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If you have sold or transferred all your shares in Integrated Distribution Services Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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INTEGRATED DISTRIBUTION SERVICES GROUP LIMITED

(a company incorporated in Bermuda with limited liability)

(Stock Code: 2387)

**GENERAL MANDATE TO ISSUE SHARES,
GENERAL MANDATE TO REPURCHASE SHARES,
AMENDMENTS TO THE BYE-LAWS
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of Integrated Distribution Services Group Limited (the “**Company**”) to be held at Bamboo & Peacock Room, 1st Floor, Mandarin Oriental, 5 Connaught Road, Central, Hong Kong on Monday, 30 May 2005 at 12:00 noon is set out on pages 8 to 11 of this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting should you so wish.



INTEGRATED DISTRIBUTION SERVICES GROUP LIMITED

(a company incorporated in Bermuda with limited liability)

Non-executive Directors:

Dr. Victor FUNG Kwok King (*Chairman*)
Dr. William FUNG Kwok Lun
Jeremy Paul Egerton HOBBS
Butt Farn LAU
Derrick LEE Meow Chan
William Winship FLANZ*
John Estmond STRICKLAND*
Dr. FU Yu Ning*
Professor Hau Leung LEE*

* *independent non-executive director*

Executive Directors:

Benedict CHANG Yew Teck
Joseph Chua PHI
Rajesh Vardichand RANAVAT

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal place of business:

15th Floor, LiFung Centre
2 On Ping Street, Siu Lek Yuen
Shatin, N.T.
Hong Kong

26 April 2005

To Shareholders

Dear Sirs or Madam,

**GENERAL MANDATE TO ISSUE SHARES,
GENERAL MANDATE TO REPURCHASE SHARES,
AMENDMENTS TO THE BYE-LAWS
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide the shareholders of the Company (the “**Shareholders**”) with information regarding the resolutions to be proposed at the Company’s forthcoming annual general meeting (the “**AGM**”) to be held on Monday, 30 May 2005 at 12:00 noon. These include, among others, (i) the ordinary resolutions granting the directors of the Company (the “**Directors**”) general mandates to issue and repurchase shares of the Company, (ii) the ordinary resolutions for the re-election of Directors who are due to retire at the AGM, and (iii) the special resolution for the amendments of the bye-laws of the Company (the “**Bye-laws**”).

LETTER FROM THE CHAIRMAN

GENERAL MANDATE TO ISSUE SHARES

By the written resolutions of the then sole Shareholder dated 4 November 2004, a general and unconditional mandate was given to the Directors to allot, issue and deal with additional shares of the Company up to a limit of 20% of the aggregate nominal amount of the issued share capital of the Company as at the completion of the Global Offering (as defined in the prospectus of the Company dated 24 November 2004).

Such general mandate will cease to be effective at the conclusion of the AGM. The Directors believe that the renewal of the general mandate is in the interest of the Company and the Shareholders. Accordingly, a renewal of the general mandate will be sought from the Shareholders at the AGM to authorise the Directors to allot, issue and deal with additional shares of the Company up to (i) 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the relevant resolution for such renewal plus (ii) the nominal amount of share capital of the Company repurchased by the Company subsequent to the passing of such resolutions (the “**Issue Mandate**”).

The full text of the ordinary resolutions to be proposed at the AGM in relation to the Issue Mandate are set out in resolutions 4 and 6 in the notice of the AGM (the “**Notice**”) on pages 8 to 10 of this circular.

GENERAL MANDATE TO REPURCHASE SHARES

By the aforesaid written resolutions, a general and unconditional mandate was given to the Directors to repurchase shares of the Company on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) of up to 10% of the aggregate nominal amount of the issued share capital of the Company as at the completion of the Global Offering. A further general mandate was also given to the Directors to allot and issue shares repurchased by the Company pursuant to such repurchase mandate. No shares have been repurchased pursuant to such repurchase mandate.

Under the terms of the repurchase mandate and the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), such repurchase mandate will lapse at the conclusion of the AGM.

The Directors believe that a renewal of such repurchase mandate is in the interest of the Company and the Shareholders. Accordingly, an ordinary resolution will be proposed at the AGM which will give the Directors a general and unconditional mandate to exercise the powers of the Company to repurchase shares at any time until the next annual general meeting of the Company following the passing of such resolution or such earlier period as stated in such resolution up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing such resolution (the “**Repurchase Mandate**”). The explanatory statement required under Rule 10.06(1)(b) of the Listing Rules to provide the Shareholders with all the information reasonably necessary for them to make an informed decision on whether to vote for or against the ordinary resolution approving the Repurchase Mandate is set out in the Appendix to this circular.

