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BAR PACIFIC®

BAR PACIFIC GROUP HOLDINGS LIMITED

太平洋酒吧集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8432)

**FIRST QUARTERLY RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 30 JUNE 2022**

The board of directors of Bar Pacific Group Holdings Limited (the “**Company**”, the “**Directors**” and the “**Board**”, respectively) announces the unaudited results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the three months ended 30 June 2022 (the “**First Quarterly Results**”). The First Quarterly Results have been reviewed by the Company’s audit committee and approved by the Board on 10 August 2022.

This announcement, containing the full text of the 2022/23 first quarterly report of the Company (the “**First Quarterly Report**”), complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (“**GEM Listing Rules**”) in relation to information to accompany preliminary announcement of the First Quarterly Results. Printed version of the First Quarterly Report will be delivered to the shareholders of the Company and available for viewing on the websites of the Stock Exchange at www.hkexnews.hk and of the Company at www.barpacific.com.hk on 15 August 2022.

By order of the Board
Bar Pacific Group Holdings Limited
Tse Ying Sin Eva

Chairlady, Chief Executive Officer and Executive Director

Hong Kong, 10 August 2022

As at the date of this announcement, the executive Directors are Ms. Tse Ying Sin Eva (Chairlady and Chief Executive Officer), Ms. Chan Ching Mandy and Ms. Chan Tsz Tung; and the independent non-executive Directors are Mr. Chan Chun Yeung Darren, Mr. Chin Chun Wing and Mr. Tang Wing Lam David.

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange (www.hkexnews.hk) for at least seven days from the date of its publication and will also be published on the Company’s website (www.barpacific.com.hk).

In the case of inconsistency, the English text of this announcement shall prevail over the Chinese text.



CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “GEM” AND “STOCK EXCHANGE”, RESPECTIVELY)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (collectively the “Directors” or individually a “Director”) of Bar Pacific Group Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

Any announcement, notice or other document of the Company published on the website of the Stock Exchange at www.hkexnews.hk will remain on the “Latest Listed Company Information” page for a minimum period of 7 days from the date of publication and on the website to the Company at www.barpacific.com.hk.

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BOARD OF DIRECTORS

Executive Directors

Ms. Tse Ying Sin Eva
(Chairlady and Chief Executive Officer)
Ms. Chan Ching Mandy
Ms. Chan Tsz Tung

Independent Non-Executive Directors

Mr. Chan Chun Yeung Darren
Mr. Chin Chun Wing
Mr. Tang Wing Lam David

BOARD COMMITTEES

Audit Committee

Mr. Chan Chun Yeung Darren *(Chairman)*
Mr. Chin Chun Wing
Mr. Tang Wing Lam David

Remuneration Committee

Mr. Chin Chun Wing *(Chairman)*
Ms. Tse Ying Sin Eva
Mr. Chan Chun Yeung Darren

Nomination Committee

Ms. Tse Ying Sin Eva *(Chairlady)*
Mr. Chin Chun Wing
Mr. Chan Chun Yeung Darren

COMPANY SECRETARY

Mr. Chow Tsz Lun

COMPLIANCE OFFICER

Ms. Chan Tsz Tung

AUTHORISED REPRESENTATIVES

Ms. Tse Ying Sin Eva
Ms. Chan Ching Mandy (alternative to Ms. Tse Ying Sin Eva)
Mr. Chow Tsz Lun

INDEPENDENT AUDITOR

BDO Limited

LEGAL ADVISOR

as to Hong Kong laws
Sidley Austin

REGISTERED OFFICE

Second Floor, Century Yard
Cricket Square
P.O. Box 902
Grand Cayman, KY1-1103
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room D2, 11/F, Phase 2
Hang Fung Industrial Building
2G Hok Yuen Street
Hung Hom
Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Tricor Services (Cayman Islands) Limited
Second Floor, Century Yard
Cricket Square
P.O. Box 902
Grand Cayman, KY1-1103
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

The address will be changed to the following on or after
15 August 2022:
17/F, Far East Finance Centre
16 Harcourt Road, Admiralty
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited

