



PRESS RELEASE

**IDS Group announces Potential Acquisition of
Garment Logistics Company in the US**

Establish strategic logistics presence in the US and opportunity to
aggressively grow Export Logistics business

Hong Kong, 16 August 2006 – Integrated Distribution Services Group Limited (or “the IDS Group”, or “IDS”; SEHK: 2387), an integrated-distribution services provider in Asia, today announced its signing of a non-legally binding Memorandum of Understanding for the acquisition of the apparel logistics business of Impac Logistics Services LLC and affiliates (collectively “Impac”), a US-based third-party garment logistics provider.

Subject to satisfactory due diligence by IDS, the total consideration payable by IDS will consist of (i) US\$35.0 million based on average adjusted earnings before interest, tax, depreciation and amortization (“EBITDA”) for financial years ended 31 December 2004 and 2005 of Impac being approximately US\$5.50 million as provided by Impac and net asset value transferred to IDS being not less than US\$10 million and (ii) a maximum earn-out payment of US\$7.5 million payable on achievement of certain EBITDA targets for each of the three years ending 31 December 2006, 2007 and 2008. The consideration is expected to be payable over a period of two and a half years from completion. The parties intend that definitive agreements will be entered into by 30 September 2006.

Mr. Chang said, “I am delighted at this strategic move to acquire Impac. This will give IDS immediate strong logistics presence in the United States. We see huge opportunities in export logistics for the garment industry between Asia and the US. It will also complement our extensive logistics infrastructure in Asia and positions IDS to develop end-to-end Supply Chain solutions to existing and new customer base.”

Impac enjoys strong reputation as a premier Garment-on-Hanger service provider. It has extensive operations in New Jersey, Los Angeles and Miami with 11 distribution centers totaling 1.4 million square feet. It employs about 1,000 employees.

Mr. Chang said, "Impac has a strong management team and I am pleased that the two entrepreneurial founders, all management and its employees will continue on with IDS to further drive logistics growth after the acquisition. I am very excited about the new opportunities that will open up for us. We are now poised for even stronger 2007."

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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 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 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 nine economies in Asia offering a full menu of integrated-distribution services to 370 customers including an array of multinational brands. The IDS Group is a member of the Li & Fung Group.

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