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LI & FUNG LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 494)



**INTEGRATED DISTRIBUTION SERVICES
GROUP LIMITED**

(Incorporated in Bermuda with limited liability)

(Stock Code: 2387)

**JOINT ANNOUNCEMENT
PROPOSED ACQUISITION BY**

LI & FUNG LIMITED

OF

INTEGRATED DISTRIBUTION SERVICES GROUP LIMITED

BY WAY OF PRIVATISATION

PURSUANT TO A SCHEME OF ARRANGEMENT

(UNDER SECTION 99 OF THE COMPANIES ACT)

CHANGE OF ARRANGEMENT FOR CCASS SHAREHOLDERS

TO ELECT SHARE ALTERNATIVE

AND

CHANGES OF EXPECTED TIMETABLE

Financial adviser to Li & Fung Limited

J.P.Morgan

Successful arrangement has now been made that notwithstanding anything provided to the contrary in the Scheme Document and the Joint Announcement, withdrawing their IDS Shares from CCASS is not the only method for CCASS Shareholders to elect the Share Alternative. Alternatively, CCASS Shareholders may also elect the Share Alternative by way of submitting election instructions to HKSCC Nominees through their brokers or custodians which are CCASS participants; or directly to HKSCC Nominees if they are CCASS investor participants. Details of procedures and timing will be advised by HKSCC Nominees to CCASS participants as soon as possible.

The last day for lodging the Election Form has now been extended from 22 October to 29 October 2010 in order to give more time to Scheme Shareholders to arrange for the election of the Cash Alternative or the Share Alternative.

WARNING: If a CCASS Shareholder has not (i) submitted his election instruction to HKSCC Nominees through their brokers or custodians which are CCASS participants; or directly to HKSCC Nominees if they are CCASS investor participants in accordance with the procedures and timing to be advised by HKSCC Nominees; or (ii) withdrawn his IDS Shares from CCASS and registered such IDS Shares in his name on the register of members of IDS and lodged his Election Form with the IDS Registrar within the time specified in this announcement (or such later time as Li & Fung may subsequently announce from time to time), such CCASS Shareholder will receive the Cash Alternative, subject to the Scheme becoming effective.

INTRODUCTION

Reference is made to the Scheme Document dated 14 September 2010 and the joint announcement dated 14 September 2010 made by Li & Fung and IDS (the “**Joint Announcement**”). Terms defined in the Scheme Document shall have the same meanings when used herein unless the context requires otherwise.

Election of Share Alternative by CCASS Shareholders

The Scheme Document and the Joint Announcement provided that in respect of those IDS Shares deposited with CCASS, if the relevant Beneficial Owners who have deposited their respective IDS Shares with CCASS (“**CCASS Shareholders**”) wish to elect the Share Alternative, they must arrange for their IDS Shares to be withdrawn from CCASS and to be registered in their names on the register of members of IDS within the time specified therein.

Successful arrangement has now been made that notwithstanding anything provided to the contrary in the Scheme Document and the Joint Announcement, withdrawing their IDS Shares from CCASS is not the only method for CCASS Shareholders to elect the Share Alternative. Alternatively, CCASS Shareholders may also elect the Share Alternative by way of submitting election instructions to HKSCC Nominees through their brokers or custodians which are CCASS participants; or directly to HKSCC Nominees if they are CCASS investor participants. Details of procedures and timing will be advised by HKSCC Nominees to CCASS participants as soon as possible. Please note that this arrangement applies to CCASS Shareholders only. In case of doubt, Scheme Shareholders who have deposited their IDS Shares with brokers, custodians or nominees and who intend to elect the Share Alternative should contact their respective brokers, custodians or nominees as soon as possible to ensure appropriate method be used for their election instructions.

As set out on page 14 of the Scheme Document, no Scheme Shareholder is permitted to elect a combination of the Cash Alternative and the Share Alternative. Accordingly, CCASS Shareholders are reminded that they must not elect to receive a combination of the Cash Alternative and the Share Alternative.