COMPANY'S WEBSITE

www.barpacific.com.hk
(information on this website does not form part of this report)

LISTING INFORMATION

Place of Listing

GEM of The Stock Exchange of Hong Kong Limited

Stock Code

8432

Board Lots

10,000 shares

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 30 June 2022

	NOTES	Three months ended 30 June	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Revenue	4	22,560	8,495
Other income	5	6,111	9,241
COVID-19-related rent concession		1,261	1,014
Cost of inventories sold		(5,603)	(1,848)
Staff costs		(9,270)	(6,916)
Depreciation of property, plant and equipment		(2,698)	(1,814)
Depreciation of right-of-use assets		(7,046)	(5,022)
Property rentals and related expenses		(999)	(860)
Other operating expenses		(4,990)	(4,293)
Finance costs	6	(1,063)	(829)
Loss before income tax	7	(1,737)	(2,832)
Income tax expense	8	(68)	–
Loss and total comprehensive income for the period		(1,805)	(2,832)
Loss and total comprehensive income for the period attributable to:			
Owners of the Company		(1,741)	(2,781)
Non-controlling interests		(64)	(51)
		(1,805)	(2,832)
		HK cents	HK cents
Loss per share			
Basic and diluted (HK cents)	10	(0.20)	(0.32)





CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2022

	Attributable to owners of the Company						Non-controlling interests		Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000 (Note a)	Special reserve HK\$'000 (Note b)	Other reserves HK\$'000 (Note c)	Accumulated loss HK\$'000	Total HK\$'000	interests HK\$'000	
At 1 April 2022 (audited)	8,600	57,060	6,065	(8,093)	(1,347)	(50,644)	11,641	5,310	16,951
Loss and total comprehensive income for the period	-	-	-	-	-	(1,741)	(1,741)	(64)	(1,805)
At 30 June 2022 (unaudited)	8,600	57,060	6,065	(8,093)	(1,347)	(52,385)	9,900	5,246	15,146
At 1 April 2021 (audited)	8,600	57,060	6,065	(8,093)	(1,347)	(40,382)	21,903	5,498	27,401
Loss and total comprehensive income for the period	-	-	-	-	-	(2,781)	(2,781)	(51)	(2,832)
At 30 June 2021 (unaudited)	8,600	57,060	6,065	(8,093)	(1,347)	(43,163)	19,122	5,447	24,569

Notes:

- (a) The capital reserve represents the difference between the value of the consideration paid for the acquisition of additional interest in subsidiaries and the nominal value of the issued ordinary shares of Bar Pacific Group Limited (“**Bar Pacific BVI**”), a subsidiary of the Company.
- (b) Pursuant to a group reorganisation to rationalise the structure of the Group (the “**Reorganisation**”) in preparation for the listing of the Company’s shares (the “**Shares**”) on the GEM on 11 January 2017 (the “**Listing**” and the “**Listing Date**”, respectively), the Company became the holding company of the companies now comprising the Group (as defined in note 1 on P. 6) on 15 December 2016 with the issue of the Shares to acquire Bar Pacific BVI from the then shareholders.

Special reserve represents the difference between the entire issued share capital of Bar Pacific BVI and the consideration for acquiring Bar Pacific BVI by the Company pursuant to the Reorganisation completed on 15 December 2016.

- (c) Other reserves represent the difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received due to the changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries other than set out in note (a) above.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2022

1. GENERAL INFORMATION

Bar Pacific Group Holdings Limited is a public limited company incorporated in the Cayman Islands and its shares are listed on the GEM of the Stock Exchange. The addresses of the Company's registered office and principal place of business are Second Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands and Room D2, 11/F, Phase 2, Hang Fung Industrial Building, 2G Hok Yuen Street, Hungghom, Kowloon, Hong Kong, respectively.

The Company's immediate holding company and ultimate holding company are Moment to Moment Company Limited and Harneys Trustees Limited, respectively. Both companies are incorporated in the British Virgin Islands ("BVI").

