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INTEGRATED DISTRIBUTION SERVICES GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 2387)

CONNECTED TRANSACTIONS

The Board announces that the Group has entered into agreements with BLS Holdings and its subsidiaries today relating to the acquisitions of: (a) the entire issued share capital of BLS Taiwan; (b) the HK Roots Business; and (c) the PRC Roots Business, for a total cash consideration of HK\$33 million, subject to adjustments with the maximum consideration being HK\$35 million.

BLS Holdings is a subsidiary of Li & Fung (1937) Limited, which is a substantial shareholder of the Company. Therefore, BLS Holdings and its subsidiaries are connected persons of the Company and the Acquisitions constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

Each of the applicable percentage ratios in respect of the Acquisitions is more than 0.1% but less than 2.5%. The Acquisitions are therefore subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

THE ACQUISITIONS

On 21 September 2009, IDS entered into the Framework Agreement with BLS Holdings, pursuant to which the following agreements (collectively the “**Transaction Agreements**”) were entered into on the same date:

	<u>Seller</u>	<u>Purchaser</u>	<u>Assets to be acquired</u>
(1) The Share Purchase Agreement	BLS Taiwan Holdco	IDS	Taiwan Sale Interest
(2) The HK Asset Purchase Agreement	BLS HK	IDS HK	HK Roots Business
(3) The PRC Asset Purchase Agreement	BLS Shanghai	IDS Shanghai	PRC Roots Business

CONSIDERATION

The total consideration for the Acquisitions shall be HK\$33 million, subject to adjustments following agreement or determination of the completion accounts made up to 31 August 2009 in respect of BLS Taiwan, the HK Roots Business and the PRC Roots Business, with the maximum consideration being HK\$35 million.

The consideration for the Acquisitions will be determined between IDS and BLS Holdings on an arm’s length basis with reference to the book value of the net assets of BLS Taiwan, the HK Roots Business and the PRC Roots Business as of 31 August 2009 and will be financed by the Group’s internal resources.

COMPLETION

It is expected that completion of the Acquisitions will take place by 30 September 2009, or such other date as BLS Holdings and IDS may agree in writing.

BLS Holdings and IDS agreed that IDS, IDS HK and IDS Shanghai will bear all profits and losses arising from and in relation to the business of “Roots” branded products of BLS Taiwan, BLS HK and BLS Shanghai as from 1 September 2009.

OTHER TERMS

Assignment of Roots Licence Agreement

BLS Taiwan Holdco, BLS HK, IDS and Roots Canada have entered into an assignment agreement on the date of the Framework Agreement, pursuant to which, with effect from the date of completion of the Acquisitions, IDS will be entitled to all rights, title, benefits and interests, and will assume all liabilities and obligations (whether past, present or future), of

BLS Taiwan Holdco and BLS HK in and under the Roots Licence Agreement as if IDS had been a party to it in place of BLS Taiwan Holdco and BLS HK. Pursuant to the Framework Agreement, BLS Holdings undertook to indemnify IDS in respect of any liability which may be incurred by IDS arising out of any obligations and liabilities in connection with the Roots Licence Agreement up to and including 31 August 2009 subject to limitation period of 3 years from the date of completion and save for any consequential losses.

Guarantee by BLS Holdings and IDS

Pursuant to the Framework Agreement, BLS Holdings agreed to guarantee to IDS the performance of the obligations of BLS Taiwan Holdco, BLS HK and BLS Shanghai in accordance with the Transaction Agreements and IDS also agreed to guarantee to BLS Holdings the performance of the obligations of IDS HK and IDS Shanghai in accordance with the Transaction Agreements.

Tax Indemnity

A deed of tax indemnity will be entered into amongst BLS Holdings, IDS and BLS Taiwan at completion of acquisition by IDS of the Taiwan Sale Interest from BLS Taiwan Holdco, pursuant to which BLS Holdings agreed to indemnify IDS in respect of certain tax liabilities relating to BLS Taiwan.

INFORMATION ON BLS HOLDINGS AND ITS SUBSIDIARIES, BLS TAIWAN, HK ROOTS BUSINESS AND PRC ROOTS BUSINESS

BLS Holdings and its subsidiaries are principally engaged in the distribution of apparel products, including but not limited to the “Roots” branded products. Their business in relation to “Roots” branded products has been carried on in Hong Kong, Taiwan and the PRC, through BLS HK, BLS Taiwan and BLS Shanghai, respectively. “Roots” is one of the best known brands in Canada offering a wide range of lifestyle apparel, accessories and leather goods.

The original purchase cost of the Taiwan Sale Interest to BLS Taiwan Holdco was approximately HK\$7.1 million. As the HK Roots Business and the PRC Roots Business were set up by BLS HK and BLS Shanghai, respectively, there was no original purchase cost.

The aggregate net losses before and after tax based on the audited accounts (in accordance with HK GAAP) of BLS Taiwan, BLS HK and BLS Shanghai, after adjustment of assets not acquired by the Group, for the year ended 31 December 2008 were approximately HK\$8.205 million (2007: HK\$2.664 million) and approximately HK\$10.294 million (2007: HK\$3.987 million), respectively.

As at 31 December 2008, the aggregate net asset value based on the audited accounts (in accordance with HK GAAP) of BLS Taiwan, BLS HK and BLS Shanghai, after adjustment of assets not acquired by the Group, was approximately HK\$45.1 million (2007: HK\$32.9 million).

