



PRESS RELEASE

**IDS Group Announces Two Acquisitions -
Hong Kong Pharmaceutical Company & US Logistics Company**

Hong Kong, 16 May 2008 – Integrated Distribution Services Group Limited (or “the Group”, or “IDS”; SEHK: 2387), an Asian multinational provider of integrated-distribution services, today announced it has reached separate agreements to acquire a pharmaceutical company in Hong Kong and a third-party logistics company in the US. The total consideration for the two acquisitions is approximately US\$24 million and will be financed by the Group’s internal cash reserves and bank borrowings.

“I am pleased to report on two successful acquisitions, one being our maiden acquisition in our home base, Hong Kong, and the other being a logistics company that will strengthen our US operations,” said Mr. Ben Chang, Group Managing Director of IDS. “These acquisitions are in line with our strategy of identifying strategic merger and acquisition (M&A) targets to enhance the scale of our existing operations and supplement organic growth.”

The Hong Kong acquisition involves the purchase of 91% (with put and call options exercisable one year after completion to acquire additional 5%) of the issued capital of Universal Pharmaceutical Laboratories Limited (Universal) for a consideration of HK\$109.2 million (approximately US\$14 million), subject to adjustments based on the audited adjusted net profit for the year ended 31 December 2007, the net asset value of Universal as at 31 December 2007 and net cash of Universal at completion. The consideration is equivalent to approximately 8.25 times of the estimated 2007 net profit after tax of Universal based on its management accounts. The Acquisition Agreement was signed on 15 May 2008 and it is expected to be completed by 26 May 2008.

Universal is a leading Hong Kong-based manufacturer and distributor of pharmaceutical and healthcare products covering the categories of pharmaceuticals, health & beauty and animal health. It runs a GMP-certified manufacturing facility in Hong Kong for the

production of generic drugs and is a dominant supplier of certain restricted chemicals in Hong Kong.

“The acquisition of Universal further strengthens our healthcare distribution operations in Hong Kong and will enhance our healthcare entry into China. It also enables us to expand our scope of manufacturing expertise to cover pharmaceutical products, thus enhancing our service offering to our customers,” said Mr. Joseph Phi, President of IDS. “This acquisition is very timely as we have recently constructed a state-of-the-art healthcare distribution center in Hong Kong, designed to accommodate our expected growth in this business.”

The acquisition in the US involves a third-party logistics company, Warehouse Technology Inc. (WTI), based in the Los Angeles Metropolitan area. IDS has completed the acquisition of all the shares of WTI on 8 May 2008 with a total consideration of US\$10 million. WTI reported revenue of US\$23m for the year ended 30 September 2007.

WTI provides storage and transportation services to a portfolio of illustrious customers in the footwear, handbags and accessories sectors, including the Rosetti handbag division of Li & Fung (Trading) Limited ("Li & Fung"). WTI currently operates five logistics facilities in California covering a floor area of over 1.3 million square feet. This is the second acquisition IDS has made in the US after the Group entered the US logistics market in 2006.

“The addition of WTI will substantially strengthen the scale of our US operations and will allow us to tap the enormous potential of the non-apparel segment of footwear, handbags and accessories,” said Mr. Chang. “We also expect substantial synergies as a result of consolidating our current logistics facilities on the West Coast with those of WTI. More importantly, WTI currently has a strong business partnership with Li & Fung in the US. This acquisition more than doubles our business on the US West Coast. It will facilitate and strengthen our position to connect Asia and the US with source to destination end-to-end global logistics services.”

“We will continue to be active in M&A activities. Well-managed companies that augment our existing operations or allow us to enter new geographies or service segments will be our primary targets,” concluded Mr. Chang.

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About Integrated Distribution Services Group Limited

Integrated Distribution Services Group Limited (“IDS Group”) is a leading integrated distribution and logistics services provider specializing in Value-Chain Logistics. Using Logistics as its fundamental enabler, IDS offers an integrated end-to-end Menu of Services from manufacturing to consumption to a wide spectrum of customers in FMCG, healthcare, footwear & apparel, retail and garment industries. Headquartered in Hong Kong, the IDS Group has an extensive logistics and distribution network in Greater China, ASEAN, the US and UK offering customized services to over 400 customers including an array of multinational brands. The IDS Group is a member of the Li & Fung Group.

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