

## SHAREHOLDERS' INFORMATION AND CORPORATE GOVERNANCE

### INTERIM DIVIDEND

The board of Directors (the "Board" or the "Directors") of Tristate Holdings Limited (the "Company") has resolved to declare an interim dividend of HK\$0.07 per share for the six months ended 30 June 2006, amounting to a total of HK\$18,811,000 (2005: HK\$0.09 per share, totalling HK\$24,186,000). The interim dividend will be payable on Thursday, 19 October 2006 to shareholders whose names appear on the Register of Members of the Company on Friday, 13 October 2006.

### CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed for the period from Monday, 9 October 2006 to Friday, 13 October 2006, both days inclusive, during which period, no transfer of shares will be registered. In order to qualify for the interim 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 46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Friday, 6 October 2006.

### DISCLOSURE OF INTERESTS

#### Directors' interests in securities

As at 30 June 2006, the interests and short positions of the Directors and the chief executive of the Company in shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were (i) recorded in the register kept by the Company pursuant to Section 352 of the SFO; or (ii) otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") under Appendix 10 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules"), were as follows:

#### *Interests in shares of the Company*

Name of Director	Long/short position	Number of shares held				Total	Approximate percentage of issued share capital
		Directly beneficially owned	Through spouse or minor children	Through controlled corporation(s)	Through discretionary trust(s)/as beneficiary or trustee of trust(s)		
Mr. WANG Kin Chung, Peter	Long position	-	3,000,000 (Note a)	178,427,000 (Note b)	-	181,427,000	67.51%
Ms. WANG KOO Yik Chun	Long position	-	-	-	1,537,000 (Note c)	1,537,000	0.57%

#### *Interests in shares of Hua Thai Manufacturing Public Company Limited ("Hua Thai")*

Name of Director	Long/short position	Class	Number of shares held		Total	Approximate percentage of issued share capital
			Directly beneficially owned	Through spouse or minor children		
Ms. WANG KOO Yik Chun	Long position	Ordinary share	-	2,500 (Note d)	2,500	0.03%

Save as disclosed above, as at 30 June 2006, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) recorded in the register kept by the Company pursuant to Section 352 of the SFO; or (ii) notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

## SHAREHOLDERS' INFORMATION AND CORPORATE GOVERNANCE (continued)

### Substantial shareholders

The register maintained under Section 336 of the SFO shows that, as at 30 June 2006, the Company had been notified that the following persons (not being a Director or the chief executive of the Company) were interested in the following interests and/or short positions in the shares or underlying shares of the Company:

Name of shareholder	Long/short position	Number of shares held				Total	Approximate percentage of issued share capital
		Directly beneficially owned	Through spouse or minor children	Through controlled corporation(s)	Through discretionary trust(s)/as beneficiary or trustee of trust(s)		
Ms. Daisy TING	Long position	3,000,000	178,427,000 (Note e)	-	-	181,427,000	67.51%
Silver Tree Holdings Inc.	Long position	178,427,000 (Note b)	-	-	-	178,427,000	66.40%
Mr. TANG Yue Nien, Martin	Long position	-	-	-	23,860,000 (Note f)	23,860,000	8.88%
HSBC International Trustee (New Zealand) Limited	Long position	-	-	-	29,206,000 (Notes f and g)	29,206,000	10.87%
HSBC International Trustee Limited	Long position	-	-	29,206,000 (Note h)	10,000 (Note h)	29,216,000	10.87%

Save as disclosed above, as at 30 June 2006, no other person (other than a Director or the chief executive of the Company) known to any Director or the chief executive of the Company had an interest or short position in the shares or underlying shares which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Notes to paragraphs headed "Directors' interests in securities" and "Substantial shareholders" respectively under section headed "Disclosure of Interests" above (per information as at 30 June 2006):

