



PRESS RELEASE

**IDS Announces Progressive Divestment of Slumberland Asia Pacific & Strengthens Strategic Partnership with Hilding Anders**

Hong Kong, 14 November 2006 – Integrated Distribution Services Group Limited (or the IDS Group, or IDS; SEHK: 2387), an integrated-distribution and logistics services provider, today announced that it would progressively divest 40% shares in Slumberland Asia Pacific (“SAPL”) to Hilding Anders International AB (“Hilding Anders”), one of the world’s leading manufacturer and market leader of the mattress and bedding business in Europe.

The transaction will take place in three tranches, with the first tranche of 12.5% shares expected to be completed by 14 December 2006, while the second and third tranches are expected to be completed by 2 October 2007 and 2 July 2008 respectively. Upon completion of the transaction, Hilding Anders, currently holding 20% interest in SAPL, will increase its shareholding to 60%, while IDS will hold the remaining 40%.

“This is an important strategic decision for the long-term aggressive growth and geographic expansion of SAPL. We see tremendous benefit for IDS as we have now positioned SAPL to establish itself as Asia’s leading mattress and bedding company,” said Mr. Ben Chang, Group Managing Director of the IDS Group. “With an increased interest and eventual majority shareholding in SAPL, Hilding Anders will progressively play the lead role in championing the expansion of SAPL. We can now tap into Hilding Anders’ technology and cutting-edge production methodologies, marketing expertise and its exclusive customer relationships as well as bring in new brands into Asia.”

The total cash consideration for the transaction is determined based on 16 times of the forecast consolidated earning before interest, taxes, depreciation and amortisation of SAPL for the year ending 31 December 2006. The initial consideration for the first tranche of 12.5% shares is approximately US\$9.89 million and is subject to adjustment according to SAPL’s actual 2006 consolidated results. Based on the assumption for calculating the initial consideration, the total consideration for the sale of 40% shares would be approximately US\$31.7 million.

Based on the consolidated net asset value of SAPL as at 30 June 2006, IDS is expected to record an aggregate gain of approximately US\$27.1 million for the period 2006 – 2008 as a result of the progressive divestment of 40% shares in SAPL. This has not taken into account the potential consideration from exercising the put or call option for the remaining 40% share. Upon the completion of the sale and purchase of the third tranche, IDS' remaining 40% interest in SAPL could be sold or purchased under a put option (by IDS) or a call option (by Hilding Anders) at a consideration per share no less than the consideration per share for the share sale under the three tranches.

“Through this transaction we are able to unlock tremendous value for our shareholders in IDS. Furthermore, the proceeds from this transaction can now be used to fund business expansion including potential mergers and acquisitions. It also allows the management of IDS to focus on our core business of integrated-distribution and logistics whilst still playing a significant strategic support role in SAPL given our strong Asian base and local business knowledge,” said Mr. Chang.

Hilding Anders was founded in 1939 in Sweden and has developed to become Europe's number one bedding and mattress company with some 3,000 employees in 26 countries. Hilding Anders owns a strong portfolio of mattress brands including Bico, Hilding, Pullman, Ekens, Billerbeck, Slumberland, Dunlopillo and Jensen, all leading brands in the European market. It also offers extensive customer brand production for several leading international furniture stores such as IKEA, Jysk, Conforama, House of Fraser and Migro.

SAPL holds the brand rights of Slumberland in 22 countries in Asia and a portfolio of brands of mattresses and bed related products targeting mid- to upper-income consumers. It currently operates five manufacturing plants in Asia and distributes mattresses and bed related products in Hong Kong, the Mainland of China, Thailand, Malaysia, Singapore and Indonesia, and exports to Sri Lanka, India, the Philippines, the Maldives and Guam.

“By marrying the advanced technology and brand excellence of Hilding Anders with the strong on-the-ground presence and in-depth market knowledge of IDS in the region, we are witnessing the transformation of SAPL and positioning it to dominate the mattress industry in Asia,” concluded Mr. Chang.

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

The IDS Group ("IDS") is a leading integrated-distribution and logistics 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 license, 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, IDS operates in nine economies in Asia offering a full menu of integrated-distribution and logistics services to 370 customers including an array of multinational brands. The Group manages over 60 distribution centers covering over 6 million square feet of space. The IDS Group is a member of the Li & Fung Group.

For further enquiries, please contact:

#### **Golin/Harris International Limited**

Fannie Mok

Tel: (852) 2501 7970

Email: [fannie.mok@golinharris.com](mailto:fannie.mok@golinharris.com)

Madison Wai

(852) 2501 7903

[madison.wai@golinharris.com](mailto:madison.wai@golinharris.com)