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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)**

**RESULTS OF COURT MEETING AND SPECIAL GENERAL MEETING OF
INTEGRATED DISTRIBUTION SERVICES GROUP LIMITED
AND
CLOSURE OF REGISTER OF MEMBERS OF
INTEGRATED DISTRIBUTION SERVICES GROUP LIMITED
AND
RESUMPTION OF TRADING IN SHARES IN
INTEGRATED DISTRIBUTION SERVICES GROUP LIMITED**

Financial adviser to Li & Fung Limited

J.P.Morgan

RESULTS OF THE COURT MEETING AND THE IDS SGM

The Scheme and the special resolution for implementation of the Scheme were approved at the Court Meeting and the IDS SGM, respectively on Thursday, 7 October 2010.

CURRENT STATUS OF THE CONDITIONS

As at the date of this announcement, other than Conditions (a), (b), (i) and (l) which have been satisfied, the Scheme remains conditional upon the satisfaction or valid waiver (as applicable), of the other Conditions as set out in the section headed “Explanatory Statement - Conditions of the Scheme” in the Scheme Document.

Assuming that all the Conditions are satisfied or validly waived (as applicable), it is expected that the Scheme will become effective on Friday, 29 October 2010. The Scheme will lapse if it does not become effective on or before 31 December 2010 or such later date as may be proposed by Li & Fung and permitted by the Executive. The IDS Shareholders will be notified accordingly by announcement(s).

CLOSURE OF REGISTER OF MEMBERS OF IDS

For the purpose of determining those IDS Shareholders who are qualified for entitlements under the Scheme, the register of members of IDS will be closed on Tuesday, 26 October 2010 until Friday, 29 October 2010 (both days inclusive). In order to qualify for entitlements under the Scheme, the IDS Shareholders should ensure that the relevant forms of transfer of their IDS Shares are lodged for registration by not later than 4:30 p.m. on Monday, 25 October 2010.

RESUMPTION OF TRADING IN THE IDS SHARES

At the request of IDS, trading in the IDS Shares on the Stock Exchange has been suspended with effect from 9:30 a.m. on Thursday, 7 October 2010 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on Friday, 8 October 2010.

LAST DAY FOR LODGING OF ELECTION FORM

IDS Shareholders are reminded that the last day for lodging the Election Form has been extended 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.

ELECTION OF SHARE ALTERNATIVE BY CCASS SHAREHOLDERS

Beneficial Owners of IDS Shares held through CCASS and registered in the name of HKSCC Nominees Limited (the “CCASS Shareholders”) are reminded that if they wish to elect the

Share Alternative, they may withdraw their IDS Shares from CCASS and procure such IDS Shares to be registered in their names on the register of members of IDS. 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. In case of doubt, IDS 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. 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 set out in the circular issued by Hong Kong Securities Clearing Company Limited to CCASS participants on 30 September 2010; 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.

WARNING: Li & Fung Shareholders, IDS Shareholders, IDS Optionholders and/or potential investors should be aware that the Scheme will only become effective upon all the Conditions being satisfied or validly waived (as applicable). The Scheme may or may not become effective, and the Option Offer may or may not become unconditional. Li & Fung Shareholders, IDS Shareholders, IDS Optionholders and/or potential investors should therefore exercise caution when dealing in IDS Shares and/or Li & Fung Shares. Persons who are in doubt as to the action they should take should consult their licensed securities dealer, registered institution in securities, bank manager, solicitor or other professional adviser.

INTRODUCTION

Reference is made to the Scheme Document dated 14 September 2010 and the joint announcements dated 12 August 2010, 14 September 2010 and 28 September 2010, respectively, made by Li & Fung and IDS. Terms defined in the Scheme Document shall have the same meanings when used herein unless the context requires otherwise.