The full text of the ordinary resolution to be proposed at the AGM in relation to the Repurchase Mandate is set out in resolution 5 in the Notice set out on pages 9 and 10 of this circular.

LETTER FROM THE CHAIRMAN

RE-ELECTION OF DIRECTORS

In relation to resolution 2 in the Notice regarding re-election of Directors, Mr. Benedict Chang Yew Teck, Mr. Jeremy Paul Egerton Hobbins and Mr. Butt Farn Lau will retire at the AGM by rotation pursuant to the Company's Bye-laws and, being eligible, will offer themselves for re-election.

Mr. Benedict Chang Yew Teck is a director of Li & Fung (Distribution) Limited (“LFD”) and Li & Fung (Gemini) Limited (“LFG”), which are the controlling Shareholders (within the meaning of the Listing Rules) of the Company. Mr. Chang is also a director of certain subsidiaries of the Company.

Mr. Jeremy Paul Egerton Hobbins is a director of LFD and LFG. Mr. Hobbins also holds directorship in certain subsidiaries of the Company and a listed company, namely Convenience Retail Asia Limited (since October 2004).

Mr. Butt Farn Lau is a director of LFD, LFG and Li & Fung (1937) Limited, which are the controlling Shareholders (within the meaning of the Listing Rules) of the Company. In addition, Mr. Lau also holds directorship in certain subsidiaries of the Company and two listed companies, namely Li & Fung Limited (since 1995) and Convenience Retail Asia Limited (from January 2001 to October 2004).

Save as disclosed above, none of the Directors to be re-elected has any relationship with any Directors, senior management or substantial or controlling Shareholders (as defined in the Listing Rules) of the Company.

The biographical details and interests in shares of the Company of all the Directors to be re-elected at the AGM are respectively provided in the “Directors and Senior Management Biography” section and the “Report of the Directors” in the 2004 Annual Report of the Company.

Under the service contracts with him, Mr. Benedict Chang Yew Teck, executive Director, is entitled to a basic salary and a discretionary bonus (without capping), the computation of which is based on measurable performance contribution of business units headed by him. Mr. Chang is also entitled to an annual director's fee of HK\$80,000.

The director's fee payable to Mr. Jeremy Paul Egerton Hobbins and Mr. Butt Farn Lau is HK\$80,000 per annum. A nomination committee member's fee of HK\$20,000 per annum and an audit committee member's fee of HK\$30,000 per annum is also payable to Mr. Hobbins and Mr. Lau respectively.

AMENDMENTS TO THE BYE-LAWS

Amendments to Appendix 14 to the Listing Rules have come into effect on 1 January 2005. Such amendments relate to corporate governance issues, including retirement by rotation of every director once every three years and the demanding of a poll by chairman in certain circumstances. The Directors propose to amend the Bye-laws to bring them in line with the aforesaid amendments.

The background for the proposed amendments to the following Bye-laws is set out below:

Bye-law 66 To provide that a poll must be demanded if required by the Listing Rules.

LETTER FROM THE CHAIRMAN

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| Bye-law 68 | To be consistent with the provisions of Appendix 14 to the Listing Rules so that the voting figures on a poll must be disclosed if required by the Listing Rules. |
| Bye-law 87 | To provide that every Director must retire by rotation at least once every three years. |

The full text of the special resolution to be proposed at the AGM in relation to the amendments to the Bye-laws is set out in resolution 7 in the Notice on page 10 of this circular.

RIGHT TO DEMAND A POLL

Pursuant to Bye-law 66 of the Bye-laws of the Company, at any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by:

- (a) the chairman of the meeting; or
- (b) at least three members present in person or by a duly authorised corporate representative or by proxy for the time being entitled to vote at the meeting; or
- (c) any member(s) present in person or by a duly authorised corporate representative or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (d) member(s) present in person or by a duly authorised corporate representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

NOTICE OF ANNUAL GENERAL MEETING

The Notice is set out on pages 8 to 11 of this circular.

There is enclosed a form of proxy for use at the AGM. A member entitled to attend and vote at the AGM may appoint one or, if he holds two or more shares, more proxies to attend and vote instead of him. A proxy need not be a member of the Company. Whether or not you intend to be present at the AGM, you are requested to complete the form of proxy and return it to the Hong Kong branch share registrar of the Company in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding the AGM. The completion and return of the form of proxy will not prevent you from attending and voting in person at the AGM should you so wish.

