



## PRESS RELEASE

### **IDS Group Acquires Two Distribution Operations in East Malaysia**

New acquisitions will foster stronger growth by complementing existing operations in Brunei and Malaysia

Hong Kong, 2 May 2007 – Integrated Distribution Services Group Limited (or IDS Group, or IDS; SEHK: 2387), a leading integrated-distribution services provider, today elaborated on its acquisitions of 16 April 2007 involving a 67.09% interest in Sebor (Sarawak) Sdn Bhd and a 40% interest in Sebor (Sabah) Sdn Bhd. The consideration of the above acquisitions of approximately RM34.55 million (approximately HK\$78.35 million) was determined based on the net asset value of the two companies as of 31 December 2006, as well as a revaluation of Sebor Sarawak's property and will be financed by internal cash reserves and bank borrowings.

Sebor Sarawak and Sebor Sabah are a subsidiary and associated company respectively of Li & Fung Distribution, which is also the controlling shareholder of IDS. As a consequence, the acquisitions constitute connected transactions. Subject to completion of satisfactory due diligence and the approval of independent shareholders of IDS, the acquisitions are expected to be completed by 31 July 2007.

"These acquisitions will further strengthen our overall operations in Malaysia and augment our existing business in Brunei," said Mr. Ben Chang, Group Managing Director of IDS. "Together, they will establish IDS as the dominant distributor of Fast Moving Consumer Goods (FMCG) in East Malaysia."

Sebor Sarawak and Sebor Sabah are well-established distributors in East Malaysia with over 30 years experience in the FMCG segment. Both of them are leaders in their respective geographic markets and have an extensive distribution network. The companies are serving a multitude of blue-chip customers including Unilever, L'Oreal, Nestle and Johnson & Johnson. For the fiscal year ended 31 December 2006, Sebor Sarawak and Sebor Sabah reported net profit after tax of approximately RM3.20 million and RM1.36 million respectively.

“We see good potential for synergy by adding Sebor Sarawak and Sebor Sabah into our current operations in Malaysia,” said Mr Chang. “The fact that both Sebor Sarawak and Sebor Sabah share many major customers with IDS will enable us to further strengthen our partnerships with our regional clients. Also, it opens up an opportunity for us to cross-sell our other service offerings and expand our scope of services with them.”

Subsequent to completion, IDS will focus on integrating the acquired businesses and making investments to implement the Group’s regional IT system, thereby ensuring that all business processes and reporting formats comply with IDS standards.

“We will continue our efforts in identifying acquisition targets that can either complement our existing operations or give us entry into new markets,” 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 and logistics services provider covering a full menu of services along the value-chain. 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 Greater China, ASEAN countries and the US offering customized services to over 400 customers including an array of multinational brands. The IDS Group is a member of the Li & Fung Group.

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