company
“First Tranche”	100,000 shares in Slumberland, which represent 10% interest therein
“Group”	the Company and its subsidiaries
“Hilding Anders Group”	a group of companies engaging in the development, production and sales of beds, mattresses and various bedding accessories, both under its own brands and under so-called private label
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	2 July 2008, being the latest practicable date prior to the printing of this Circular for ascertaining certain information contained in this Circular
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser”	Bico AG, a company engaging in the sale, marketing and manufacturing of bedding related products and is a member of the Hilding Anders Group

## DEFINITIONS

“Purchaser’s Guarantor”	Hilding Anders International AB, the ultimate holding company of the Purchaser and the holding company for the main part of the international (other than Sweden) operational business of the Hilding Anders Group
“Sale Shares”	An aggregate of 400,000 shares in Slumberland, which represent 40% interest therein, comprising the First Tranche, the Second Tranche and the Third Tranche
“Second Tranche”	200,000 shares in Slumberland, which represent 20% interest therein
“Seller”	IDS Group Limited, a company incorporated in the British Virgin Islands, a direct wholly-owned subsidiary of the Company
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders’ Agreement”	new shareholders’ agreement dated 20 June 2008 to replace the shareholders’ agreement dated 7 December 2006
“Share(s)”	ordinary share(s) of US\$0.10 each of the Company
“Shareholder(s)”	holders of Share(s) of the Company in issue
“Slumberland”	Slumberland Asia Pacific Limited, a company incorporated in the British Virgin Islands and currently owned as to 30% by the Seller and 70% by the Purchaser
“Slumberland Group”	Slumberland and its subsidiaries, which engage in the manufacturing, marketing and sales of mattresses and bed related products
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Third Tranche”	100,000 shares in Slumberland, which represent 10% interest therein
“Transaction”	the transactions contemplated under the 2008 Agreement
“US”	The United States of America
“US\$”	US dollars, the lawful currency of the US

*Unless otherwise stated, all references in this Circular to HK\$ are for information only and are referenced to Hong Kong dollars based on an approximate exchange rate of US\$1 = HK\$7.8114.*



**INTEGRATED DISTRIBUTION SERVICES GROUP LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 2387)**

***Non-executive Directors:***

Dr. Victor FUNG Kwok King (*Chairman*)  
John Estmond STRICKLAND<sup>#</sup>  
Dr. FU Yu Ning<sup>#</sup>  
Prof. LEE Hau Leung<sup>#</sup>  
Andrew TUNG Lieh Cheung<sup>#</sup>  
Dr. William FUNG Kwok Lun  
Jeremy Paul Egerton HOBBS  
LAU Butt Farn  
Rajesh Vardichand RANAVAT

<sup>#</sup> *Independent Non-executive Director*

***Executive Directors:***

Benedict CHANG Yew Teck  
*(Group Managing Director)*  
Joseph Chua PHI (*President*)

***Registered Office:***

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

***Head Office and Principal  
Place of Business:***

15th Floor, LiFung Centre  
2 On Ping Street  
Siu Lek Yuen  
Shatin, N.T.  
Hong Kong

7 July 2008

*To Shareholders*

Dear Sirs or Madam,

**DISCLOSEABLE TRANSACTION**

**INTRODUCTION**

On 17 June 2008, the Seller, a wholly-owned subsidiary of the Company, entered into the 2008 Agreement with the Purchaser, pursuant to which the Seller agreed to sell the Sale Shares to the Purchaser at a consideration of US\$39,285,000 (approximately HK\$306,870,849) in aggregate.

## LETTER FROM THE CHAIRMAN

The Transaction constitutes a discloseable transaction for the Company under the Listing Rules. This Circular contains details of the Transaction required to be disclosed under the Listing Rules.

### THE 2008 AGREEMENT

Parties:

Seller

Purchaser

Purchaser's Guarantor

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiry, the Purchaser, the Purchaser's Guarantor and their ultimate beneficial owner are third parties independent of the Company and connected persons of the Company save for the Purchaser's interest in Slumberland and nomination of certain persons as directors of the Slumberland Group.