LETTER FROM THE CHAIRMAN

RECOMMENDATION

The Directors believe that the proposals mentioned above, including, among others, the proposals for the grant of the Issue Mandate and the Repurchase Mandate are in the interests of the Company and the Shareholders. Accordingly, the board of Directors recommends the Shareholders to vote in favour of all of these resolutions to be proposed at the AGM.

Yours faithfully,
Victor FUNG Kwok King
Chairman

This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to the Shareholders for their consideration of the Repurchase Mandate.

SHARE CAPITAL

As at 13 April 2005 (the “**Latest Practicable Date**”), being the latest practicable date for the purpose of ascertaining certain information contained in this circular, the issued share capital of the Company comprised 309,000,000 shares of US\$0.1 each (the “**Shares**”). Subject to the passing of resolution 5 approving the Repurchase Mandate as set out in the Notice and on the basis that no further Shares will be issued or repurchased prior to the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 30,900,000 Shares until (i) the conclusion of the next annual general meeting of the Company; or (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws or the Companies Act 1981 of Bermuda to be held; or (iii) the revocation by ordinary resolution of the Shareholders in general meeting, whichever is the earliest.

REASON FOR REPURCHASE

A repurchase of Shares may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such purchase will be to the benefit of the Company and the Shareholders.

FUNDING OF REPURCHASES

The Directors propose that repurchases of Shares under the Repurchase Mandate be financed from the Company’s funds which would otherwise be available for dividends or distributions, or proceeds of a new issue of Shares made for such purpose. In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its Memorandum of Association and Bye-laws and the laws of Bermuda.

The Directors consider that if the Repurchase Mandate is exercised in full, there might be a material adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited accounts of the Company as at 31 December 2004. However, the Directors do not intend to make repurchases pursuant to the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing level of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

GENERAL

None of the Directors or (to the best of the knowledge of the Directors, having made all reasonable enquiries) any of their respective associates (as defined in the Listing Rules) has any present intention, in the event that the proposed Repurchase Mandate is approved by Shareholders, to sell Shares to the Company.

No connected person (as defined in the Listing Rules) of the Company has notified the Company of any present intention to sell Shares to the Company and no such person has undertaken not to sell any Shares to the Company in the event that the Repurchase Mandate is exercised.

DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange that, in the event that the Repurchase Mandate is exercised, they will exercise the power of the Company to make purchases pursuant to the Repurchase Mandate in accordance with the Listing Rules, the Bye-laws of the Company and the applicable laws of Bermuda.

SHARE PRICE

The highest and lowest prices at which Shares were traded on the Stock Exchange in each of the 4 months prior to the Latest Practicable Date were as follows:

	Highest <i>(HK\$)</i>	Lowest <i>(HK\$)</i>
2004		
December*	5.050	4.300
2005		
January	5.250	4.725
February	4.975	4.575
March	4.650	4.400

* *The highest and lowest prices of the Shares during the period from 7 December 2004 (date of listing) to 31 December 2004.*

TAKEOVERS CODE

If as a result of a share repurchase a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purposes of the Code on Takeovers and Mergers (the "**Takeovers Code**"). Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of the Company and, depending on the level of his/their interest before and after such increase, become obliged to make a mandatory general offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, LFD was interested in 157,960,800 Shares (representing approximately 51.12% of the Company's issued share capital) and was a controlling Shareholder (as defined in the Listing Rules) of the Company. Based on the said interests of LFD in the issued share capital of the Company as at the Latest Practicable Date, in the event that the Repurchase Mandate is exercised in full, the interests of LFD in the issued share capital of the Company will be increased to approximately 56.80%, and, due to its more than 50% interest in the Company, LFD will not be obliged to make a mandatory general offer under Rule 26 of the Takeovers Code as a result of such increase.

SHARE REPURCHASE MADE BY THE COMPANY

No purchase has been made by the Company of its Shares (on the Stock Exchange or otherwise) in the six months prior to the date of this circular.