The Company and its subsidiaries (the "**Group**") are principally engaged in operation of chain of bars and restaurants in Hong Kong under brands "Bar Pacific", "Katachi", "Moon Ocean" and "Pacific" and property investments in Hong Kong.

The unaudited condensed consolidated financial statements of the Company and its subsidiaries (the "**Group**") for the three months ended 30 June 2022 (the "**Period**") are presented in Hong Kong dollars ("**HK\$**"), which is also the same as the functional currency of the Company.

The Group's revenue mainly generated from operation of bars. The outbreak of the COVID-19 pandemic and the related anti-epidemic measures implemented by the Government of Hong Kong Special Administrative Region ("**HKSAR**"), including temporary closure of bars and pubs, requirements on vaccination and negative rapid antigen test result of patrons, reduction in seating capacity, and limiting the operating hours and maximum number of patrons per table had significantly impacted the Group's business and operation during the Period. During the Period, no revenue was generated from the Group's operation of bars for the periods from 1 April 2022 to 18 May 2022, when all bars and pubs in Hong Kong were shut down under the government-imposed restrictions. On 14 June 2022, the Government of HKSAR announced that patrons are required to present proof of a negative antigen result within 24 hours before entering bars and pubs.

As at 30 June 2022, the Group breached a covenant of its bank borrowings amounting to HK\$47,929,000.

The above events and conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business. Such requirements remain effective thereafter.





NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2022

1. GENERAL INFORMATION (Continued)

For the purpose of assessing the appropriateness of the use of going concern basis in preparing these unaudited consolidated financial statements, the Directors of the Company have prepared a cash flow forecast covering a period of 12 months from the date of approval of these condensed consolidated financial statements (the “**Forecast**”). The Directors have taken into account the past performance of the Group, the latest anti-pandemic measures implemented by the Government of HKSAR, and the following plans and measures taken by the management to improve the Group’s liquidity and financial position in the preparation of the Forecast:

- (i) Having communicated with the bank about the breach of the covenant of its bank borrowings amounting to HK\$47,929,000 and in discussion with the bank to maintain the existing banking loan facilities, the management expects that the Group would be able to maintain such banking loan facilities as last year. When necessary, the Group would dispose of the properties owned by the Group which are pledged as collaterals for securing the banking facilities in order to repay the Group’s bank borrowings and use any remaining proceeds to finance the Group’s operations; and
- (ii) Where necessary, the Group would apply for additional loans under the SME Financing Guarantee Scheme that is launched by The HKMC Insurance Limited (“**HKMCI Limited**”) and the loans under such scheme are fully guaranteed by the Government of HKSAR and the personal guarantees from Ms. Tse Ying Sin Eva (“**Ms. Tse**”), Ms. Chan Ching Mandy and Ms. Chan Tsz Tung, the executive directors of the Company and Mr. Chan Wai (“**Mr. Chan**”), who is deemed to be interested in the shares held by the Company’s substantial shareholder in accordance with the Hong Kong Securities and Futures Ordinance (“**SFO**”). The Group expects that loans of approximately HK\$21,100,000 which meet the application criteria of the Government of HKSAR under such scheme will be available to the Group over the period covered by the Forecast; and

In addition to the above, Ms. Tse and Mr. Chan, who are deemed to be interested in the shares held by the Company’s substantial shareholders in accordance with the SFO, have undertaken to provide financial support to the Group to enable the Group to have sufficient working capital to meet its liabilities and obligations as and when they fall due and to continue to carry on its business over the period covered by the Forecast.

Notwithstanding that there is inherent uncertainty associated with the future outcomes of the Group’s plans and measures as described above, including whether the Group is able to maintain the Group’s banking facilities, realise its assets to obtain additional funds and obtain additional sources of financing when needed, the Directors are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the foreseeable future. Accordingly, the Directors believe that it is appropriate to prepare the unaudited condensed consolidated financial statements of the Group for the Period on a going concern basis.

