



For immediate release

## **IDS Group announces strong profit growth of 26%**

*Hong Kong, 7 April 2005* – **Integrated Distribution Services Group Limited – the IDS Group** (the ‘Group’; SEHK: 2387), a subsidiary of privately held Li & Fung (Distribution) Limited and an integrated-distribution services provider in Asia, today announced its first year-end results after listing. Profit attributable to shareholders increased by 26% to US\$10.5 million from US\$8.4 million in 2003, and was 9.9% above the profit forecast stated in the Company’s listing prospectus (“Prospectus”). Earnings per share for the year were US\$4.31 cents.

Revenue for the year was US\$584.9 million, compared to US\$591.8 million in 2003. The slight decline was due to the transfer of a significant contract (please refer to the “Financial Information” section of the Prospectus). Eliminating the effect of this item, underlying revenue growth was 16.8% with all three core businesses – IDS Marketing, IDS Logistics and IDS Manufacturing recording double-digit growth in 2004.

As a result of better operating leverage and the strong growth in Logistics, operating profit excluding other (expenses)/income surged 73% to US\$13.4 million from US\$7.8 million in 2003. Net Profit Margin for the Group increased from 1.4% to 1.8%.

Mr. Ben Chang, Group Managing Director of the IDS Group, said, “2004 has been a remarkable year for the Group. I am pleased we registered strong profit and margin growth on top of our successful debut on the Stock Exchange of Hong Kong. We are clearly seeing strong customer response to our Asia-wide “Integrated-Distribution” strategy.”

“This strategy allows us to integrate our three core businesses with Logistics as the fundamental enabler to connect our other two businesses of Marketing and Manufacturing. The three form a complete value chain that covers the entire process from procurement of raw materials to sale and delivery of finished goods to the end consumer, giving us the competitive edge to provide cost-effective, one-stop integrated solutions to our customers,” Mr. Chang continued.

**IDS Logistics** registered strong business gains in 2004 with operating profit surging 85%. All major clients were successfully retained and 34 new contracts were signed, many of whom are existing partners such as Nike, Watsons, Carrefour, L'Oreal and New Zealand Milk who have extended their relationships with IDS Logistics to other countries. In addition to the new facilities opened in 2004 in Hong Kong, Shanghai, Taiwan and the Philippines to support the growth of the business, IDS Logistics is building new facilities in Thailand and Malaysia to further strengthen its Asia-wide logistics infrastructure.

"We are particularly pleased to see the strong emergence of IDS Logistics from a back-end support function to a respected major third-party logistics provider in Asia over the past few years. The significant rise of logistics outsourcing in Asia plays well to our strength and I expect IDS Logistics to enjoy solid growth in 2005 and beyond," said Mr. Chang.

**IDS Marketing** made steady progress in spite of intensive competition and margin pressures, most significantly with a strong business rebound in Hong Kong. Subsequent to the Group's formation of a wholly-owned CEPA entity for nation-wide wholesaling and distribution, IDS Marketing made good progress in China to solidify its country-wide distribution network.

Mr. Chang said, "China is a strategic priority for IDS Marketing in 2005. We are positioning Hong Kong as the hub for our growth in South China and the Pearl River Delta. We can leverage our strong customer base and Marketing expertise in Hong Kong to provide the gateway for our customers to penetrate the enormous consumer market in the Chinese Mainland."

**IDS Manufacturing** has made substantial progress to enhance its production capability in 2004 through the installation of a new TetraPak line and a Hot PET line in its Malaysia plant. Coupled with the results of effective cost-saving and efficiency-enhancement measures, operating profit leapt 77% in 2004. Construction of a new facility in Thailand exclusively for Pfizer to produce its Listerine mouthwash is underway with production expected to commence in July 2005.

Following a successful debut on the Stock Exchange of Hong Kong on 7 December 2004, the IDS Group is poised for aggressive expansion, riding on the rise in Asian consumerism and the trend of logistics and manufacturing outsourcing. In 2005, the Group will embark on a new growth phase as it moves on to the first year of its 2005-2007 Three Year Strategic Plan.

Mr. Chang said, "We are delighted that we have achieved the main goal of our last Three-Year Strategic Plan 2002 – 2004 to become a public listed company. We have developed a comprehensive Three-Year Plan for 2005-2007 and we are aiming to double our 2004 profit to US\$21 million by 2007."

"Over the next three years, we are determined to aggressively build our business through leveraging our regional value-proposition and our ability to provide local, regional and integrated solutions. The IDS Group currently works with a strong customer base of over 350 multinational brands, providing us the opportunity for enhanced regional partnerships and strong organic growth. We will also look for strategic mergers and acquisition opportunities that can provide us with strategic entries into new markets and substantially enhance the scale of our existing operations in Asia," 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 comprising IDS Marketing, IDS Logistics and IDS Manufacturing. The Group focuses primarily on serving brand owners of consumer and healthcare products who wish to penetrate the Asian market. IDS Manufacturing produce branded goods under license, IDS Logistics provides in-country and regional 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 over 350 customers including a multitude of multi-national brands. The IDS Group is a member of the Li & Fung Group.

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