

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



INTEGRATED DISTRIBUTION SERVICES GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 2387)

DISCLOSEABLE TRANSACTION - ACQUISITION OF PB LOGISTICS LIMITED

The board of Directors of Integrated Distribution Services Group Limited (the “**Company**”) announces that a wholly-owned subsidiary of the Company has today entered into an agreement to acquire from an independent third party the entire issued share capital of PB Logistics Limited, a company incorporated under the laws of England and Wales, for a total cash consideration of approximately £11.53 million (HK\$180.39 million).

The acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). A circular containing, among other things, further details of the acquisition, will be despatched to the shareholders of the Company as soon as practicable.

THE ACQUISITION

IDS Group Limited, a wholly-owned subsidiary of the Company (the “**Purchaser**”), has today entered into an agreement (the “**Agreement**”) to acquire from Higher Check Limited (the “**Seller**”) the entire issued share capital of PB Logistics Limited, a company incorporated under the laws of England and Wales. Completion of the acquisition (the “**Completion**”) will be conditional upon the completion of an internal group restructuring involving PB Logistics Limited, and is expected to take place, in each case, on or about 31 August 2007 (or such later date as the parties may agree). The obligations of the Purchaser under the Agreement will be guaranteed by the Company.

To the best of knowledge, information and belief of the directors of the Company (the “**Directors**”), the Seller and its ultimate beneficial owners are third parties independent of the Company and any connected persons of the Company (as defined in the Listing Rules).

THE CONSIDERATION

The cash consideration of approximately £11.53 million (HK\$180.39 million) (the "**Consideration**") was arrived at after arm's length negotiations between the parties by taking into account current market and industry condition. Such amount represents 12 times of the audited profit after tax of PB Logistics Limited for the 53-week period ended 31 January 2007 at approximately £0.977 million (HK\$15.29 million).

The Consideration will be payable to the Seller on Completion. The Consideration will be financed from internal cash reserves and bank borrowings.

INFORMATION ON THE SELLER & PB LOGISTICS LIMITED

PB Logistics Limited is principally engaged in the provision of supply chain management, international freight, warehousing, transport and pre-retailing services to retailers and suppliers in the United Kingdom. There are approximately 720 staff in the business. The principal activity of the Seller is an investment holding company.

The profit before and after tax of PB Logistics Limited for the 53-week period ended 31 January 2007 based on audited accounts prepared under UK Accounting Standards (UK Generally Accepted Accounting Practice) were approximately £1.41 million (HK\$22.06 million) and £0.977 million (HK\$15.29 million), respectively. The audited loss before and after tax of PB Logistics Limited for the 52-week period ended 31 January 2006 were approximately £2.85 million (HK\$44.59 million) and £2.89 million (HK\$45.22 million), respectively. The net asset value based on audited accounts of PB Logistics Limited for the 53-week period ended 31 January 2007 was £4.43 million (HK\$69.31 million). PB Logistics Limited will declare and pay dividend in the sum of £2.0 million (HK\$31.29 million) to its shareholders prior to Completion. After Completion, PB Logistics Limited will pay certain costs mainly related to management benefits in an aggregate amount not exceeding £1.64 million (HK\$25.66 million).

The Company understands from the Seller that Peter Black Group, an affiliate of the Seller, will also dispose of the remaining part of its businesses which are principally engaged in supply chain management for the United Kingdom and Continental European retail groups for footwear, accessories and personal care merchandise (the "**Remaining Businesses**") to a subsidiary of Li & Fung Limited, which is a connected person of the Company by virtue of the existence of a common controlling shareholder, namely Li & Fung (1937) Limited. It is expected that on Completion, PB Logistics Limited will enter into a logistics service agreement with a subsidiary of Li & Fung Limited for the continuing provision of the existing logistics service to the Remaining Businesses, and the Remaining Businesses will enter into a lease agreement with PB Logistics Limited to lease a property to, and charge the related expenses against, PB Logistics Limited. Further announcement will be made immediately after the signing of the aforesaid two agreements.

REASONS FOR THE ACQUISITION

The Company and its subsidiaries (the “**Group**”) are one of the leading integrated-distribution services providers in Asia covering the three core businesses of Marketing, Logistics and Manufacturing. It is anticipated that the acquisition will provide a strong entry point for the Group to expand into Europe in line with its global logistics strategy giving the Group a presence in the key markets of Asia, the United States and Europe. In addition, it will enable the Group to leverage on its strong presence in Asia, especially China, in terms of offering end-to-end solutions to the large retailers and importers in the United Kingdom.

The Directors, including the independent non-executive directors of the Company, consider that the terms of the acquisition are fair and reasonable, and are in the interests of the Group and the shareholders of the Company as a whole.

GENERAL

The acquisition constitutes a discloseable transaction under Chapter 14 of the Listing Rules. A circular containing, among other things, further details of the acquisition, will be despatched to the shareholders of the Company as soon as practicable.

Unless otherwise specified in this announcement and for the purpose of illustration only, £ is translated to HK\$ at the rate of £1.00 = HK\$15.6456. No representation is made that any amounts in £ has been or could be converted at the above rate or at any other rate or at all.

By Order of the board of Directors
Victor FUNG Kwok King
Chairman

Hong Kong, 15 August 2007

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