Should the Group be unable to operate as a going concern, adjustments would have to be made to reduce the carrying values of the Group’s assets to their net realisable amounts, to provide for further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the unaudited condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2022

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(a) Application of new and amendments to HKFRSs

The following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) that are adopted for the first time for the current accounting period of the Group:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

The application of the new and amendments to HKFRSs has had no material effect on the amounts reported in the unaudited condensed consolidated financial statements and/or disclosures set out in the condensed consolidated financial statements.

(b) New or amended HKFRSs that have been issued but are not yet effective

The following new or amended HKFRSs, potentially relevant to the unaudited condensed consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group’s current intention is to apply these changes on the date they become effective.

HKFRS 17	Insurance Contracts and the related Amendments ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Disclosure of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹
Amendments to HKFRS 10 and HKAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture ²

¹ Effective for annual periods beginning on or after 1 January 2023

² The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined

The Group is in the process of making an assessment of what the impact of these new or amended HKFRSs is expected to be in the period of initial application. Except as described below, the Directors of the Company concluded that the adoption of these new/revised HKFRSs will have no material impact on the Group’s financial statements.





NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2022

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

(b) New or amended HKFRSs that have been issued but are not yet effective (Continued)

Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 Income Taxes so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. Consequently, entities will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on these transactions.

The Directors are currently assessing the impact that the application of the amendments will have on the Group’s condensed consolidated financial statements.

3. BASIS OF PREPARATION

The quarterly financial information has been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and interpretation issued by HKICPA and the applicable disclosure requirements required by the GEM Listing Rules. However, it does not contain sufficient information to constitute an interim financial report as defined in HKFRSs. The quarterly financial information also comply with applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies and methods of computation used in the quarterly financial information for the Period are the same as those applied in the preparation of the audited consolidated financial statements for the year ended 31 March 2022 (the “**Year 2022**”).

These consolidated financial statements for the Period have not been reviewed or audited by the Company’s independent auditors, but have been reviewed by the audit committee of the Board (the “**Audit Committee**”).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2022

4. REVENUE AND SEGMENT INFORMATION

Operating segments are determined with reference to the reports and financial information reviewed by the executive directors of the Company and the officers responsible for finance and accounting matters, being the chief operating decision maker (“**CODM**”) of the Group, for assessment of performance and allocation of resources.

The following summary describes the operations in each of the Group’s reportable segments:

- Operation of bars and restaurants – sales of food and beverages in bars and restaurants in Hong Kong; and
- Property investment – leasing of property in Hong Kong.

Business segment

The following is an analysis of the Group’s revenue and results by operating and reportable segments for the three months ended 30 June 2022 and 2021:

For the three months ended 30 June 2022

	Operation of bars and restaurants HK\$'000 (unaudited)	Property investment HK\$'000 (unaudited)	Inter-segment elimination HK\$'000 (unaudited)	Consolidated HK\$'000 (unaudited)
Revenue				
Revenue from external customers	22,373	187	–	22,560
Revenue from inter-segment	–	485	(485)	–
Reportable segment revenue	22,373	672	(485)	22,560
Reportable segment results	(1,501)	152	–	(1,349)
Unallocated:				
Interest income from rental deposits				1
Corporate and other unallocated expenses				(1)
Depreciation of property, plant and equipment				(1)
Depreciation of right-of-use assets				(95)
Finance costs				(292)
Loss before income tax				(1,737)



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2022

4. REVENUE AND SEGMENT INFORMATION (Continued)

Business segment (Continued)

For the three months ended 30 June 2021

	Operation of bars HK\$'000 (unaudited)	Property investment HK\$'000 (unaudited)	Inter-segment elimination HK\$'000 (unaudited)	Consolidated HK\$'000 (unaudited)
Revenue				
Revenue from external customers	8,375	120	–	8,495
Revenue from inter-segment	–	485	(485)	–
Reportable segment revenue	8,375	605	(485)	8,495
Reportable segment results	(2,762)	366	–	(2,396)
Unallocated:				
Interest income from rental deposits				1
Corporate and other unallocated expenses				(1)
Depreciation of property, plant and equipment				(33)
Depreciation of right-of-use assets				(64)
Finance costs				(339)
Loss before income tax				(2,832)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2022