If a CCASS Shareholder has not (i) submitted his election instruction to HKSCC Nominees through their brokers or custodians which are CCASS participants; or directly to HKSCC Nominees if they are CCASS investor participants in accordance with the procedures and timing to be advised by HKSCC Nominees; or (ii) withdrawn his IDS Shares from CCASS and registered such IDS Shares in his name on the register of members of IDS and lodged his Election Form with the IDS Registrar within the time specified in this announcement (or such later time as Li & Fung may subsequently announce from time to time), such CCASS Shareholder will receive the Cash Alternative, subject to the Scheme becoming effective.

Last Day for Lodging of Election Form

The last day for lodging the Election Form has been extended from 22 October to 29 October 2010 to give more time to all Scheme Shareholders to arrange for the election of the Cash Alternative or the Share Alternative in respect of their IDS Shares. As a result, the latest expected timetable is set out below for reference with the new dates printed in bold italic typeface. Please note that such timetable is indicative only and is subject to change. Further announcement(s) will be made if there is any change to the following expected timetable.

*Hong Kong time
2010*

Latest time for lodging forms of transfer of IDS Shares to qualify for attending and voting at the Court Meeting and the IDS SGM	4:30 p.m. on Monday, 4 October
Register of members of IDS closed (<i>Note 1</i>)	Tuesday, 5 October to Thursday, 7 October (both days inclusive)
Latest time for lodging the pink form of proxy in respect of the Court Meeting (<i>Note 2</i>)	11:00 a.m. on Tuesday, 5 October
Latest time for lodging the white form of proxy in respect of the IDS SGM (<i>Note 2</i>)	11:30 a.m. on Tuesday, 5 October
Suspension of trading in IDS Shares	9:30 a.m. on Thursday, 7 October
Court Meeting (<i>Note 3</i>)	11:00 a.m. on Thursday, 7 October
IDS SGM (<i>Note 3</i>)	11:30 a.m. on Thursday, 7 October (or at such time immediately after the Court Meeting shall have been concluded or adjourned, whichever is the later)
Announcement of the results of the Court Meeting and the IDS SGM	not later than 7.00 p.m. on Thursday, 7 October
Resumption of trading in IDS Shares	9:30 a.m. on Friday, 8 October
Last day for dealings in IDS Shares on the Stock Exchange	Wednesday, 13 October
Suspension of dealings in IDS Shares pending withdrawal of listing	9:30 a.m. on Thursday, 14 October

Latest time for IDS Optionholders to exercise their IDS Share Options in order to qualify for entitlements under the Scheme	5:30 p.m. on Friday, 15 October
Court Hearing (<i>Note 4</i>).	Friday, 15 October (<i>Bermuda time</i>)
Announcement of the result of the Court Hearing, the expected Effective Date and the expected date of withdrawal of listing of IDS Shares on the Stock Exchange	Monday, 18 October
Latest time for lodging forms of transfer of IDS Shares to qualify for entitlements under the Scheme	4:30 p.m. on Monday, 25 October
Register of members of IDS closed (<i>Note 5</i>)	Tuesday, 26 October to Friday, 29 October (both days inclusive)
Latest time for lodging the Election Form (<i>Note 6</i>)	4:30 p.m. on Friday, 29 October
Latest time for lodging the form of acceptance in relation to the Option Offer (<i>Note 7</i>)	4:30 p.m. on Friday, 29 October
Registration of the order of the Court to sanction the Scheme at the Bermuda Registrar of Companies (<i>Note 4 and Note 8</i>)	Friday, 29 October (<i>Bermuda time</i>)
Record Date	4:30 p.m. on Friday, 29 October
Effective Date (<i>Note 8</i>)	Friday, 29 October
Lapse of unexercised outstanding IDS Share Options.....	Friday, 29 October
Withdrawal of the listing of the IDS Shares on the Stock Exchange becomes effective	9:30 a.m. on Monday, 1 November
Announcement of the Effective Date and the withdrawal of the listing of the IDS Shares on the Stock Exchange	Monday, 1 November
Cheques for cash entitlements under the Scheme (if applicable) and the Option Offer to be despatched (<i>Note 9</i>)	on or before Monday, 8 November
Allotment and issue of Li & Fung Shares pursuant to the Share Alternative (if applicable) and despatch of share certificates of Li & Fung Shares to those Scheme Shareholders entitled thereto (<i>Note 9</i>)	on or before Monday, 8 November

Notes:

1. The register of members of IDS will be closed during such period for the purposes of determining entitlement of the IDS Independent Shareholders to attend and vote at the Court Meeting and the entitlement of the IDS Shareholders to attend and vote at the IDS SGM. This book close period is not for determining entitlements under the Scheme.