### ASSETS DISPOSED/TO BE DISPOSED OF

An aggregate of 400,000 shares in Slumberland, which represent 40% interest therein, comprising the First Tranche, the Second Tranche and the Third Tranche.

By an announcement of the Company dated 13 November 2006, the Company disclosed that on 13 November 2006, the Seller had entered into the 2006 Agreement with the Purchaser and the Purchaser's Guarantor for the disposal by the Seller of a total of 40% interest in Slumberland in three tranches to the Purchaser. The sale and purchase of the first tranche and the second tranche were completed in 2006 and 2007 respectively. After the completion of the said two tranches, the Seller's interest in Slumberland was reduced to 50% and Slumberland ceased as a subsidiary of the Company.

On 17 June 2008, the same parties to the 2006 Agreement and Slumberland entered into the Addendum to accelerate the completion of the sale and purchase of the third tranche under the 2006 Agreement from 2 July 2008 to 20 June 2008. The Addendum also provides that the Purchaser shall defer the settlement of the purchase price for the said third tranche of US\$7,625,000 (approximately HK\$59,561,925) from 20 June 2008 to 19 December 2008 (the "Deferred Settlement") and that the Purchaser shall pay the Seller on 19 December 2008 an amount of approximately US\$200,000 (approximately HK\$1,562,280) as interest for the Deferred Settlement. On 20 June 2008, the said third tranche was completed and the Seller's interest in Slumberland was reduced to 40% accordingly.

### CONSIDERATION AND EFFECTS OF THE TRANSACTION

The consideration for the Sale Shares was agreed after arm's length negotiations between the Seller and the Purchaser with reference to the earnings before interest, tax, depreciation and amortization of Slumberland Group plus the net cash (as described below) for the financial year ended 31 December 2007 and is amounted to US\$39,285,000 (approximately HK\$306,870,849) in aggregate, comprising:

- US\$9,179,000 (approximately HK\$71,700,841) for the First Tranche, being the Price Per Share (as defined below) multiplied by 100,000 shares in Slumberland.

## LETTER FROM THE CHAIRMAN

The “**Price Per Share**” is 14 times the earnings before interest, tax, depreciation and amortization of Slumberland Group plus the Net Cash (as defined below) for the financial year ended 31 December 2007 (the “**Latest Accounts**”), divided by the total number of the issued shares of Slumberland.

The “**Net Cash**” means the cash and bank balances, time deposit less short term loans and overdraft and finance leases of Slumberland Group as at the date of the Latest Accounts.

- US\$19,826,000 (approximately HK\$154,868,816) for the Second Tranche, being approximately 108% of the Price Per Share multiplied by 200,000 shares in Slumberland.
- US\$10,280,000 (approximately HK\$80,301,192) for the Third Tranche, being approximately 112% of the Price Per Share multiplied by 100,000 shares in Slumberland.

Consideration shall be payable in cash upon completion of the respective tranches of the Sale Shares, provided that the settlement for the consideration for the First Tranche will be deferred to 19 December 2008 and that the Purchaser shall pay the Seller on that date an amount of approximately US\$200,000 (approximately HK\$1,562,280) as interest for such deferred settlement.

The following table shows certain audited consolidated financial information of Slumberland Group for the two years ended 31 December 2007:

	<b>For the year ended 31 December 2007</b>	For the year ended 31 December 2006
	<i>US\$ million</i>	<i>US\$ million</i>
Net profit before taxation and minority interests	<b>5.56</b>	3.92
Net profit after taxation and minority interests	<b>4.34</b>	3.33
	<b>As at 31 December 2007</b>	As at 31 December 2006
	<i>US\$ million</i>	<i>US\$ million</i>
Net asset value	<b>15.06</b>	12.24

<b>LETTER FROM THE CHAIRMAN</b>
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The Group's divestment of all its 80% interest in Slumberland under the 2006 Agreement and the 2008 Agreement and the actual and estimated gains arising therefrom are summarised as follows:

	<b>Completion Date</b>	<b>Shareholding Interest in Slumberland sold (to be sold)</b>	<b>Total Consideration (US\$ million)</b>	<b>Gains on Disposal (US\$ million)</b>
<i>Tranches under the 2006 Agreement:</i>				
1	7 December 2006	12.5%	9.53	8.00
2	8 June 2007	17.5%	13.54	11.29
3	20 June 2008	10.0%	7.83 <sup>#</sup>	6.32
 <i>Tranches under the 2008 Agreement:</i>				
1	20 June 2008	10.0%	9.38 <sup>#</sup>	7.87
2	19 June 2009	20.0%	19.83	16.81
3	8 January 2010	10.0%	10.28	8.77
<b>Total:</b>		<u>80.0%</u>	<u>70.39</u>	<u>59.06</u>

*Remark:*

<sup>#</sup> Settlement deferred to 19 December 2008 and inclusive of interest

The gains on disposal of the three tranches under the 2008 Agreement, which is derived from the relevant consideration less the net asset value of the shares to be disposed of as at the relevant date of completion, was/will be recognized on the completion date of each of the three tranches.

The aforesaid estimated gains on disposal on the First Tranche, the Second Tranche and the Third Tranche under the 2008 Agreement are determined with reference to the audited net asset value of the Slumberland Group as at 31 December 2007 and assuming that such audited net asset value will remain the same as at the relevant date of completion of each of the three tranches.

It is estimated that the earnings of the Group will be positively affected by the recognition of the gains on disposal in the current and the next two financial years, and will be reduced by the share of profit of Slumberland. The consolidated total assets of the Group will increase by the consideration and reduce by the share of net asset value of Slumberland to be disposed. There will be no financial effects to the consolidated total liabilities of the Group.



## LETTER FROM THE CHAIRMAN

### COMPLETION

Completion of the sale and purchase of the various tranches of the Sale Shares took/shall take place on the following dates, or such other dates as the Seller and Purchaser may agree:

<b>Tranche of the Sale Shares</b>	<b>Completion Date</b>
First Tranche	20 June 2008 (the “ <b>First Closing</b> ”)
Second Tranche	19 June 2009 (the “ <b>Second Closing</b> ”)
Third Tranche	8 January 2010

Following the completion of the sale and purchase of the Third Tranche, the Company will cease to have any interest in Slumberland.

### SHAREHOLDERS' AGREEMENT

The affairs relating to the management of Slumberland and the rights of its shareholders were regulated by a shareholders' agreement dated 7 December 2006. In view of the change in the shareholdings pursuant to the 2008 Agreement, the Seller, the Purchaser and Slumberland entered into the Shareholders' Agreement on 20 June 2008 upon the First Closing to replace the said shareholders' agreement dated 7 December 2006.

The Shareholders' Agreement provides that at any time before the Second Closing, transfer of shares in Slumberland by the Purchaser to any persons (other than its affiliates) shall be subject to the approval of the Seller. For the avoidance of doubt, the put option (the “**40% Put Option**”) and call option between the Seller and the Purchaser granted under the shareholders' agreement dated 7 December 2006 in respect of the Sale Shares were cancelled.

Furthermore, it is agreed that Slumberland shall ensure that no less than 35% of its distributable profits will be distributed as dividends, unless its shareholders unanimously agree otherwise. The Seller undertakes that for so long as it holds any shares in Slumberland and for two years after it ceases to hold any share in Slumberland, it shall not engage in any activities in competition with the business of Slumberland nor entice any employees, officers and consultants of Slumberland Group.

### REASONS FOR THE TRANSACTION

The Directors consider that the Transaction is part of the strategy of the Group to focus on its three core businesses of logistics, distribution and manufacturing. The Transaction will generate cashflow to fund any possible future capital expenditure and acquisitions for the Group. The Directors consider that the terms of the Transaction and the Deferred Settlement are fair and reasonable and are in the interests of the shareholders of the Company as a whole.