4. REVENUE AND SEGMENT INFORMATION (Continued)

Other information

For the three months ended 30 June 2022

	Operation of bars and restaurants HK\$'000 (unaudited)	Property investment HK\$'000 (unaudited)	Unallocated HK\$'000 (unaudited)	Consolidated HK\$'000 (unaudited)
Interest income	–	–	–	–
Interest income from rental deposits	68	–	1	69
Finance costs	770	–	293	1,063
Addition of right-of-use assets	11,127	–	–	11,127
Depreciation of property, plant and equipment	2,697	–	1	2,698
Depreciation of right-of-use assets	6,951	–	95	7,046

For the three months ended 30 June 2021

	Operation of bars and restaurants HK\$'000 (unaudited)	Property investment HK\$'000 (unaudited)	Unallocated HK\$'000 (unaudited)	Consolidated HK\$'000 (unaudited)
Interest income	–	–	–	–
Interest income from rental deposits	63	–	1	64
Finance costs	490	–	339	829
Addition of right-of-use assets	1,812	–	–	1,812
Depreciation of property, plant and equipment	1,771	10	33	1,814
Depreciation of right-of-use assets	4,800	158	64	5,022

Geographical information

No geographical information is shown as the revenue and profit from operations of the Group are all derived from its activities in Hong Kong and all the Group's non-current assets are located in Hong Kong.

Information about major customers

The Group's customer base is diversified and no individual customer had transactions which exceeded 10% of the Group's revenue in both periods.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2022

4. REVENUE AND SEGMENT INFORMATION (Continued)

Disaggregation of revenue

	Three months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Revenue from contracts with customers under HKFRS 15		
Operation of bars and restaurants		
Sales of food and beverages	21,791	8,087
Electronic dart machines	582	288
	22,373	8,375
Revenue from other sources		
Property investment		
Rental income from investment properties	187	120
	22,560	8,495

	Three months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
By timing of revenue recognition under HKFRS 15		
A point in time	22,373	8,375

Performance obligations for contracts with customers

Operation of bars and restaurants (revenue recognised at a point in time)

The Group recognises revenue from operation of bars and restaurants. The revenue of the Group is recognised at a point in time. Under the transfer-of-control approach in HKFRS 15, revenue from operation of bars and restaurants are recognised at the point of sales to customers, which is the point of time when the customer has the ability to direct the use of the goods and services and obtain substantially all of the remaining benefits of the goods and services. Payment of the transaction price is due immediately at the point the customer purchases the goods and services.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2022

5. OTHER INCOME

	Three months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Sponsorship income	20	833
Government subsidy	5,980	7,800
Interest income from rental deposit	69	64
Others	42	544
	6,111	9,241

6. FINANCE COSTS

	Three months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Interest on bank borrowings	371	322
Interest on lease liabilities	687	492
Interest on other borrowings (Note)	5	15
	1,063	829

Note: Shareholder loan amounted to HK\$1,900,000 as at 31 March 2022 is interest-bearing at 2% per annum and unsecured. It was fully settled on 13 June 2022.





NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2022

7. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging/(crediting):

	Three months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Auditor's remuneration (included in other operating expenses)	260	250
Gross rental income from investment properties	(187)	(120)
Less: Direct operating expenses incurred for investment properties that generated rental income during the period	22	29
Direct operating expenses incurred for investment properties that did not generate rental income during the period	–	–
	(165)	(91)
Cost of inventories recognised as an expense	5,603	1,848
Depreciation of property, plant and equipment	2,698	1,814
Depreciation of right-of-use assets	7,046	5,022
Operating lease payments (included in other operating expenses)		
– Practical expedient in respect of		
– Low-value lease expenses	27	23
– Short-term lease expenses	133	218
	160	241
COVID-19-related rent concessions	(1,261)	(1,014)
Directors' remuneration	550	531
Other staff costs		
– Salaries and other benefits	8,399	6,108
– Retirement benefit scheme contribution	321	277
Total staff costs	9,270	6,916
Other operating expenses		
– Cleaning expenses	396	97
– License fees	627	686
– Repair and maintenance	774	728
– Bank and credit card handling charge	374	235

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2022

8. INCOME TAX EXPENSE

	Three months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
The taxation charge comprises:		
Hong Kong Profits Tax		
– Current period	68	–

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

9. DIVIDENDS

The Board has resolved not to declare the payment of any dividend for the Period (for the three months ended 30 June 2021: nil).

