Tristate Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 458)

ANNOUNCEMENT OF 2007 ANNUAL RESULTS

FINANCIAL SUMMARY OF 2007 ANNUAL RESULTS

- Revenue rose by 2% to HK$2,913 million
- Profit attributable to equity holders of the Company rose by 13% to HK$130 million
- Earnings per share increased from HK$0.43 to HK$0.48
- Proposed final dividend of HK$0.12 per share, increased by 9%

RESULTS

The board of directors (the "Board" or the "Directors") of Tristate Holdings Limited (the "Company") presents the audited consolidated results of the Company and its subsidiaries (together, the "Group") for the year ended 31 December 2007 together with comparative figures in 2006.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December

	Note	**2007** *HK$'000*	2006 *HK$'000*
Revenue	2,3	**2,913,318**	2,858,475
Cost of sales		**(2,325,901)**	(2,271,158)
Gross profit		**587,417**	587,317
Other income	4	**23,306**	2,723
Selling and distribution expenses		**(127,680)**	(109,298)
General and administrative expenses		**(333,211)**	(334,151)
Profit from operations	5	**149,832**	146,591
Gain from acquisitions of additional interests in subsidiaries		**203**	590
Finance income		**11,758**	10,494
Finance costs	6	**(12,192)**	(11,610)
Profit before income tax		**149,601**	146,065
Income tax expense	7	**(17,347)**	(25,804)
Profit for the year		**132,254**	120,261
Attributable to:			
Equity holders of the Company		**130,263**	115,359
Minority interests		**1,991**	4,902
		132,254	120,261
Dividends	8	**53,747**	48,372
Earnings per share attributable to equity holders of the Company:			
Basic and diluted	9	**HK$0.48**	HK$0.43

CONSOLIDATED BALANCE SHEET

As at 31 December

	Note	2007 HK$'000	2006 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**468,334**	410,545
Investment properties		**1,649**	7,662
Leasehold land and land use rights		**28,868**	29,292
Intangible assets – license rights		**18,269**	55,331
Other long-term assets		**11,806**	11,297
Deferred income tax assets		**3,793**	6,537
		532,719	520,664
CURRENT ASSETS			
Inventories		**367,438**	336,143
Accounts receivable and bills receivable	10	**360,686**	391,687
Prepayments and other receivables		**63,506**	41,374
Income tax recoverable/prepayment		**25,113**	16,398
Cash and cash equivalents		**389,398**	331,257
		1,206,141	1,116,859
Non-current assets held for sale	11	**5,874**	—
		1,212,015	1,116,859
CURRENT LIABILITIES			
Accounts payable and bills payable	12	**184,029**	196,897
Accruals and other payables		**160,269**	170,601
Income tax liabilities		**40,338**	27,724
Bank borrowings		**227,092**	163,626
		611,728	558,848
NET CURRENT ASSETS		**600,287**	558,011
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,133,006**	1,078,675
NON-CURRENT LIABILITIES			
Retirement benefits and other post retirement obligations		**35,427**	36,482
License fees payable		**17,612**	42,226
Deferred income tax liabilities		**96,493**	107,843
		149,532	186,551
NET ASSETS		**983,474**	892,124
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**26,874**	26,874
Reserves		**956,113**	849,708
		982,987	876,582
Minority interests		**487**	15,542
TOTAL EQUITY		**983,474**	892,124

Notes:

1. **BASIS OF PREPARATION AND ACCOUNTING POLICIES**

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of the freehold land and buildings, which are carried at fair value.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management of the Group to exercise its judgement in the process of applying the Group's accounting policies.

(i) Standards, amendments and interpretations effective in 2007

In 2007, the Group adopted the HKFRS, Hong Kong Accounting Standards ("HKAS") and HK(IFRIC*)–Interpretations below, which are effective for accounting periods beginning on or after 1 January 2007 and relevant to its operations. The impacts on the Group's accounting policies are set out below.

