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INTEGRATED DISTRIBUTION SERVICES GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 2387)

CONTINUING CONNECTED TRANSACTION

The Board is pleased to announce that on 7 April 2010, the Company entered into the 2010 Logistics Agreement with LF 1937, pursuant to which the Group will provide a variety of logistics services to LF 1937 Group. The provision of logistics services pursuant to the 2010 Logistics Agreement constitutes a continuing connected transaction for the Group under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Proposed Caps exceed 2.5% and the Proposed Caps are more than HK\$10 million, the Proposed Continuing Connected Transaction is subject to the reporting, announcement and independent shareholders' approval requirements of the Listing Rules.

KBC Bank N.V. Hong Kong Branch has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed Continuing Connected Transaction (including the Proposed Caps).

A circular containing, among other things, (i) further details of the 2010 Logistics Agreement and the Proposed Continuing Connected Transaction; (ii) a letter from the Independent Board Committee; (iii) a letter of advice from KBC Bank N.V. Hong Kong Branch; and (iv) a notice of the SGM will be dispatched to the Shareholders as soon as practicable.

BACKGROUND

On 8 April 2008, the Company announced that it had entered into the 2008 Logistics Agreement (with a term expiring on 31 December 2010), pursuant to which the Group would provide shipping, handling services and a variety of other logistics services, including storage, cargo handling, container devanning, administration, labeling, goods return sorting and delivery services, to LF 1937 Group. The annual caps for each of the three years ending 31 December 2010 were US\$57,343,000 (approximately HK\$445.17 million), US\$88,404,000 (approximately HK\$686.30 million) and US\$103,195,000 (approximately HK\$801.12 million), respectively.

THE 2010 LOGISTICS AGREEMENT

For the purpose of renewing the arrangements under the 2008 Logistics Agreement, the Company entered into the 2010 Logistics Agreement with LF 1937 on 7 April 2010 for a term of three years from 1 January 2011 to 31 December 2013 subject to, amongst others, the approval of the Independent Shareholders.

Transaction Nature

Provision by the Group of shipping, handling and a variety of other logistics services, including storage, cargo handling, transportation, container devanning, administration, labeling, goods return sorting and delivery services, to LF 1937 Group.

The Company and LF 1937 will endeavour to procure their respective members of the Group and LF 1937 Group to comply with the terms of the 2010 Logistics Agreement in respect of transactions contemplated thereunder.

Pricing Basis

The fees to be charged by the members of the Group to the members of LF 1937 Group will either be at market rates or at rates similar to those offered to independent third parties.

The Proposed Caps

The Proposed Caps for each of the three years ending 31 December 2013 are as follows:

Year ending 31 December		
2011	2012	2013
US\$90.61 million	US\$112.90 million	US\$125.40 million
(approximately	(approximately	(approximately
HK\$703.42 million)	HK\$876.47 million)	HK\$973.51 million)

The historical amounts for the transactions under the 2008 Logistics Agreement for each of the two years ended 31 December 2009 and the two months ended 28 February 2010 were US\$17.39 million (approximately HK\$135 million), US\$25.15 million (approximately HK\$195.24 million) and US\$4.74 million (approximately HK\$36.8 million), respectively.

The Proposed Caps are determined based on the Group's planned expansion in its existing logistics services, both in-country logistics and end-to-end international supply chain services, and the business expansion of LF 1937 Group from 1 January 2011 to 31 December 2013 and have taken into account the estimated amounts of the potential new logistics businesses with LF 1937 Group, particularly in the markets of the United States of America and the United Kingdom.

REASONS AND BENEFITS OF ENTERING INTO THE PROPOSED CONTINUING CONNECTED TRANSACTION

The provision of support services by the Group to LF 1937 Group has been an integral part of the Group's ordinary and usual course of business. The Company considers that the Proposed Continuing Connected Transaction will provide opportunities for the Group to leverage on its logistics expertise to continue to offer support services to LF 1937 Group and to maintain with LF 1937 Group its existing business relationship which has been significant to the Group's business development. Accordingly, the directors of the Company (excluding the members of the Independent Board Committee, whose view will be rendered after considering the independent financial adviser's advice) are of the view that it is in the interest of the Company and the Shareholders as a whole to enter into the 2010 Logistics Agreement with LF 1937, and that the terms of the 2010 Logistics Agreement and the Proposed Caps are fair and reasonable and on normal commercial terms.