RESULTS OF THE COURT MEETING AND THE IDS SGM

Results of the Court Meeting

The results of the Court Meeting which was held at 11:00 a.m. on Thursday, 7 October 2010 are as follows:

	Votes cast by the IDS Independent Shareholders either in person or by proxy	Votes cast by the IDS Independent Shareholders either in person or by proxy in favour of the Scheme	Votes cast by the IDS Independent Shareholders either in person or by proxy against the Scheme
Number of IDS Shares represented	145,677,285	142,668,285 <i>(Note 2)</i>	3,009,000 <i>(Note 3)</i>
Number of IDS Independent Shareholders	47 <i>(Note 1)</i>	43	5

Notes:

- At the Court Meeting, 43 IDS Independent Shareholders voted in favour of the Scheme and 5 IDS Independent Shareholders voted against the Scheme. HKSCC Nominees Limited, being the nominee for and on behalf of different ultimate Beneficial Owners, has voted both in favour of and against the Scheme at the Court Meeting. Therefore, the aggregate number of IDS Independent Shareholders voting in favour of and against the Scheme is more than the number of IDS Independent Shareholders present and voting either in person or by proxy at the Court Meeting.
- Such number represents approximately 97.93% of the total number of IDS Shares for which votes were cast by the IDS Independent Shareholders present and voting either in person or by proxy at the Court Meeting.
- Such number represents (a) approximately 2.07% of the total number of IDS Shares for which votes were cast by the IDS Independent Shareholders present and voting either in person or by proxy at the Court Meeting, and (b) approximately 1.65% of the total number of IDS Shares held by all the IDS Independent Shareholders (whether or not present and voting either in person or by proxy at the Court Meeting).
- As at the date of this announcement, there were 326,256,000 IDS Shares in issue. It was stated in the Scheme Document that Li & Fung and persons acting in concert with it (including the Interested Shareholders) would not vote at the Court Meeting and accordingly, they did not vote at the Court Meeting. The Interested Shareholders held 144,269,719 IDS Shares in aggregate (representing approximately 44.22% of the issued share capital of IDS) as at the date of this announcement. Save for the Interested Shareholders, Li & Fung and persons acting in concert with it did not hold any IDS Shares as at the date of this announcement. Save for the Interested Shareholders, there was no IDS Shareholder who was required to abstain from voting at the

Court Meeting. There was also no IDS Shareholder who was entitled to attend the Court Meeting but was only entitled to vote against the Scheme at the Court Meeting. The total number of IDS Shares entitling the IDS Independent Shareholders to attend and vote for or against the Scheme at the Court Meeting was 181,986,281.

The Scheme was approved by a majority in number of IDS Independent Shareholders present and voting either in person or by proxy at the Court Meeting representing not less than three-fourths in value of those IDS Shares that were voted either in person or by proxy by the IDS Independent Shareholders at the Court Meeting. The Scheme was also approved (by way of poll) by at least 75% of the votes attaching to the IDS Shares held by the IDS Independent Shareholders that were voted either in person or by proxy at the Court Meeting. Further, there were not more than 10% of the votes attaching to all the IDS Shares held by the IDS Independent Shareholders cast against the resolution to approve the Scheme.

The resolution proposed at the Court Meeting to approve the Scheme was accordingly duly passed by the IDS Independent Shareholders in compliance with Rule 2.10 of the Takeovers Code and Section 99 of the Companies Act.

Results of the IDS SGM

The results of the IDS SGM which was held immediately after conclusion of the Court Meeting are as follows:

	Votes cast by the IDS Shareholders either in person or by proxy	Votes cast by the IDS Shareholders either in person or by proxy for the special resolution	Votes cast by the IDS Shareholders either in person or by proxy against the special resolution
Number of IDS Shares represented	280,257,796	277,231,796 <i>(Note 1)</i>	3,026,000 <i>(Note 2)</i>

Notes:

- Such number represents approximately 98.92% of the number of IDS Shares for which votes were cast by the IDS Shareholders present and voting either in person or by proxy at the IDS SGM.
- Such number represents approximately 1.08% of the number of IDS Shares for which votes were cast by the IDS Shareholders present and voting either in person or by proxy at the IDS SGM.
- As at the date of this announcement, there were 326,256,000 IDS Shares in issue. There was no IDS Shareholder who was required to abstain from voting or who was entitled to attend the IDS SGM but was only entitled to vote against the special resolution at the IDS SGM. The total number of IDS Shares entitling the IDS Shareholders to attend and vote for or against the special resolution at the IDS SGM was 326,256,000.