* IFRIC: International Financial Reporting Interpretations Committee

HKFRS 7, 'Financial Instruments: Disclosures', and the complementary amendment to HKAS 1, 'Presentation of Financial Statements–Capital Disclosures', introduce quantitative and qualitative disclosures relating to financial risks and credit quality of financial instruments and discussion of capital management strategy.

HK(IFRIC)–Interpretation 10, 'Interim Financial Reporting and Impairment', prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. This standard does not have any impact on the Group's financial statements.

(ii) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following standards, amendments and interpretations to existing standards relevant to the Group's operations have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2008 or later periods, but the Group has not early adopted them:

New HKFRS/HKAS/HK(IFRIC)–Interpretations	Effective date	Description
HKAS 1 (Revised)	1 January 2009	Presentation of Financial Statements
HKAS 23 (Revised)	1 January 2009	Borrowing Costs
HKAS 27 (Revised)	1 July 2009	Consolidated and Separate Financial Statements
HKFRS 3 (Revised)	1 July 2009	Business Combinations
HKFRS 8	1 January 2009	Operating Segments
HK(IFRIC)–Interpretation 13	1 July 2008	Customer Loyalty Programmes
HK(IFRIC)–Interpretation 14	1 January 2008	HKAS 19–The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The Group has assessed the potential impact of these HKFRS, HKAS and HK(IFRIC)–Interpretations. Details of the Group's assessment are included in the annual report of the Company.

2. SEGMENT INFORMATION

(a) Primary reporting format — Business segments

The Group conducts the majority of its business activities in two segments: (i) garment manufacturing and trading, and (ii) branded product distribution and trading. The segment results are as follows:

	Garment manufacturing and trading		Branded product distribution and trading		Total	
	2007	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue	**2,592,858**	2,544,719	**320,460**	313,756	**2,913,318**	2,858,475
Segment results	**112,734**	119,708	**35,627**	25,351	**148,361**	145,059
Gain from acquisitions of additional interests in subsidiaries	**195**	590	**8**	—	**203**	590
Net rental income from investment properties					**1,471**	1,532
Finance income					**11,758**	10,494
Finance costs					**(12,192)**	(11,610)
Profit before income tax					**149,601**	146,065
Income tax expense					**(17,347)**	(25,804)
Profit for the year					**132,254**	120,261

	Garment manufacturing and trading		Branded product distribution and trading		Unallocated *(Note)*		Total	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**1,258,518**	1,140,157	**92,885**	163,056	**393,331**	334,310	**1,744,734**	1,637,523
Segment liabilities	**344,563**	332,709	**52,775**	113,497	**363,922**	299,193	**761,260**	745,399
Net assets							**983,474**	892,124
Capital expenditure	**82,237**	40,924	**27,352**	2,233	**—**	—	**109,589**	43,157
Depreciation	**46,861**	51,947	**2,764**	2,478	**1,652**	1,555	**51,277**	55,980
Amortisation of leasehold land and land use rights	**687**	484	**—**	—	**112**	173	**799**	657
Impairment of investment properties	**—**	—	**—**	—	**—**	978	**—**	978
Amortisation of license rights	**—**	—	**10,162**	6,974	**—**	—	**10,162**	6,974
Provision/(reversal of provision) for impairment of receivables	**60**	(1,462)	**176**	717	**—**	—	**236**	(745)
Write-down of inventories to net realisable value	**15,741**	14,147	**1,293**	743	**—**	—	**17,034**	14,890

Note: Unallocated assets mainly include land and buildings not in use, investment properties and corporate cash. Unallocated liabilities mainly include income tax liabilities and corporate borrowings.

