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Tristate Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 458)

CONNECTED TRANSACTION IN RELATION TO THE TENANCY AGREEMENT

The Board wishes to announce that on 13 February 2023, Gold Flower, a wholly-owned subsidiary of the Company, has entered into the New Tenancy Agreement with TDB for the leasing of the Premises.

As the entire issued share capital of TDB is held by a discretionary trust of which Ms. WANG KOO Yik Chun, being a Director, is an eligible beneficiary, TDB is a connected person of the Company for the purpose of the Listing Rules. Accordingly, the New Tenancy Agreement constitutes a connected transaction of the Company under the Listing Rules.

In accordance with HKFRS 16 “Leases”, the Company will recognise the right-of-use asset on its consolidated statement of financial position in connection with the New Tenancy Agreement. Accordingly, the entering into of the New Tenancy Agreement will be regarded as an acquisition of asset by the Group which will constitute one-off connected transaction for the Company under Chapter 14A of the Listing Rules

As one or more of the applicable percentage ratios in respect of the estimated value of the right-of-use asset to be recognised by the Group under the New Tenancy Agreement are more than 0.1% but less than 5%, the entering into of the New Tenancy Agreement is only subject to the announcement and annual reporting requirements under Rules 14A.35 and 14A.49 of the Listing Rules and is exempt from the circular and independent shareholders’ approval requirements under the Listing Rules.

BACKGROUND

Reference is made to the announcement of the Company dated 1 February 2021 in respect of the Existing Tenancy Agreement made between Gold Flower, a wholly-owned subsidiary of the Company, as tenant, and TDB, as landlord. In view of the forthcoming expiration of the Existing Tenancy Agreement on 31 March 2023, Gold Flower has entered into the New Tenancy Agreement with TDB on 13 February 2023 for the leasing of the Premises.

PRINCIPAL TERMS OF THE NEW TENANCY AGREEMENT

Term:	Two years from 1 April 2023 to 31 March 2025 (both days inclusive)
Monthly rent:	HK\$320,000 (excluding management fees, government rates and government rent)
Premises:	Ground Floor, 4th Floor, 5th Floor, 9th Floor, and a portion of flat roofs on 3rd Floor, Tak Tai Industrial Building, 66-72 Lei Muk Road, Kwai Chung, New Territories, Hong Kong (the “Building”)

The rent payable under the New Tenancy Agreement is no less favourable to Gold Flower than those for comparable premises available from independent third parties and has been arrived at by reference to comparable rental transactions and offerings as available in the relevant market with similar age, size, use and attributes.

USE OF THE PREMISES

The Premises will be occupied by the Company and certain of its subsidiaries for factory, storage and ancillary office uses.

REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW TENANCY AGREEMENT

Since April 1999, the Company through its wholly-owned subsidiary, has been leasing certain floors of the Building from TDB for use by the Company and certain of its subsidiaries as their principal place of business in Hong Kong. The Existing Tenancy Agreement shall expire on 31 March 2023. The Company considers it to be commercially necessary and beneficial to enter into the New Tenancy Agreement so that the Company and such subsidiaries can continue to use the Premises as their principal place of business in Hong Kong and avoid any relocation costs and disruption of operation.

The terms of the New Tenancy Agreement were arrived at after arm’s length negotiations between Gold Flower and TDB and on the basis of the valuation made by an independent property valuer by reference to comparable rental transactions and offerings as available in the relevant market with similar age, size, use and attributes. The Board (including the independent non-executive Directors) considers that entering into the New Tenancy Agreement is in the ordinary and usual course of business of the Group, is on normal commercial terms and such terms are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE GROUP AND TDB

The Group (including Gold Flower) is principally engaged in (i) garment manufacturing; and (ii) brands business. TDB is an investment holding company.

LISTING RULES IMPLICATIONS

As the entire issued share capital of TDB is held by a discretionary trust of which Ms. WANG KOO Yik Chun, being a Director, is an eligible beneficiary, TDB is a

connected person of the Company for the purpose of the Listing Rules. Accordingly, the New Tenancy Agreement constitutes a connected transaction of the Company under the Listing Rules.

Ms. WANG KOO Yik Chun has material interests in the New Tenancy Agreement and has abstained from voting on the relevant board resolutions approving the New Tenancy Agreement.

In accordance with HKFRS 16 “Leases”, the Company will recognise the right-of-use asset on its consolidated statement of financial position in connection with the New Tenancy Agreement. Accordingly, the entering into of the New Tenancy Agreement will be regarded as an acquisition of asset by the Group which will constitute one-off connected transaction for the Company under Chapter 14A of the Listing Rules. The value of the right-of-use asset to be recognised by the Company under the New Tenancy Agreement is expected to be approximately HK\$7,336,000, which includes the present value of lease payment to be made during the term in accordance with HKFRS 16 “Leases”. A discount rate of 5.72% per annum is adopted in calculating the present value of the lease payment.

As one or more of the applicable percentage ratios in respect of the estimated value of the right-of-use asset to be recognised by the Group under the New Tenancy Agreement are more than 0.1% but less than 5%, the entering into of the New Tenancy Agreement is only subject to the announcement and annual reporting requirements under Rules 14A.35 and 14A.49 of the Listing Rules and is exempt from the circular and independent shareholders’ approval requirements under the Listing Rules.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions shall have the following meanings:

“Board”	the board of Directors
“Building”	Tak Tai Industrial Building, 66-72 Lei Muk Road, Kwai Chung, New Territories, Hong Kong
“Company”	Tristate Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Director”	the director of the Company
“Existing Tenancy Agreement”	the tenancy agreement dated 1 February 2021 made between Gold Flower and TDB in respect of the leasing of the premises at Ground Floor, 4th to 6th Floors, 8th to 10th Floors, and a portion of flat roofs on 3rd Floor of the Building for two years from 1 April 2021 to 31 March 2023 (both days inclusive).

“Gold Flower”	Gold Flower Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Tenancy Agreement”	the tenancy agreement dated 13 February 2023 made between Gold Flower and TDB in respect of the leasing of the Premises, particulars of which are set out in this announcement
“Premises”	Ground Floor, 4th Floor, 5th Floor, 9th Floor, and a portion of flat roofs on 3rd Floor of the Building
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TDB”	TDB Company Limited, a company incorporated in the British Virgin Islands with its entire issued share capital being held by a discretionary trust of which Ms. WANG KOO Yik Chun, being a Director, is an eligible beneficiary
“%”	per cent.

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

Hong Kong, 13 February 2023

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