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INTEGRATED DISTRIBUTION SERVICES GROUP LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code: 2387)

DISCLOSEABLE TRANSACTION

On 17 June 2008, the Seller, a wholly-owned subsidiary of the Company, entered into the 2008 Agreement with the Purchaser, pursuant to which the Seller agreed to sell a 40% interest in Slumberland to the Purchaser at a consideration of US$39,285,000 (approximately HK$306,870,849) in aggregate.

The Transaction constitutes a discloseable transaction for the Company under the Listing Rules. A circular containing further details of the Transaction will be despatched to the shareholders of the Company as soon as practicable.

THE AGREEMENT DATED 17 June 2008 (the "2008 Agreement")

Parties

Seller:	IDS Group Limited (the "**Seller**") is a wholly-owned subsidiary of Integrated Distribution Services Group Limited (the "**Company**").
Purchaser:	Bico AG (the "**Purchaser**") is a company engaging in the sale, marketing and manufacturing of bedding related products and is a member of the Hilding Anders Group. The Hilding Anders Group is a group of companies engaging in the development, production and sales of beds, mattresses and various bedding accessories, both under its own brands and under so-called private label.
Purchaser's Guarantor:	Hilding Anders International AB (the "**Purchaser's Guarantor**") is the ultimate holding company of the Purchaser and the holding company for the main part of the international (other than Sweden) operational business of the Hilding Anders Group.

To the best of the knowledge, information and belief of the directors of the Company (the "**Directors**"), having made all reasonable enquiry, the Purchaser, the Purchaser's Guarantor and their ultimate beneficial owner are third parties independent of the Company and connected persons of the Company (as defined under the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited) save for the Purchaser's interest in Slumberland and nomination of certain persons as directors of Slumberland and its subsidiaries (the "**Slumberland Group**").

ASSETS TO BE DISPOSED OF

An aggregate of 400,000 shares in Slumberland Asia Pacific Limited ("**Slumberland**"), which represent 40% interest therein (the "**Sale Shares**"), comprising three respective tranches of 100,000 shares (represent 10% interest therein) (the "**First Tranche**"), 200,000 shares (represent 20% interest therein) (the "**Second Tranche**") and 100,000 shares (represent 10% interest therein) (the "**Third Tranche**").

Slumberland Group is engaged in the manufacturing, marketing and sales of mattresses and bed related products. By an announcement of the Company dated 13 November 2006, the Company disclosed that on 13 November 2006, the Seller (being the then owner of 80% interest in Slumberland) had entered into an agreement (the "**2006 Agreement**") with the Purchaser (being the then owner of 20% interest in Slumberland) and the Purchaser's Guarantor for the disposal by the Seller of a total of 40% interest in Slumberland in three tranches to the Purchaser. The sale and purchase of the first tranche and the second tranche had been completed in 2006 and 2007 respectively. After the completion of the said two tranches, the Seller's interest in Slumberland had been reduced to 50% and Slumberland has ceased to be a subsidiary of the Company.

On 17 June 2008, the same parties to the 2006 Agreement and Slumberland entered into an addendum to the 2006 Agreement (the "**Addendum**") to accelerate the completion of the sale and purchase of the said third tranche from 2 July 2008 to 20 June 2008. The Addendum also provides that the Purchaser shall defer the settlement of the purchase price for the said third tranche of US$7,625,000 (approximately HK$59,561,925) from 20 June 2008 to 19 December 2008 (the "**Deferred Settlement**") and that the Purchaser shall pay the Seller on 19 December 2008 an amount of approximately US$200,000 (approximately HK$1,562,280) as interest for the Deferred Settlement. Upon completion of this third tranche, the Seller's interest in Slumberland will be reduced to 40%.

CONSIDERATION

The consideration for the Sale Shares was agreed after arm's length negotiations between the Seller and the Purchaser with reference to the earnings before interest, tax, depreciation and amortization of Slumberland Group plus the net cash (as described below) for the financial year ended 31 December 2007 and is amounted to US$39,285,000 (approximately HK$306,870,849) in aggregate, comprising:-

- US$9,179,000 (approximately HK$71,700,841) for the First Tranche, being the Price Per Share (as defined below) multiplied by 100,000 shares in Slumberland.

  *The "**Price Per Share**" is 14 times the earnings before interest, tax, depreciation and amortization of Slumberland Group plus the Net Cash (as defined below) for the financial year ended 31 December 2007 (the "**Latest Accounts**"), divided by the total number of the issued shares of Slumberland.*

  *The "**Net Cash**" means the cash and bank balances, time deposit less short term loans and overdraft and finance leases of Slumberland Group as at the date of the Latest Accounts.*

- US$19,826,000 (approximately HK$154,868,816) for the Second Tranche, being approximately 108% of the Price Per Share multiplied by 200,000 shares in Slumberland.

- US$10,280,000 (approximately HK$80,301,192) for the Third Tranche, being approximately 112% of the Price Per Share multiplied by 100,000 shares in Slumberland.

Consideration shall be payable in cash upon completion of the respective tranches of the Sale Shares, provided that the settlement for the consideration for the First Tranche will be deferred to 19 December 2008 and that the Purchaser shall pay the Seller on that date an amount of approximately US$200,000 (approximately HK$1,562,280) as interest for such deferred settlement.