2. Forms of proxy should be lodged with the IDS Registrar, Tricor Abacus Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not later than the respective times and dates stated above or, in the case of the pink forms of proxy for use at the Court Meeting, they may be handed to the Chairman of the Court Meeting. Completion and return of the relevant form of proxy for the Court Meeting or the IDS SGM will not preclude an IDS Independent Shareholder and an IDS Shareholder, respectively from attending the relevant meeting and voting in person. In such event, the relevant form of proxy returned will be deemed to have been revoked.

A Beneficial Owner whose IDS Shares are registered in the name of a Registered Owner should contact such Registered Owner to give instructions to or to make arrangements with such Registered Owner as to the manner in which the IDS Shares beneficially owned by the Beneficial Owner should be voted at the Court Meeting and/or the IDS SGM. Such instructions or arrangements should be given or made in advance of the aforementioned latest time for the lodgement of forms of proxy in respect of the Court Meeting and/or the IDS SGM in order to provide the Registered Owner with sufficient time to accurately complete his, her or its proxy and to submit it by the deadline stated above. To the extent that any Registered Owner requires instructions from or arrangements to be made with any Beneficial Owner at a particular date or time in advance of the aforementioned latest time for the lodgement of forms of proxy in respect of the Court Meeting and the IDS SGM, then any such Beneficial Owner should comply with the requirements of the Registered Owner.

Any Beneficial Owner whose IDS Shares are deposited in CCASS and registered under the name of HKSCC Nominees Limited must, unless such Beneficial Owner is a person admitted to participate in CCASS as an investor participant, contact his, her or its broker, custodian, nominee, or other relevant person who is, or has, in turn, deposited such IDS Shares with, the other CCASS participant regarding voting instructions to be given to such persons if he, she or it wishes to vote in respect of the Scheme. The same timeframes for contacting his, her or its broker, custodian, nominee or other relevant person as set out in the previous paragraph apply to such Beneficial Owner. The procedure for voting in respect of the Scheme by the investor participants and the other CCASS participants with respect to IDS Shares registered under the name of HKSCC Nominees Limited shall be in accordance with the "General Rules of CCASS" and the "CCASS Operational Procedures".

3. The Court Meeting and the IDS SGM will be held at Pheasant-Jasmine Room, 1st Floor, Mandarin Oriental, 5 Connaught Road, Central, Hong Kong at the times and dates specified above. Please see the notice of the Court Meeting set out on pages N-1 to N-2 and the notice of the IDS SGM set out on pages SGM-1 to SGM-3 of the Scheme Document for details.
4. All references in the Scheme Document to times and dates are references to Hong Kong times and dates, other than references to the expected dates of the Court Hearing and the registration of the order of the Court, which are the relevant times and dates in Bermuda. Bermuda time is 11 hours behind Hong Kong time.
5. The register of members of IDS will be closed during such period for the purposes of determining IDS Shareholders who are qualified for entitlements under the Scheme. Entitlements under the Scheme will be based on the actual number of IDS Shares held by the Scheme Shareholders as at the Record Date i.e. 4:30 p.m. on Friday, 29 October 2010.
6. Election Forms, correctly completed in accordance with the instructions thereon, must be lodged with the IDS Registrar, Tricor Abacus Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than the time and date stated above (or such later time and/or date as may be notified through announcement(s)), failing which an Election Form shall not be treated as valid and the IDS Shareholders (other than the Committed Shareholders) purporting to make the election shall not, for any purpose, be entitled to receive the Share Alternative but shall instead receive the Cash Alternative. As per this announcement, successful arrangement has now been made that notwithstanding anything provided to the contrary in the Scheme Document and the Joint Announcement, withdrawing their IDS Shares from CCASS is not the only method for CCASS Shareholders to elect the Share Alternative. Alternatively, CCASS Shareholders may also elect the Share Alternative by way of submitting election instructions to HKSCC Nominees through their brokers or custodians which are CCASS participants; or directly to HKSCC Nominees if they are CCASS investor participants. Details of procedures and timing will be

advised by HKSCC Nominees to CCASS participants as soon as possible. Please note that this arrangement applies to CCASS Shareholders only.