The disposal of the Sale Shares under the 2008 Agreement was also the subject of the 40% Put Option granted by the Purchaser to the Seller in connection with the 2006 Agreement. Instead of exercising the 40% Put Option (which could only be exercisable in whole), the Seller entered into the 2008 Agreement to dispose of the Sale Shares by tranches at an aggregate consideration of

## LETTER FROM THE CHAIRMAN

US\$39,285,000 (approximately HK\$306,870,849). The Group will secure an overall premium of approximately 9% (after taking into account estimated dividend receivable) as compared to the consideration of US\$36,715,000 (approximately HK\$286,795,551) it would have received from exercising the original 40% Put Option in July 2008. Incremental shareholder value will be created even after allowing for the cost of borrowing at current interest rate of about 4% per annum.

### USE OF PROCEEDS

The net proceeds from the sale of the Sale Shares are estimated to be approximately US\$39,285,000 (approximately HK\$306,870,849), which are currently expected to be used for funding any possible future acquisitions and capital expenditure of the Group.

### INFORMATION OF THE COMPANY

The Company is an integrated-distribution services provider in Asia, the United Kingdom and the United States of America comprising logistics, distribution and manufacturing operations.

### GENERAL

The Transaction constitutes a discloseable transaction for the Company under the Listing Rules.

Your attention is drawn to the additional information regarding the Group which is required to be disclosed under the Listing Rules as set out in the Appendix of this Circular.

Yours faithfully,  
**Victor FUNG Kwok King**  
*Chairman*

## 1. RESPONSIBILITY STATEMENT

This Circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement contained in this Circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (I) Interests of Directors and the Chief Executives

As at the Latest Practicable Date, the Directors and chief executives of the Company had the following interests in the Shares and underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), the Model Code for Securities Transactions by Directors of Listed Companies (“Model Code”) and which were required to be entered in the register under section 352 of the SFO:

#### (A) Long position in Shares and underlying Shares of the Company

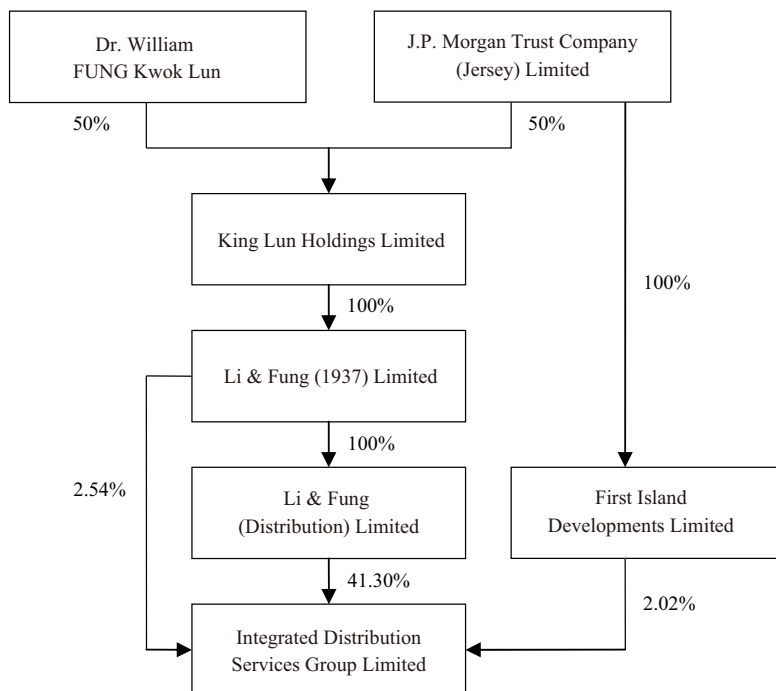
Name of Directors	Number of Shares				Number of underlying shares under equity derivatives (Share Options)	Total interest	Approximate percentage of issued share capital (%)
	Personal interest	Family interest	Corporate/trust interest	Other interest			
Dr. Victor FUNG Kwok King	2,405,509	—	145,453,661 <i>(Note 1)</i>	—	—	147,859,170	46.63
Dr. William FUNG Kwok Lun	—	—	139,032,371 <i>(Note 1)</i>	—	—	139,032,371	43.84
Benedict CHANG Yew Teck	3,292,573	—	—	4,200,000 <i>(Note 2a)</i>	7,840,000 <i>(Notes 2b&amp;2c)</i>	15,332,573	4.84
Joseph Chua PHI	1,689,632	—	—	—	2,460,000	4,149,632	1.31
Rajesh Vardichand RANAVAT	—	—	—	345,000 <i>(Note 3)</i>	1,770,000	2,115,000	0.67
Jeremy Paul Egerton HOBBINS	—	—	4,922,999 <i>(Note 4)</i>	—	—	4,922,999	1.55
LAU Butt Farn	610,549	—	—	—	—	610,549	0.19
John Estmond STRICKLAND	—	—	—	22,000 <i>(Note 5)</i>	—	22,000	0.00

