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INTEGRATED DISTRIBUTION SERVICES GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 2387)

ANNOUNCEMENT

DISCLOSURE PURSUANT TO RULE 3.8 OF THE TAKEOVERS CODE

This announcement is made pursuant to Rule 3.8 of the Takeovers Code.

Reference is made to the announcement dated 12 August 2010 issued jointly by Li & Fung and IDS in relation to the proposed acquisition by Li & Fung of IDS by way of privatisation pursuant to a scheme of arrangement (under section 99 of the Companies Act) (the “**Joint Announcement**”) and the announcements dated 24 August 2010 and 10 September 2010 respectively issued by IDS pursuant to Rule 3.8 of the Takeovers Code (the “**Announcements**”). Save as otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as defined in the Joint Announcement.

The IDS Board announces that 332,000 IDS Shares were further issued on 22 September 2010 pursuant to the exercise of IDS Share Options by certain IDS Optionholders under the IDS Option Scheme. Accordingly, since 12 August 2010, being the date on which the offer period (has the meaning ascribed thereto under the Takeovers Code) in relation to the Proposal commenced, up to 22 September 2010, (i) the total number of IDS Shares in issue increased from 324,354,500 to 326,187,000 (including 34,000 and 1,466,500 IDS Shares issued on 23 August 2010 and 9 September 2010 respectively as disclosed in the Announcements); and (ii) taking into account the exercise of 1,832,500 IDS Share Options and the lapse of 675,000 IDS Share Options, the total number of outstanding IDS Share Options decreased from 21,590,500 to 19,083,000.

In accordance with Rule 3.8 of the Takeovers Code, IDS hereby reminds its associates and parties acting in concert with it to disclose their dealings in any securities of IDS. For this purpose, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

The Scheme may or may not become effective, and the cash offer to IDS Optionholders may or may not become unconditional. Li & Fung Shareholders, IDS Shareholders 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
**INTEGRATED DISTRIBUTION
SERVICES GROUP LIMITED**
Benedict Chang Yew Teck
Executive Director

Hong Kong, 22 September 2010

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

Non-executive 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 directors

Executive directors:

Mr. Benedict Chang Yew Teck

Mr. Joseph Chua Phi

The directors of IDS jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement 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 misleading.