(b) Secondary reporting format — Geographical segments

The Group's revenue is mainly derived from customers located in the United States of America, Asia and Europe, while the Group's production facilities and other assets are located predominantly in the People's Republic of China (the "PRC") and Thailand. The PRC includes the mainland of the PRC (the "Mainland China"), Hong Kong and Macau. An analysis of the Group's external revenue by location of customers and an analysis of the Group's assets and capital expenditure by location of assets are as follows:

	The United States of America		Asia		Europe		Total	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
External revenue	**2,153,611**	2,151,499	**468,338**	383,721	**291,369**	323,255	**2,913,318**	2,858,475

	PRC		Thailand		Other locations		Total	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**959,309**	922,591	**213,496**	213,234	**178,598**	167,388	**1,351,403**	1,303,213
Unallocated corporate assets	**355,646**	298,075	**23,379**	11,658	**14,306**	24,577	**393,331**	334,310
							1,744,734	1,637,523
Capital expenditure	**101,627**	24,251	**754**	8,911	**7,208**	9,995	**109,589**	43,157

3. REVENUE

	2007	2006
	HK$'000	*HK$'000*
Revenue		
Sales of goods	**2,894,776**	2,843,724
Commission income	**18,542**	14,751
	2,913,318	2,858,475

4. OTHER INCOME

	2007	2006
	HK$'000	*HK$'000*
Other income		
Rental income from investment properties	**1,807**	1,900
Gain on disposal of an investment	**43**	576
Gain arising on termination of a license right	**11,428**	—
Government incentive on reinvestment of profit	**5,356**	—
Quota income	**4,523**	—
Sundry income	**149**	247
	23,306	2,723

5. PROFIT FROM OPERATIONS

Profit from operations is stated after crediting and charging the following:

	2007	2006
	HK$'000	*HK$'000*
Crediting		
Net gain on disposals of property, plant and equipment	**1,955**	371
Charging		
Depreciation on property, plant and equipment	**51,088**	55,766
Depreciation on investment properties	**189**	214
Amortisation of leasehold land and land use rights	**799**	657
Amortisation of license rights	**10,162**	6,974

6. FINANCE COSTS

	2007	2006
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts	**10,203**	8,494
Imputed interest on license fees payable	**1,989**	3,116
	12,192	11,610

7. INCOME TAX EXPENSE

	2007	2006
	HK$'000	*HK$'000*
Current income tax		
Hong Kong profits tax	**22,824**	13,032
Non-Hong Kong tax	**6,433**	7,363
Deferred income tax	**(11,910)**	5,409
	17,347	25,804

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profit. Income tax on non-Hong Kong profit has been calculated on the relevant estimated assessable profit at the income tax rates prevailing in the countries/places in which the Group operates.

In early 2006, the Hong Kong Inland Revenue Department (the "HK IRD") initiated a tax audit on certain companies of the Group for the years of assessment from 1999/2000 (financial year ended 31 December 1999) to 2004/2005 (financial year ended 31 December 2004). The HK IRD has issued protective assessments to some of these companies for the years of assessment 1999/2000, 2000/2001 and 2001/2002. During the course of the tax audit, further protective assessments for subsequent years may be raised by the HK IRD with respect to these companies. Since the tax audit is still at a preliminary fact-finding stage, its outcome cannot be readily ascertained with any degree of accuracy. The management of the Group has reviewed the situation and, after seeking necessary professional advice, considers that sufficient tax related provisions have been made in the consolidated financial statements in respect of the protective assessments which the Group had received.

8. DIVIDENDS

	2007	2006
	HK$'000	*HK$'000*
Interim dividend paid — HK$0.08 (2006: HK$0.07) per share	**21,499**	18,811
Final dividend proposed — HK$0.12 (2006: HK$0.11) per share	**32,248**	29,561
	53,747	48,372

A final dividend for the year ended 31 December 2007 of HK$0.12 per share, totalling HK$32,248,000 (2006: HK$0.11 per share, totalling HK$29,561,000), is recommended by the Board for approval at the forthcoming annual general meeting of the Company. This proposed dividend has not been dealt with as dividend payable as at 31 December 2007 but will be reflected as an appropriation of retained earnings for the year ending 31 December 2008.

9. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the consolidated profit attributable to equity holders of the Company for the year ended 31 December 2007 of HK$130,263,000 (2006: HK$115,359,000) by the weighted average number of shares in issue during the year of 268,735,253 (2006: 268,735,253).

As there was no potential dilutive share, diluted earnings per share equal to the basic earnings per share.

10. ACCOUNTS RECEIVABLE AND BILLS RECEIVABLE

The aging analysis is as follows:

	2007	2006
	HK$'000	*HK$'000*
Less than 3 months	**355,402**	384,698
3 months to 6 months	**5,284**	6,989
Over 6 months	**2,616**	4,457
	363,302	396,144
Less: provision for impairment of receivables	**(2,616)**	(4,457)
	360,686	391,687

The majority of accounts receivable and bills receivable are covered by letters of credit with bills payable at sight. The remaining portion is on open account with credit term of approximately 30 days and is substantially covered by credit insurance.

11. NON-CURRENT ASSETS HELD FOR SALE

The Group has entered into an agreement to dispose of an investment property located in Hong Kong for HK$21,000,000. The disposal is scheduled to be completed by 30 April 2008 and the net gain of the disposal is estimated to be approximately HK$15,000,000. The assets relating to this investment property have been presented as non-current assets held for sale.

12. ACCOUNTS PAYABLE AND BILLS PAYABLE

The aging analysis is as follows:

	2007	2006
	HK$'000	*HK$'000*
Less than 3 months	**176,164**	189,922
3 months to 6 months	**6,665**	4,731
Over 6 months	**1,200**	2,244
	184,029	196,897

Majority of payment terms with suppliers are on letters of credit. The remaining portion is granted with credit periods ranging from 30 to 60 days.

13. CAPITAL COMMITMENTS

As at 31 December 2007, the Group had capital commitments in relation to construction of production facilities and purchase of equipment, as follows:

	2007	2006
	HK$'000	*HK$'000*
Contracted but not provided for	**10,404**	—
Authorised but not contracted for	**—**	21,318
	10,404	21,318

14. POST BALANCE SHEET EVENT

In March 2008, the Group completed its acquisition of Velmore Holdings Limited ("Velmore") and its subsidiaries (the "Velmore Group") for a cash consideration of approximately HK$180 million (equivalent of GBP11,614,000), which is to be adjusted with reference to the audited net assets value of the Velmore Group as at the completion date in accordance with the terms of the relevant acquisition agreement. Velmore Limited, the principal subsidiary of Velmore, is a full service vendor to a renowned retail chain in the United Kingdom. The fair value of Velmore's assets and liabilities at the completion date and accordingly the related goodwill resulting from the acquisition are not yet available as at the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

In this Management Discussion and Analysis, we present the business review and explain the financial performance of Tristate Holdings Limited (the "Company") and its subsidiaries (together, the "Group") for the year ended 31 December 2007.

BUSINESS REVIEW

For the year ended 31 December 2007, the total revenue of the Group was HK$2,913,318,000 (2006: HK$2,858,475,000), representing an increase of about 2% as compared with the corresponding period of 2006. Profit attributable to equity holders increased by about 13% to HK$130,263,000 (2006: HK$115,359,000).

Revenue generated from the garment manufacturing and trading segment increased by about 2% as compared with the corresponding period of 2006. This increase was mainly due to increase of orders from the Group's major customers during the year.

Revenue for the branded product distribution and trading segment increased by about 2% when compared with the corresponding period of 2006. Such increase was mainly resulting from a satisfactory revenue growth from the branded product distribution business.

Geographically, the United States of America continued to be the major export market for the Group contributing 74% (2006: 75%) of the total revenue while export sales to Asia and Europe accounted for 16% (2006: 14%) and 10% (2006: 11%) of the Group's total revenue respectively. The Group's garment manufacturing revenue is generally subject to seasonality. The management of the Group seeks to minimise the impact of seasonality by focusing on key customers with relatively even year-round orders.

