

On behalf of the Board of Directors, I have pleasure in presenting this report together with the audited financial statements of Tristate Holdings Limited (“the Company”) and its subsidiaries (“the Group”) for the year ended December 31, 2000.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are shown in Note 19 to the financial statements.

An analysis of the Group’s turnover and contribution to profit from operations by principal activities and markets is as follows:

	Turnover		Profit from operations	
	2000	1999	2000	1999
	HK\$	HK\$	HK\$	HK\$
By principal activities:				
Garment manufacturing	1,791,508,123	1,507,304,561	90,853,236	62,439,319
Retail and trading	640,383,061	566,340,303	43,994,417	18,387,940
Others	—	—	—	298,165
	<u>2,431,891,184</u>	<u>2,073,644,864</u>	<u>134,847,653</u>	<u>81,125,424</u>
By principal markets:				
The United States	1,491,133,328	1,405,184,826		
Asia	609,531,235	359,132,031		
Europe	331,226,621	309,328,007		
	<u>2,431,891,184</u>	<u>2,073,644,864</u>		

## MAJOR CUSTOMERS AND SUPPLIERS

The Group’s top five customers accounted for approximately 38% (1999 - 40%) of the total sales. The top five suppliers accounted for approximately 29% (1999 - 26%) of the total purchases for the year. In addition, the Group’s largest customer accounted for approximately 11% (1999 - 13%) of the total sales and the Group’s largest supplier accounted for approximately 19% (1999 - 19%) of the total purchases for the year.

Hua Thai Manufacturing Public Company Limited and its subsidiaries (collectively known as “Hua Thai”) is one of the five largest suppliers of the Group referred to above. Details of transactions between the Group and Hua Thai are set out in Note 4 to the financial statements. The associates of Mr. Wang Kin Chung, Peter, the Chairman and Chief Executive Officer of the Company, had beneficial interests in Hua Thai. In the opinion of the directors, such transactions were carried out on terms no more favourable than terms available to independent third parties.

Save as aforementioned, at no time during the year, the directors, their associates, or any shareholders which, to the knowledge of the directors, own more than 5% of the Company's share capital have a beneficial interest in any one of the Group's top five customers and/or suppliers.

## RESULTS AND APPROPRIATIONS

The results of the Group for the year ended December 31, 2000 are set out on pages 52 and 53 of the financial statements.

The directors declared an interim dividend of HK\$0.06 per share, totalling HK\$15,803,415, which was paid on October 9, 2000. The directors recommend the payment of a final dividend of HK\$0.12 per share, totalling HK\$31,606,830, and recommend that the retained profits of HK\$16,189,503 of the Company at December 31, 2000 be carried forward.

## SHARE CAPITAL

Details of share capital of the Company are set out in Note 26 to the financial statements.

## RESERVES

Movements in reserves during the year are set out in Note 27 to the financial statements.

As at December 31, 2000, the Company's reserves of HK\$431,020,453 and retained profits of HK\$16,189,503 were available for distribution to its shareholders.

## SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in Note 19 to the financial statements.

## FIXED ASSETS

Details of the movements in fixed assets are set out in Note 16 to the financial statements.

## DIRECTORS

The directors of the Company who held office during the year and up to the date of this report were:

*Executive directors:*

Mr. Wang Kin Chung, Peter (*Chairman*)  
Mr. Wu Ching Her  
Mr. Chen Nam Zhang  
Mr. Lo Chak Wa

*Non-executive directors:*

Ms. Wang Koo Yik Chun (*Honorary Co-chairlady*)  
Mr. Tang Chi Chien, Jack (*Honorary Co-chairman*)  
Mrs. Leslie Tang Schilling  
Ms. Mak Wang Wing Yee, Winnie  
Mr. Wang Shui Chung, Patrick

*Independent non-executive directors:*

Mr. Yuan Ching Man, James  
Mr. Lo Kai Yiu, Anthony

With effect from April 9, 2001, the offices of the following directors have been redesignated:

- (a) Mr. Wang Kin Chung, Peter, previously the Company's President and Chief Executive Officer, has been appointed Chairman of the Company. Mr. Wang continues to act as Chief Executive Officer and executive director of the Company;
- (b) Ms. Wang Koo Yik Chun, previously the Company's Co-chairlady, has been appointed Honorary Co-chairlady of the Company. Subsequent to such redesignation, Ms. Koo becomes a non-executive director of the Company; and
- (c) Mr. Tang Chi Chien, Jack, previously the Company's Co-chairman, has been appointed Honorary Co-chairman of the Company and remains as a non-executive director of the Company.

In accordance with Bye-Laws 85 and 86 of the Company, Mr. Lo Chak Wa, Ms. Mak Wang Wing Yee, Winnie and Mr. Yuan Ching Man, James retire and, being eligible, offer themselves for re-election.

None of the directors has a contract which is not terminable by the Company within one year without payment of compensation.