INFORMATION OF THE PARTIES

The Group is an Asian-centric logistics, distribution and manufacturing company with a logistics presence in the United States of America and the United Kingdom.

LF 1937 is the controlling shareholder of those companies within LF 1937 Group which focuses on three main businesses, namely, sourcing and export trading, distribution and logistics and retailing.

LISTING RULES IMPLICATION

As LF 1937 is the controlling Shareholder, LF 1937 and its associates (other than the Group) are connected persons of the Company. Accordingly, the Proposed Continuing Connected Transaction constitutes a continuing connected transaction for the Company under the Listing Rules. Dr. Victor FUNG Kwok King and Dr. William FUNG Kwok Lun (by reasons of their deemed shareholding interests and directorship in LF 1937), and Mr. Jeremy Paul Egerton HOBBS and Mr. LAU Butt Farn (by reason of their directorship in LF 1937), and their respective associates are required to abstain from voting at the SGM. Such resolution will be voted by poll.

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Proposed Caps exceed 2.5% and the Proposed Caps are more than HK\$10 million, the Proposed Continuing Connected Transaction is subject to the reporting, announcement and independent shareholders' approval requirements of the Listing Rules.

KBC Bank N.V. Hong Kong Branch has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed Continuing Connected Transaction (including the Proposed Caps).

A circular containing, among other things, (i) further details of the 2010 Logistics Agreement and the Proposed Continuing Connected Transaction; (ii) a letter from the Independent Board Committee; (iii) a letter of advice from KBC Bank N.V. Hong Kong Branch; and (iv) a notice of the SGM will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

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

“2008 Logistics Agreement”	the master agreement entered into between the Company and LF 1937 on 8 April 2008 in relation to the provision of shipping, handling and other logistics services
“2010 Logistics Agreement”	the master agreement entered into between the Company and LF 1937 on 7 April 2010 in relation to the provision of shipping, handling, transportation and other logistics services
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of directors of the Company
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it in 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 of Hong Kong Limited
“Group”	the Company and its subsidiaries and “a member of the Group” shall be construed accordingly
“Independent Board Committee”	comprises independent non-executive directors of the Company, namely, Mr. John Estmond STRICKLAND, Dr. FU Yu Ning and Mr. Andrew TUNG Lieh Cheung
“Independent Shareholder(s)”	the Shareholder(s) other than those who are required to abstain from voting at the SGM
“LF 1937”	Li & Fung (1937) Limited, a company incorporated in The Hong Kong Special Administrative Region of The People’s Republic of China and the controlling shareholder of the Company
“LF 1937 Group”	LF 1937 and its associates (excluding the Group) and “a member of LF 1937 Group” shall be construed accordingly
“Listing Rules”	the Rules Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited

“Proposed Caps”	the maximum aggregate annual value for the Proposed Continuing Connected Transaction for each of the three years ending 31 December 2013
“Proposed Continuing Connected Transaction”	the continuing connected transaction contemplated under the 2010 Logistics Agreement
“SGM”	the special general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the Proposed Continuing Connected Transaction (including the Proposed Caps)
“Shareholder(s)”	shareholder(s) of the Company
“HK\$”	Hong Kong dollars, the lawful currency of The Hong Kong Special Administrative Region of The People’s Republic of China
“US\$”	U.S. dollars, the lawful currency of the United States of America

Unless otherwise stated, all reference in this announcement to HK\$ are for information only and are referenced to Hong Kong Dollars based on an approximate exchange rate of US\$1 = HK\$7.7632.

By order of the Board
YUEN Ying Kwai
Company Secretary

Hong Kong, 7 April 2010

As at the date hereof, the executive Directors of the Company are Mr. Benedict CHANG Yew Teck and Mr. Joseph Chua PHI; the non-executive Directors of the Company are Dr. Victor FUNG Kwok King, Dr. William FUNG Kwok Lun, Mr. Jeremy Paul Egerton HOBBS and Mr. LAU Butt Farn; and the independent non-executive Directors of the Company are Mr. John Estmond STRICKLAND, Dr. FU Yu Ning, Prof. LEE Hau Leung and Mr. Andrew TUNG Lieh Cheung.