- 3,000,000 shares were beneficially owned by Ms. Daisy TING, the spouse of Mr. WANG Kin Chung, Peter.
- 178,427,000 shares were beneficially owned by Silver Tree Holdings Inc., a company wholly-owned by Mr. WANG Kin Chung, Peter.
- 1,379,000 shares were held by Euroworld Investment Holding Corporation (under the registered name of HKSCC Nominees Limited) as trustee of a unit trust (the "Unit Trust"), units of which were held by a trust, the discretionary objects of which included Ms. WANG KOO Yik Chun. Another 158,000 shares were held by Main World Investment Limited, the entire issued share capital of which was beneficially owned by the Unit Trust.
- 2,500 shares in Hua Thai were held by the late Mr. WANG Seng Liang, the spouse of Ms. WANG KOO Yik Chun.
- 178,427,000 shares were beneficially owned by Silver Tree Holdings Inc., a company wholly-owned by Mr. WANG Kin Chung, Peter (see Note b), the spouse of Ms. Daisy TING.
- HSBC International Trustee (New Zealand) Limited held 23,860,000 shares as trustee of a trust of which Mr. TANG Yue Nien, Martin was a discretionary beneficiary.
- HSBC International Trustee (New Zealand) Limited held 29,206,000 shares as trustee for various trusts and all the shares were registered in the name of HSBC International Trustee Limited.
- 29,206,000 shares were held by HSBC International Trustee (New Zealand) Limited (see Notes f and g), a company accustomed/obliged to act in accordance with the directions or instructions of HSBC International Trustee Limited. Another 10,000 shares were held by HSBC International Trustee Limited as trustee (other than a bare trustee).

### SHARE OPTIONS

A share option scheme was adopted by the shareholders of the Company at the special general meeting held on 28 November 1997, pursuant to which options may be granted to full-time employees (including executive directors) of the Company or its subsidiaries to subscribe for shares in the Company (the "Share Option Scheme"). The Share Option Scheme will remain in force for a period of ten years from 28 November 1997. As at the date of this Interim Report, 20,994,025 shares, representing 7.81% of the issued share capital of the Company, are available for issue under the Share Option Scheme and in compliance with Chapter 17 of the Listing Rules.

No share options under the Share Option Scheme were outstanding at the beginning and at the end of the six months ended 30 June 2006 and no share options were granted, exercised, cancelled or lapsed during the said period.

### PURCHASE, SALE OR REDEMPTION OF SHARES

The Company did not redeem any of its shares during the six months ended 30 June 2006. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's shares during the six months ended 30 June 2006.

### CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2006, except for the deviation from code provision A.2.1.

Under code provision A.2.1 of the Code, the roles of Chairman and Chief Executive Officer ("CEO") should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and CEO should be clearly established and set out in writing.

During the six months ended 30 June 2006 and up to the date of this Interim Report, Mr. WANG Kin Chung, Peter is the Chairman and CEO of the Company, and that the functions of the Chairman and CEO in the Company's strategic planning and development process overlap. These constitute a deviation from code provision A.2.1 of the Code. However, the Board considered that it is beneficial to the Company that the Chairman and CEO both take part in the Company's strategic planning and development process. The Board also considers that it might not be beneficial to the Company and its shareholders as a whole to have separate individuals occupying the offices of Chairman and CEO given the current size of the Company and its subsidiaries (together, the "Group") and its stage of development.

### MODEL CODE

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard set out in the Model Code. By responding to specific enquiries from the Company, the Directors confirmed that they had complied with the required standard set out in the Model Code and the Company's code of conduct regarding securities transactions by the Directors throughout the six months ended 30 June 2006.

### AUDIT COMMITTEE

The Audit Committee comprises Mr. LO Kai Yiu, Anthony and Mr. YUAN Ching Man, James (being the independent non-executive Directors), and Ms. MAK WANG Wing Yee, Winnie (being the non-executive Director). The Audit Committee has reviewed the unaudited Condensed Consolidated Interim Financial Information and the Interim Report of the Group for the six months ended 30 June 2006 in conjunction with management of the Company.

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

Hong Kong, 15 September 2006