Notes:

- (1) King Lun Holdings Limited (“King Lun”) through its wholly owned subsidiary, Li & Fung (1937) Limited (“LF 1937”), held 100% interest in Li & Fung (Distribution) Limited (“LFD”). LFD held 130,962,364 Shares, representing approximately 41.30% of the issued share capital of the Company. LF 1937 held 8,070,007 Shares, representing approximately 2.54% of the issued share capital of Company.

King Lun was owned (a) as to 50% by J.P. Morgan Trust Company (Jersey) Limited (which also through First Island Developments Limited indirectly held 6,421,290 Shares, representing approximately 2.02% of the issued share capital of Company), the trustee of a trust established for the benefit of the family members of Dr. Victor FUNG Kwok King, and (b) as to 50% by Dr. William FUNG Kwok Lun. Dr. Victor FUNG Kwok King and Dr. William FUNG Kwok Lun were deemed to have interests in these Shares through their respective interests in King Lun and indirect interests in LFD and LF 1937 as set out above.

The interests of Dr. Victor FUNG Kwok King and Dr. William FUNG Kwok Lun in the Shares are summarized in the following chart:



- (2) These interests represented:

- a. Mr. Benedict CHANG Yew Teck and his wife, LEONG Kim Mei, were joint beneficial owners of these Shares;
- b. the beneficial interest of Mr. Benedict CHANG Yew Teck in 3,640,000 underlying Shares deriving from share options granted by the Company to Mr. Benedict CHANG Yew Teck, the details of which are set out in the “Interest in share options” section stated below; and
- c. the deemed interest of Mr. Benedict CHANG Yew Teck in 4,200,000 underlying Shares deriving from options granted by LF 1937 to Mikenwill Investments Limited (“Mikenwill”), which was owned by Mr. Benedict CHANG Yew Teck, to require LF 1937 to sell to Mikenwill or its nominee 10,500,000 Shares in five tranches, with the first tranche, second tranche and third tranche of 2,100,000 Shares each being exercised on 9 January 2007, 17 September 2007 and 27

June 2008 respectively, and each of the remaining tranches having an exercisable period of one year during the period from 1 January 2009 to 31 December 2010 pursuant to an agreement made between LF 1937 and Mikenwill dated 5 January 2007.

- (3) Mr. Rajesh Vardichand RANAVAT and his wife, Mrs. Sandhya Rajesh RANAVAT, were joint beneficial owners of these Shares.
- (4) These Shares were held by Martinville Holdings Limited, which was owned by Mr. Jeremy Paul Egerton HOBBS.
- (5) Mr. John Estmond STRICKLAND and his wife, Mrs. Anthea Evadne STRICKLAND, were joint beneficial owners of these Shares.