INTEGRATED DISTRIBUTION SERVICES GROUP LIMITED

(a company incorporated in Bermuda with limited liability)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Bamboo & Peacock Room, 1st Floor, Mandarin Oriental, 5 Connaught Road, Central, Hong Kong on Monday, 30 May 2005 at 12:00 noon for the following purposes:

1. To receive and adopt the audited accounts and the reports of the Directors and the Auditors for the year ended 31 December 2004.
2. To re-elect Directors and to authorise the Board of Directors to fix the remuneration of the Directors.
3. To re-appoint PricewaterhouseCoopers as Auditors and authorise the Board of Directors to fix their remuneration.
4. As special business, to consider and, if thought fit, pass the following resolution as an ordinary resolution:

“THAT:

- (a) subject to paragraph (c), the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be generally and unconditionally approved;
- (b) the approval in paragraph (a) shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a), otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); (ii) the exercise of options granted under any share option scheme adopted by the Company; or (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Bye-laws of the Company, shall not exceed the aggregate of (aa) 20 per cent of the aggregate nominal amount of the share capital of the Company in issue on the date of passing this Resolution plus (bb) (if the Directors of the Company are so authorised by a separate ordinary resolution of the shareholders of the Company) the nominal amount of share capital of the Company repurchased by the Company subsequent to the passing of this Resolution (up to a maximum equivalent to 10 per

NOTICE OF ANNUAL GENERAL MEETING

cent of the aggregate nominal amount of the share capital of the Company in issue on the date of passing this Resolution), and the said approval shall be limited accordingly; and

(d) for the purposes of this Resolution:

“**Relevant Period**” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or the Companies Act 1981 of Bermuda to be held; and
- (iii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders in general meeting; and

“**Rights Issue**” means an offer of shares open for a period fixed by the Directors of the Company to holders of ordinary shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong).”

5. As special business, to consider and, if thought fit, pass the following resolution as an ordinary resolution:

“**THAT:**

- (a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to purchase shares of the Company be generally and unconditionally approved;
- (b) the aggregate nominal amount of shares which may be purchased in The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or any other stock exchange recognised for this purpose by the Securities and Futures Commission of Hong Kong and the Stock Exchange under the Hong Kong Code on Share Repurchases pursuant to the approval in paragraph (a) above shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue on the date of passing this Resolution, and the said approval shall be limited accordingly; and
- (c) for the purposes of this Resolution:

“**Relevant Period**” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;

NOTICE OF ANNUAL GENERAL MEETING

- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or the Companies Act 1981 of Bermuda to be held; and
- (iii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders in general meeting.”

6. As special business, to consider and, if thought fit, pass the following resolution as an ordinary resolution:

“**THAT** the Directors of the Company be authorised to exercise the powers of the Company referred to in paragraph (a) of the resolution set out as resolution 4 in the notice of this Meeting in respect of the share capital of the Company referred to in sub-paragraph (bb) of the paragraph (c) of such resolution.”

7. As special business, to consider and, if thought fit, pass the following resolution as a special resolution:

“**THAT** the Bye-laws of the Company be amended as follows:

(a) In Bye-law 66, by inserting the words “voting by way of a poll is required by the listing rules of any Designated Stock Exchange or” after the words “on a show of hands unless” in the third sentence;

(b) The existing Bye-law 68 be deleted in its entirety and substituted by the following:

“68. If a poll is duly demanded the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The Company shall only be required to disclose the voting figures on a poll if such disclosure is required by the listing rules of any Designated Stock Exchange.”; and

(c) The existing Bye-law 87(1) be deleted in its entirety and substituted by the following:

“87. (1) Notwithstanding any other provisions in the Bye-laws, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Director shall be subject to retirement by rotation at least once every three years.”.

By Order of the Board
YUEN Ying Kwai
Company Secretary

Hong Kong, 26 April 2005

Notes:

- (1) A member entitled to attend and vote at the above meeting may appoint one or, if he holds two or more shares, more proxies to attend and vote instead of him. A proxy need not be a member of the Company.

NOTICE OF ANNUAL GENERAL MEETING

- (2) In order to be valid, a form of proxy and the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority shall be deposited with the Company's Hong Kong branch share registrar — Abacus Share Registrars Limited, at Ground Floor, Bank of East Asia Harbourview Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time for holding the meeting or any adjourned meeting.
- (3) The Bye-laws of the Company are in the English language. Accordingly, the special resolution set out in this notice (resolution 7) will, if passed, be passed in the English language. The translation of the special resolution (resolution 7) into the Chinese language is for information only.
- (4) A circular containing further details regarding Resolutions 2, 4 to 7 above will be sent to members together with the 2004 Annual Report.