Gross profit of the Group remained stable at HK$587,417,000 in 2007 (2006: HK$587,317,000) while the gross profit margin stayed at around 20%. Selling and distribution expenses increased by about 17% mainly due to the increase in export freight of the garment manufacturing segment and sales related amortisation of license right of the branded product distribution and trading segment.

On 11 July 2007, in connection with a licensor's proposal for strategic change of its brand business in the Mainland China, the Group entered into an agreement to terminate one of the branded product distribution agreements for compensation from the licensor. The net gain arising on such termination was HK$11,428,000.

During the year, the Group reinvested its earnings from the Mainland China in new and existing subsidiaries in China. Profit reinvestment in the subsidiaries located in the Mainland China resulted in government incentive of HK$5,356,000 recognised for the year.

Strong growth in profitability of the branded product distribution business and stable profit generated from the garment manufacturing business resulted in an increase in the profit attributable to equity holders of the Company from HK$115,359,000 for the year 2006 to HK$130,263,000 for the year 2007.

In early 2006, the Hong Kong Inland Revenue Department (the "HK IRD") initiated a tax audit on certain companies of the Group for the years of assessment from 1999/2000 (financial year ended 31 December 1999) to 2004/2005 (financial year ended 31 December 2004). The HK IRD has issued protective assessments to some of these companies for the years of assessment 1999/2000, 2000/2001 and 2001/2002. During the course of the tax audit, further protective assessments for subsequent years may be raised by the HK IRD with respect to these companies. Since the tax audit is still at a preliminary fact-finding stage, its outcome cannot be readily ascertained with any degree of accuracy. The management of the Group has reviewed the situation and, after seeking necessary professional advice, considers that sufficient tax related provisions have been made in the consolidated financial statements in respect of the protective assessments which the Group had received.

The two new production facilities of the Group in the Hefei Economic & Technological Development Area in Anhui Province, the Mainland China with a total factory space of about 17,000 square meters have commenced operation in 2007. The production capacity of each facility is expected to reach about 100,000 pieces per month.

In September 2007, Prime-Time Company Limited ("Prime-Time"), a wholly-owned subsidiary of the Company, made a tender offer to acquire all of the remaining shares in Hua Thai Manufacturing Public Company Limited ("Hua Thai") held by other shareholders at the tender offer price of Baht197 per share. Upon completion of the tender offer, Prime-Time's equity interest in Hua Thai increased to 99.87%. The total tender offer price paid was Baht18,104,000 (equivalent of HK$4,189,000). Immediately after the tender offer, Hua Thai requested to delist its shares from The Stock Exchange of Thailand (the "SET") and the SET's board of governors instructed Hua Thai to delist from the listing status from 15 January 2008 onwards.

The Group continues to dispose of its non-core assets. In December 2007, a wholly-owned subsidiary of the Company entered into a provisional agreement with an independent third party to dispose of an industrial property at a total consideration of HK$21,000,000. It is expected that the transaction will be completed at the end of April 2008.

On 25 January 2008, Sharp Hero International Limited ("Sharp Hero"), a wholly-owned subsidiary of the Company, and Mr. Derek Anthony MORTON and Ms. Stephanie Vera MORTON (the "Vendors") entered into a share purchase agreement, pursuant to which Sharp Hero has conditionally agreed to purchase from the Vendors the entire issued share capital of Velmore Holdings Limited ("Velmore") for, subject to adjustments, a total consideration of approximately HK$180 million (equivalent of GBP11,614,000).

Velmore is an investment company incorporated in England with limited liability. Its principal subsidiary, Velmore Limited, is a full service vendor to a renowned retail chain in the United Kingdom. Services provided by Velmore and its subsidiaries (the "Velmore Group") include garment design, fabric development and testing, sample making, raw materials procurement, manufacture subcontracting and quality inspection. Velmore holds equity interests in two garment manufacturers in Morocco. The acquisition was completed on 14 March 2008. Further details of the above transaction were set out in the announcement and the circular of the Company dated 29 January 2008 and 31 March 2008 respectively.