(B) *Short position in Shares and underlying Shares of the Company*

By virtue of the SFO, each of Dr. Victor FUNG Kwok King and Dr. William FUNG Kwok Lun was taken as at the Latest Practicable Date, to have short position through LF 1937, in which both of them were deemed to have interests as disclosed above, in respect of an aggregate of 4,200,000 underlying Shares in the Company, representing approximately 1.32% of the total issued Shares. Such interest comprised LF 1937's short position in 4,200,000 underlying Shares (being regarded as unlisted physically settled equity derivatives) deriving from an agreement made between LF 1937 and Mikenwill dated 5 January 2007, pursuant to which options were granted by LF 1937 to Mikenwill to require LF 1937 to sell to Mikenwill or its nominee 10,500,000 Shares in five tranches, with the first tranche, second tranche and third tranche of 2,100,000 Shares each being exercised on 9 January 2007, 17 September 2007 and 27 June 2008 respectively, and each of the remaining tranches having an exercisable period of one year during the period from 1 January 2009 to 31 December 2010.

Save as disclosed above, as at the Latest Practicable Date, none of the directors and chief executive of the Company or their associates had any short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

(C) *Interest in share options*

Share options granted under the share option scheme adopted by the Company on 4 November 2004 (as amended from time to time) and remained outstanding:

<u>Name of Directors</u>	<u>Number of Share Options outstanding</u>	<u>Exercise Price</u>	<u>Grant date</u>	<u>Exercise period</u>
		<i>HK\$</i>		
Benedict CHANG	750,000	4.825	14/12/04	01/01/09-31/12/10
Yew Teck	380,000	8.600	16/12/05	01/01/09-31/12/10
	380,000	8.600	16/12/05	01/01/10-31/12/11
	380,000	15.100	15/12/06	01/01/09-31/12/10
	380,000	15.100	15/12/06	01/01/10-31/12/11
	380,000	15.100	15/12/06	01/01/11-31/12/12
	330,000	25.550	12/12/07	01/01/10-31/12/11
	330,000	25.550	12/12/07	01/01/11-31/12/12
	330,000	25.550	12/12/07	01/01/12-31/12/13
Joseph Chua PHI	375,000	4.825	14/12/04	01/01/09-31/12/10
	210,000	8.600	16/12/05	01/01/08-31/12/09
	210,000	8.600	16/12/05	01/01/09-31/12/10
	210,000	8.600	16/12/05	01/01/10-31/12/11
	265,000	15.100	15/12/06	01/01/09-31/12/10
	265,000	15.100	15/12/06	01/01/10-31/12/11
	265,000	15.100	15/12/06	01/01/11-31/12/12
	220,000	25.550	12/12/07	01/01/10-31/12/11
	220,000	25.550	12/12/07	01/01/11-31/12/12
	220,000	25.550	12/12/07	01/01/12-31/12/13
Rajesh Vardichand RANAVAT	345,000	4.825	14/12/04	01/01/09-31/12/10
	135,000	8.600	16/12/05	01/01/08-31/12/09
	135,000	8.600	16/12/05	01/01/09-31/12/10
	135,000	8.600	16/12/05	01/01/10-31/12/11
	210,000	15.100	15/12/06	01/01/09-31/12/10
	210,000	15.100	15/12/06	01/01/10-31/12/11
	210,000	15.100	15/12/06	01/01/11-31/12/12
	130,000	25.550	12/12/07	01/01/10-31/12/11
	130,000	25.550	12/12/07	01/01/11-31/12/12
	130,000	25.550	12/12/07	01/01/12-31/12/13

**(II) Interests of Shareholders Discloseable Pursuant to the SFO**

Save as disclosed below, the Directors are not aware of any other person (other than a Director or chief executive of the Company or his/her respective associate(s)) who, as at the Latest Practicable Date, had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