The following table shows certain audited consolidated financial information of Slumberland Group for the two years ended 31 December 2007:

	For the year ended 31 December 2007	For the year ended 31 December 2006
	US$ million	*US$ million*
Net profit before taxation and minority interests	**5.56**	3.92
Net profit after taxation and minority interests	**4.34**	3.33
	As at 31 December 2007	As at 31 December 2006
	US$ million	*US$ million*
Net asset value	**15.06**	12.24

The Group's divestment of all its 80% interest in Slumberland under the 2006 Agreement and the 2008 Agreement and the actual and estimated gains arising therefrom are summarised as follows:

	Completion Date	Shareholding Interest in Slumberland sold (to be sold)	Total Consideration (US$ million)	Gains on Disposal (US$ million)
Tranches under the 2006 Agreement:				
1	7 Dec 2006	12.5%	9.53	8.00
2	8 Jun 2007	17.5%	13.54	11.29
3	20 Jun 2008	10.0%	7.83 #	6.32
Tranches under the 2008 Agreement:				
1	20 Jun 2008	10.0%	9.38 #	7.87
2	19 Jun 2009	20.0%	19.83	16.81
3	8 Jan 2010	10.0%	10.28	8.77
Total:		80.0%	70.39	59.06

Remarks:

Settlement deferred to 19 December 2008 and inclusive of interest

The gains on disposal of the three tranches under the 2008 Agreement, which is derived from the relevant consideration less the net asset value of the shares to be disposed of as at the relevant date of completion, will be recognized on the completion date of each of the three tranches.

For the purpose of disclosure in this announcement, the aforesaid estimated gains on disposal on the First Tranche, the Second Tranche and the Third Tranche under the 2008 Agreement are determined with reference to the audited net asset value of the Slumberland Group as at 31 December 2007 and assuming that such audited net asset value will remain the same as at the relevant date of completion of each of the three tranches.

COMPLETION

Completion of the sale and purchase of the various tranches of the Sale Shares shall take place on the following dates, or such other dates as the Seller and Purchaser may agree:

Tranche of the Sale Shares	**Completion Date**
First Tranche	20 June 2008 (the "**First Closing**")
Second Tranche	19 June 2009 (the "**Second Closing**")
Third Tranche	8 January 2010

Following the completion of the sale and purchase of the Third Tranche, the Company will cease to have any interest in Slumberland.

SHAREHOLDERS' AGREEMENT

The affairs relating to the management of Slumberland and the rights of its shareholders are currently regulated by a shareholders' agreement dated 7 December 2006. In view of the change in the shareholdings pursuant to the 2008 Agreement, the Seller, the Purchaser and Slumberland will enter into a new shareholders' agreement (the "**Shareholders' Agreement**") upon the First Closing to replace the existing shareholders' agreement.

The Shareholders' Agreement provides that at any time before the Second Closing, transfer of shares in Slumberland by the Purchaser to any persons (other than its affiliates) shall be subject to the approval of the Seller. For the avoidance of doubt, the put option (the "**40% Put Option**") and call option between the Seller and the Purchaser granted under the existing shareholders' agreement dated 7 December 2006 in respect of the Sale Shares shall be cancelled.

Furthermore, it is agreed that Slumberland shall ensure that no less than 35% of its distributable profits will be distributed as dividends, unless its shareholders unanimously agree otherwise. The Seller undertakes that for so long as it holds any shares in Slumberland and for two years after it ceases to hold any share in Slumberland, it shall not engage in any activities in competition with the business of Slumberland nor entice any employees, officers and consultants of Slumberland Group.

REASONS FOR THE TRANSACTION

The disposal of the Sale Shares under the 2008 Agreement was also the subject of the 40% Put Option granted by the Purchaser to the Seller in connection with the 2006 Agreement. Instead of exercising the 40% Put Option (which could only be exercisable in whole), the Seller entered into the 2008 Agreement to dispose of the Sale Shares by tranches at an aggregate consideration of US$39,285,000 (approximately HK$306,870,849). The Group will secure an overall premium of approximately 9% (after taking into account estimated dividend receivable) as compared to the consideration of US$36,715,000 (approximately HK$286,795,551) it would have received from exercising the original 40% Put Option in July 2008. Incremental shareholder value will be created even after allowing for the cost of borrowing at current interest rate of about 4 percent per annum.

The Directors consider that the transactions contemplated under the 2008 Agreement (the "**Transaction**") are part of the strategy of the Company and its subsidiaries (the "**Group**") to focus on its three core businesses of logistics, distribution and manufacturing. The Transaction will generate cashflow to fund any possible future capital expenditure and acquisitions for the Group. The Directors consider that the terms of the Transaction and the Deferred Settlement are fair and reasonable and are in the interests of the shareholders of the Company as a whole.

USE OF PROCEEDS

The net proceeds from the sale of the Sale Shares are estimated to be approximately US$39,285,000 (approximately HK$306,870,849), which are currently expected to be used for funding any possible future acquisitions and capital expenditure of the Group.

INFORMATION ON THE COMPANY

The Company is an integrated-distribution services provider in Asia, the United Kingdom and the United States of America comprising logistics, distribution and manufacturing operations.

GENERAL

The Transaction constitutes a discloseable transaction for the Company under the Listing Rules. A circular containing further details of the Transaction will be despatched to the shareholders of the Company as soon as practicable.

Unless otherwise stated, all references in this announcement to HK$ are for information only and are referenced to Hong Kong Dollars based on an approximate exchange rate of US$1 = HK$7.8114.

By Order of the Board
Victor FUNG Kwok King
Chairman

Hong Kong, 17 June 2008

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 HOBBINS, Mr. LAU Butt Farn and Mr. Rajesh Vardichand RANAVAT; 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.