Save as disclosed above, there were no material acquisitions or disposals of subsidiaries or associated companies or investment in associated companies during the year 2007 and up to the date of this announcement and no important events affecting the Group have occurred since the year ended 31 December 2007 and up to the date of this announcement.

FINANCIAL RESOURCES AND LIQUIDITY

During the year, the Group continued to maintain a healthy liquidity position. As at 31 December 2007, cash and cash equivalents amounted to HK$389,398,000 (2006: HK$331,257,000) which were mainly denominated in United States dollars and Chinese Renminbi. The short-term bank borrowings of the Group amounted to HK$227,092,000 as at 31 December 2007 (2006: HK$163,626,000). The borrowings were denominated in United States dollars and Thai Bahts. HK$54,731,000 and HK$172,361,000 of the short-term bank borrowings were bearing interest at fixed rates and floating rates respectively. The Group maintained sufficient banking facilities and did not have any long-term bank borrowings outstanding as at 31 December 2007. Facilities extended to the subsidiaries were not charged with the Group's assets. As the Group did not have net bank borrowings as at 31 December 2007 and 2006, no information on gearing ratio as at 31 December 2007 and 2006 is provided.

Most of the Group's receipts and payments were denominated in Hong Kong dollars, Chinese Renminbi or United States dollars. The management of the Group monitors the related foreign exchange risk exposure closely and considers hedging significant foreign exchange risk should the need arises.

CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

Except for the capital commitments described in Note 13 to this announcement, there were no material capital commitments or contingent liabilities as at 31 December 2007 which would require a substantial use of the Group's present cash resources or external funding.

HUMAN RESOURCES

The Group has about 20,000 (2006: 19,000) employees as at 31 December 2007. Fair and competitive remuneration packages and benefits are offered to competent employees. Discretionary bonuses are granted to eligible employees with outstanding performance. In addition, a new share option scheme was adopted by the Board on 2 April 2007 and approved by the shareholders at the annual general meeting of the Company held on 6 June 2007 for granting of options to eligible persons to subscribe for shares in the Company.

FUTURE DEVELOPMENT

The management is confident that the Group will benefit from the strategic acquisition of the Velmore Group. Velmore Limited, the principal subsidiary of Velmore, has been a full service vendor to a renowned retail chain in the United Kingdom, which is also a customer of the Group, for over 20 years. The Velmore Group has a strong design and sales team based in the United Kingdom. The acquisition will allow the Group to extend its scope of services offered to include garment design, fabric development and testing, and in particular, to provide complete apparel solutions to customers in the United Kingdom. The Group plans to extend similar services to its customers in the United States of America. Current sales orders on hand of the Group are consistent with that of the last comparable period.

Going forward, the Group will continue focusing on its core customers and product offerings and at the same time explore business opportunities to expand the existing business segments. We will constantly review our systems to improve our production efficiency and control our costs to improve margins. We will also continue to look for branded product distribution rights from licensors to broaden our brands portfolio. The Group will strive to deliver satisfactory returns to our shareholders.

CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the year ended 31 December 2007, the Company has complied with code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except for the deviations from code provisions A.2.1 and B.1.1. By the third quarter of 2007, action has been taken resulting in compliance with code provision B.1.1.

During the year 2007 and up to the date of this announcement, Mr. WANG Kin Chung, Peter is the Chairman and the Chief Executive Officer (the "CEO") of the Company, and that the functions of the Chairman and the CEO in the Company's strategic planning and development process overlap. These constitute a deviation from code provision A.2.1 of the Code which stipulates that the roles of the Chairman and the CEO should be separate and should not be performed by the same individual. However, the Board considered that it is beneficial to the Company that the Chairman and the CEO both take part in the Company's strategic planning and development process. The Board also considers that it would be appropriate and in the best interests of the Company and its shareholders as a whole that Mr. WANG Kin Chung, Peter holds both the offices of the Chairman and the CEO given the current size of the Group and its present stage of development.