<b>Name of Shareholders</b>	<b>Capacity</b>	<b>Number of Shares</b>	<b>Approximate percentage of issued share capital (%)</b>
<b>Long Positions</b>			
Li & Fung (Distribution) Limited	Beneficial owner	130,962,364	41.30
Li & Fung (1937) Limited	Interest of controlled corporation	130,962,364	43.84
	Beneficial owner	8,070,007	
King Lun Holdings Limited	Interest of controlled corporation	139,032,371	43.84
J.P. Morgan Trust Company (Jersey) Limited	Interest of controlled corporation	145,453,661	45.87
Brookside Capital Investors, L.P.	Interest of controlled corporation	15,473,000	4.88
Commonwealth Bank of Australia	Interest of controlled corporation	20,081,000	6.33
<b>Short Positions</b>			
Li & Fung (1937) Limited	Beneficial owner	4,200,000 <i>(Note)</i>	1.32
King Lun Holdings Limited	Interest of controlled corporation	4,200,000 <i>(Note)</i>	1.32
J.P. Morgan Trust Company (Jersey) Limited	Interest of controlled corporation	4,200,000 <i>(Note)</i>	1.32

*Note:*

This short position represented LF 1937's short position in 4,200,000 underlying Shares which constituted unlisted physically settled equity derivatives pursuant to arrangement as described in the above section of "Interests of Directors and the Chief Executives".

Save as disclosed above, the Company had not been notified of any short position being held by any substantial shareholder in the shares or underlying shares of the Company as at the Latest Practicable Date.

### (III) Substantial Shareholders in Other Members of the Group

Save as disclosed below, the Directors are not aware of any other person (other than a member of the Group, a Director or chief executive of the Company, or his/her respective associate(s)) who, as at the Latest Practicable Date, was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

<u>Name of Company</u>	<u>Name of Shareholder</u>	<u>(%)</u>
IDS Borneo Sdn Bhd	Yang Amat Mulia Pengiran Indera Setia DiRaja Sahibul Karib Pengiran Anak Haji Idris bin Pengiran Maharaja Lela Pengiran Muda Abdul Kahar	10
IDS Borneo Sdn Bhd	Yang DiMuliakan lagi DiHormati Pehin Orang Kaya DiGadong Seri DiRaja Dato Laila Utama Awang Haji Abdul Rahman bin Pehin Orang Kaya Shahbandar Awang Haji Mohd Taha (Deceased)	20
PT. Singa Jaya Kapita	PT. Madari Eka Pratama	15
IDS Performance Services Sdn. Bhd.	Mohd Fauzi Bin Mohd Fadzil	30
IDS Sebor (Sarawak) Holdings Sdn. Bhd.	Perbadanan Pembangunan Ekonomic Sarawak	32.91

### 3. SERVICE CONTRACTS

There is no existing or proposed service contract between any of the Directors or proposed Directors and the Company or any of its subsidiaries, which is not determinable within one year without payment of compensation other than by statutory compensation.

### 4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective associates had any interest in a business which compete or may compete with the business of the Group.



## 5. LITIGATION

The Company and its US subsidiary, IDS USA Inc. were advised on 14 December 2007 that they have been included as two of defendants in a civil claim for alleged breaches of contract relating to provision of services. Neither the Company nor IDS USA Inc. are parties to the contract and the amount of the claim against them is not specified. The management of the Group has reviewed the facts and circumstances and is of the view that the likelihood of the Company and its subsidiary suffering material loss is low.

As at the Latest Practicable Date, save as disclosed above, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and, so far as the Directors were aware, no litigation or claim of material importance was pending or threatened against the Company or any of its subsidiaries.

## 6. GENERAL

- (a) The secretary of the Company is Ms. YUEN Ying Kwai, a fellow member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.
- (b) The qualified accountant of the Company is Mr. Simon CHAN Kam Chiu, a member of the Institute of Chartered Accountants of Ontario Canada and an associate member of the Hong Kong Institute of Certified Public Accountants.
- (c) The principal share registrar of the Company is Butterfield Fund Services (Bermuda) Limited, Rosebank Centre, 11 Bermudiana Road, Pembroke HM 08, Bermuda and its branch share registrar is Tricor Abacus Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (d) The English text of this Circular shall prevail over the Chinese text.