Accordingly, the special resolution to approve the Scheme, the allotment and issue of new IDS Shares to Li & Fung and the reduction of capital of IDS was duly passed by a majority of not less than 75% of the votes cast by IDS Shareholders present and voting in person or by proxy at the IDS SGM.

The IDS Registrar was appointed to act as the scrutineer and to take charge of the vote-taking procedures at both the Court Meeting and the IDS SGM.

CURRENT STATUS OF THE CONDITIONS

As at the date of this announcement, other than Conditions (a), (b), (i) and (l) which have been satisfied, the Scheme remains conditional upon the satisfaction or valid waiver (as applicable), of the other Conditions as set out in the section headed “Explanatory Statement - Conditions of the Scheme” in the Scheme Document.

Assuming that all the Conditions are satisfied or validly waived (as applicable), it is expected that the Scheme will become effective on Friday, 29 October 2010. The Scheme will lapse if it does not become effective on or before 31 December 2010 or such later date as may be proposed by Li & Fung and permitted by the Executive. The IDS Shareholders will be notified accordingly by announcement(s).

CLOSURE OF REGISTER OF MEMBERS OF IDS

For the purpose of determining those IDS Shareholders who are qualified for entitlements under the Scheme, the register of members of IDS will be closed on Tuesday, 26 October 2010 until Friday, 29 October 2010 (both days inclusive). In order to qualify for entitlements under the Scheme, the IDS Shareholders should ensure that the relevant forms of transfer of their IDS Shares are lodged for registration by not later than 4:30 p.m. on Monday, 25 October 2010.

RESUMPTION OF TRADING IN THE IDS SHARES

At the request of IDS, trading in the IDS Shares on the Stock Exchange has been suspended with effect from 9:30 a.m. on Thursday, 7 October 2010 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on Friday, 8 October 2010.

LAST DAY FOR LODGING OF ELECTION FORM

With reference to the joint announcement dated 28 September 2010 made by Li & Fung and IDS, IDS Shareholders are reminded that the last day for lodging the Election Form has been extended 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.

The latest expected timetable from 8 October 2010 onwards is set out below for easy reference. 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.

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 1</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 2</i>)	Tuesday, 26 October to Friday, 29 October (both days inclusive)
Latest time for lodging the Election Form (<i>Note 3</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 4</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 1 and Note 5</i>)	Friday, 29 October (<i>Bermuda time</i>)
Record Date	4:30 p.m. on Friday, 29 October
Effective Date (<i>Note 5</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 6</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 6</i>)	on or before Monday, 8 November

Notes:

1. 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.
2. 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.
3. 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 the joint announcement of Li & Fung and IDS dated 28 September 2010, an alternative method for CCASS Shareholders to elect the Share Alternative has now been implemented to the effect that notwithstanding anything provided to the contrary in the Scheme Document and the joint announcement of Li & Fung and IDS dated 14 September 2010, other than withdrawing their IDS Shares from CCASS, 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 are contained in the circular issued by Hong Kong Securities Clearing Company Limited to CCASS participants on 30 September 2010. Please note that this arrangement applies to CCASS Shareholders only.
4. 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.
5. 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).
6. 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.

ELECTION OF SHARE ALTERNATIVE BY CCASS SHAREHOLDERS

CCASS Shareholders are reminded that if they wish to elect the Share Alternative, they may withdraw their IDS Shares from CCASS and procure such IDS Shares to be registered in their names on the register of members of IDS. 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. In case of doubt, IDS 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. 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 set out in the circular issued by Hong Kong Securities Clearing Company Limited to CCASS participants on 30 September 2010; 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.

WARNING: Li & Fung Shareholders, IDS Shareholders, IDS Optionholders and/or potential investors should be aware that the Scheme will only become effective upon all the Conditions being satisfied or validly waived (as applicable). The Scheme may or may not become effective, and the Option Offer may or may not become unconditional. Li & Fung Shareholders, IDS Shareholders, IDS Optionholders and/or potential investors should therefore exercise caution when dealing in IDS Shares and/or Li & Fung Shares. Persons who are in doubt as to the action they should take should consult their licensed securities dealer, registered institution in securities, bank manager, solicitor or other professional adviser.

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, 7 October 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.