Following the resignation of Mr. YUAN Ching Man, James as an Independent Non-Executive Director on 3 April 2007, the number of Independent Non-Executive Directors was below three and the Company was temporarily non-compliant with rule 3.10(1) of the Listing Rules. Subsequent to the appointment of Professor John Zhuang YANG as an Independent Non-Executive Director on 28 August 2007, the Company was in compliance with rule 3.10(1) of the Listing Rules, and at least one-third of the number of the Board members are Independent Non-Executive Directors.

Following the resignation of Mr. YUAN Ching Man, James as a member of the Remuneration Committee on 3 April 2007, the Company was temporarily non-compliant with code provision B.1.1 of the Code which requires that a majority of the members of the Remuneration Committee should be Independent Non-Executive Directors. Subsequent to the resignation of Mr. WANG Kin Chung, Peter as a member of the Remuneration Committee on 28 June 2007, the Company was in compliance with code provision B.1.1 of the Code. On 28 August 2007, Professor John Zhuang YANG was appointed as a member of the Remuneration Committee.

Following the resignation of Mr. YUAN Ching Man, James as a member of the Audit Committee on 3 April 2007, the Company was temporarily non-compliant with rule 3.21 of the Listing Rules which requires that the Audit Committee must comprise a minimum of three members. Subsequent to the appointment of Mr. James Christopher KRALIK, an existing Independent Non-Executive Director, as a member of the Audit Committee on 28 August 2007, the Company was in compliance with rule 3.21 of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company did not redeem any of its shares during the year. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's shares during the year.

PROPOSED FINAL DIVIDEND

An interim dividend of HK$0.08 per share amounting to HK$21,499,000 was paid on 17 October 2007 (2006: HK$0.07 per share, totalling HK$18,811,000). The Board recommends the payment of a final dividend of HK$0.12 per share, totalling HK$32,248,000 for the year ended 31 December 2007 (2006: HK$0.11 per share, totalling HK$29,561,000).

The proposed final dividend, if approved at the forthcoming annual general meeting of the Company to be held on 2 June 2008, is expected to be paid on 5 June 2008 to the shareholders of the Company whose names appear on the register of members of the Company on 2 June 2008.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed for the period from Tuesday, 27 May 2008 to Monday, 2 June 2008, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 26 May 2008.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held at Room 5A, 5/F., 66-72 Lei Muk Road, Kwai Chung, New Territories, Hong Kong at 10:00 a.m. on Monday, 2 June 2008 (the "Annual General Meeting"). The notice of Annual General Meeting will be published and despatched to the shareholders of the Company in the manner as required by the Listing Rules on or about 21 April 2008.

PUBLICATION OF ANNUAL REPORT

The Annual Report 2007 of the Company will be dispatched to the shareholders of the Company and available for viewing on the website of Hong Kong Exchanges and Clearing Limited at http://www.hkexnews.hk and on the website of the Company at http://www.tristateww.com/investor/index.asp under "*Annual/Interim Reports*" on or about 21 April 2008.

AUDIT COMMITTEE

The Audit Committee has reviewed the audited consolidated financial statements and the annual report of the Group for the year ended 31 December 2007 with the auditor and the management of the Company and recommended them to the Board for approval.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2007 have been agreed by the Company's auditor to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2007.

On behalf of the Board
WANG Kin Chung, Peter
Chairman and Chief Executive Officer

Hong Kong, 7 April 2008

As at the date of this announcement, the Board of the Company comprises one Executive Director, Mr. WANG Kin Chung, Peter; four Non-Executive Directors, namely Ms. WANG KOO Yik Chun, Ms. Leslie TANG SCHILLING, Ms. MAK WANG Wing Yee, Winnie and Dr. WANG Shui Chung, Patrick; and three Independent Non-Executive Directors, namely Mr. LO Kai Yiu, Anthony, Mr. James Christopher KRALIK and Professor John Zhuang YANG.