REASONS FOR THE ACQUISITIONS

The Group is an Asian-centric logistics and distribution company with a logistics presence in USA and UK. The Group is strong in Asian distribution of fast moving consumer goods (“FMCG”) and Healthcare products and is fast becoming a global logistics player in soft and hard goods, specifically in footwear and apparel. Consistent with the Group’s strategic direction, the Group is extending its Asian distribution activities beyond FMCG and Healthcare products, to include the soft and hard goods, initially with apparel and focusing on the Greater China market.

The Directors (including the independent non-executive Directors) of the Company consider that the terms of the transactions are normal commercial terms, fair and reasonable and are in the interest of the Company and the shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

BLS Holdings is a subsidiary of Li & Fung (1937) Limited, which is a substantial shareholder of the Company. Therefore, BLS Holdings and its subsidiaries are connected persons of the Company and the Acquisitions constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

Each of the applicable percentage ratios in respect of the Acquisitions is more than 0.1% but less than 2.5%. The Acquisitions are subject to the reporting and announcement requirements but exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Acquisitions”	(i) the acquisition by IDS of the Taiwan Sale Interest from BLS Taiwan Holdco pursuant to the Share Purchase Agreement; (ii) the acquisition by IDS HK of the HK Roots Business from BLS HK pursuant to the HK Asset Purchase Agreement; and (iii) the acquisition by IDS Shanghai of the PRC Roots Business from BLS Shanghai pursuant to the PRC Asset Purchase Agreement
“BLS HK”	Branded Lifestyle Hong Kong Limited, a company incorporated under the laws of Hong Kong, which is a wholly-owned subsidiary of BLS Holdings
“BLS Holdings”	BLS Holdings Limited, a company incorporated under the laws of the British Virgin Islands

“BLS Shanghai”	利越(上海)服裝商貿有限公司 (its English translated name is BLS Shanghai Limited), a wholly foreign-owned enterprise established under the laws of the PRC, which is a wholly-owned subsidiary of BLS Holdings
“BLS Taiwan”	Branded Lifestyle Taiwan Holdings Limited, a company incorporated under the laws of Hong Kong, the entire issued share capital of which is legally and beneficially owned by BLS Taiwan Holdco
“BLS Taiwan Holdco”	BLS (HK) Limited, a company incorporated under the laws of Hong Kong, which is a wholly-owned subsidiary of BLS Holdings
“Company”	Integrated Distribution Services Group Limited, a company incorporated in Bermuda, shares of which are listed on the Main Board of the Stock Exchange
“Directors”	directors of the Company
“Framework Agreement”	the framework agreement dated 21 September 2009 between BLS Holdings and IDS in respect of the Acquisitions
“Group”	the Company and its subsidiaries
“HK Asset Purchase Agreement”	the asset purchase agreement dated 21 September 2009 between BLS HK and IDS HK in respect of the acquisition by IDS HK of the HK Roots Business
“HK Roots Business”	the business activities of BLS HK as carried on and under development at the date of the HK Asset Purchase Agreement including, without limitation, the distribution of the “Roots” branded products
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“IDS”	IDS Group Limited, a company incorporated under the laws of the British Virgin Islands, which is a wholly-owned subsidiary of the Company
“IDS HK”	IDS (Hong Kong) Limited, a company incorporated under the laws of Hong Kong, which is a wholly-owned subsidiary of the Company
“IDS Shanghai”	南京利豐英和商貿有限公司上海分公司 (its English translated name is Nanjing IDS Marketing Company Limited Shanghai Branch), a wholly foreign-owned enterprise established under the laws of the PRC, which is a wholly-owned subsidiary of the Company

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, which for the purposes of the Framework Agreement and the PRC Asset Purchase Agreement does not include Hong Kong, the Macau Special Administrative Region and Taiwan
“PRC Asset Purchase Agreement”	the asset purchase agreement dated 21 September 2009 between BLS Shanghai and IDS Shanghai in respect of the acquisition by IDS Shanghai of the PRC Roots Business
“PRC Roots Business”	the business activities of BLS Shanghai as carried on and under development at the date of the PRC Asset Purchase Agreement including, without limitation, the distribution of the “Roots” branded products
“Roots Canada”	Roots Canada Ltd., a company incorporated under the laws of the province of Ontario
“Roots Licence Agreement”	the Licensing Agreement dated 12 August 2005 between Roots Canada and BLS Taiwan Holdco pursuant to which Roots Canada granted to BLS Taiwan Holdco the exclusive right to source, market, distribute and sell certain products of “Roots” and use certain trademarks of “Roots” in various parts of Asia including the Greater China, ASEAN countries, India and Japan, as amended and supplemented by a termination agreement dated 1 January 2008 for terminating the rights in Korea and a deed of assignment dated 12 August 2005 between BLS Taiwan Holdco and BLS HK
“Share Purchase Agreement”	the share purchase agreement dated 21 September 2009 between BLS Taiwan Holdco and IDS in respect of the acquisition by IDS of the Taiwan Sale Interest
“Taiwan Sale Interest”	1 ordinary share of HK\$1 in the capital of BLS Taiwan, being the entire issued share capital of BLS Taiwan

By Order of the Board of Directors
YUEN Ying Kwai
Company Secretary

Hong Kong, 21 September 2009

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.