7. The form of acceptance in relation to the Option Offer, which is appended to the Option Offer Letter to the IDS Optionholders, duly completed in accordance with the instructions thereon must be returned to Li & Fung c/o IDS, at 1st Floor, LiFung Tower, 888 Cheung Sha Wan Road, Kowloon, Hong Kong, for the attention of the Li & Fung Board and marked "IDS-Option Offer", so as to reach Li & Fung not later than 4:30 p.m. on Friday, 29 October 2010 (or such later time and/or date as may be notified through announcement(s)), failing which the IDS Share Options granted under the IDS Option Scheme that are not exercised or cancelled pursuant to the acceptance of the Option Offer will automatically lapse upon the Scheme becoming effective. Copies of the Option Offer Letter and the form of acceptance in relation to the Option Offer to the IDS Optionholders can also be obtained from the company secretary of IDS, at 1st Floor, LiFung Tower, 888 Cheung Sha Wan Road, Kowloon, Hong Kong subsequent to the despatch of the same and at any time before 4:30 p.m. on Friday, 29 October 2010.
8. The Scheme shall become effective upon all the conditions set out in the section headed "Explanatory Statement — Conditions of the Scheme" on page 72 to 76 of the Scheme Document having been fulfilled or validly waived (as applicable).
9. Cheques for cash entitlements in respect of the Cash Alternative or share certificates of Li & Fung in respect of the Share Alternative under the Scheme and payment pursuant to the Option Offer to the IDS Optionholders will be despatched by ordinary post at the risk of the recipients to their registered addresses shown in the register of members of IDS and to the last known addresses of the IDS Optionholders as notified by the IDS Optionholders to IDS on or before Monday, 8 November 2010.

GENERAL

This announcement will be despatched by ordinary post to all IDS Shareholders (other than those IDS Shareholders residing or with registered address in Malaysia) who have their names entered on the register of members of IDS as at 27 September 2010 and all CCASS participants as at 27 September 2010.

By order of the board of directors of

LI & FUNG LIMITED

Bruce Philip Rockowitz
Executive Director

By order of the board of directors of

**INTEGRATED DISTRIBUTION
SERVICES GROUP LIMITED**

Benedict Chang Yew Teck
Executive Director

Hong Kong, 28 September 2010

As at the date of this announcement, the Li & Fung Board comprises the following directors:

Non-executive Li & Fung Directors:

Dr. Victor Fung Kwok King (Chairman)

*Mr. Paul Edward Selway-Swift**

*Mr. Allan Wong Chi Yun**

*Mr. Franklin Warren McFarlan**

*Mr. Makoto Yasuda**

*Mr. Martin Tang Yue Nien**

** Independent non-executive Li & Fung Directors*

Executive Li & Fung Directors:

Dr. William Fung Kwok Lun (Managing Director)

Mr. Bruce Philip Rockowitz

Mr. Spencer Theodore Fung

As at the date of this announcement, the IDS Board comprises the following directors:

Non- executive IDS Directors:

Dr. Victor Fung Kwok King

Dr. William Fung Kwok Lun

Mr. Jeremy Paul Egerton Hobbins

Mr. Lau Butt Farn

Mr. John Estmond Strickland[#]

Dr. Fu Yu Ning[#]

Prof. Lee Hau Leung[#]

Mr. Andrew Tung Lieh Cheung[#]

[#] Independent non-executive IDS Directors

Executive IDS Directors:

Mr. Benedict Chang Yew Teck

Mr. Joseph Chua Phi

The Li & Fung Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the IDS Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the IDS Group) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement (other than that relating to the IDS Group) misleading.

The IDS Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement relating to the IDS Group and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement by the IDS Group have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in the announcement relating to the IDS Group misleading.