10. LOSS PER SHARE

The calculation of basic loss per share is based on the following:

	Three months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Loss for the period attributable to the owners of the Company for the purpose of calculating basic loss per share	(1,741)	(2,781)
	'000	'000
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	860,000	860,000
Basic loss per share (HK cents)	(0.20)	(0.32)

No diluted loss per share is presented as there were no dilutive potential ordinary shares in issue during the periods.



BUSINESS REVIEW

We are a chained bar and restaurant group under the brands of “Bar Pacific”, “Katachi”, “Moon Ocean” and “Pacific” with locations scattered all over Hong Kong. The growth strategies of the Group focus on the expansion and upgrade of the facilities of existing bars/restaurants. As at 30 June 2022, we operated 47 bars/restaurants throughout Hong Kong. During the Period, we opened one new cocktail bar located in Tsim Sha Tsui under the brand of “Bar Pacific”. Different brands focus on different target customers. “Bar Pacific” is a neighborhood bar in different districts in Hong Kong and is for customers looking for social connection and relaxation; “Pacific” is a mid-range bar in urban areas; “Moon Ocean” is a luxury bar located in Causeway Bay, and “Katachi” is a skewer restaurant and bar.

FINANCIAL REVIEW

Revenue and gross profit from the operation of both restaurants and bars

The revenue amounted to HK\$22.4 million for the Period, as compared to HK\$8.4 million for the Previous Period, representing a rise of 166.7%. The Hong Kong Government imposed the orders of compulsory shut-down of all the bars and pubs (the “Mandatory Closure”) from 26 November 2020 to 28 April 2021 and 7 January to 18 May 2022. The Mandatory Closure order ceased on 18 May 2022, bars and pubs could resume business from 19 May 2022, which resulted in the increase in revenue during the Period as compared to that of the Previous Period.

The relevant gross profit for the Period amounted to HK\$16.8 million, in comparison to HK\$6.6 million for the Previous Period, representing an increase of 154.6%. During the Period, higher discounts were offered and more promotion events were held with the purpose to enhance the sales performance. As a result of such discounts and promotion events, the gross profit margin for the Year slightly decreased to 75.0% (Previous Period: 77.9%).

Revenue from properties investment

The revenue increased by 55.8% to HK\$187,000 for the Period as compared to HK\$120,000 for the Previous Period.

Other income

For the Period, other income amounted to HK\$6.1 million, as compared to HK\$9.2 million for the Previous Period, representing a decrease of 33.7%. Such decrease was mainly due to the reduction of the subsidies received by the Group under the Catering Business (Social Distancing) Subsidy Scheme launched by the Food and Environmental Hygiene Department of the Hong Kong Government, which amounted to approximately HK\$6.0 million for the Period (Previous Period: HK\$7.8 million), representing a decrease of 23.1%.

Staff costs

Staff costs represent wages, salaries, bonuses, retirement benefit costs and other allowances paid or payable to all Directors and staffs of the Group, which amounted to HK\$9.3 million for the Period, as compared to HK\$6.9 million for the Previous Period, representing an increase of 34.8%. Staff costs increased since we resumed business after the cessation of Mandatory Closure on 19 May 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW *(Continued)*

Depreciation of property, plant and equipment

Depreciation represents depreciation charges on its property, plant and equipment, including, leasehold improvements, computer equipment, furniture and fixtures and motor vehicles. Our depreciation charges increased to approximately HK\$2.7 million for the Period from approximately HK\$1.8 million for the Previous Period, representing an increase of approximately 50.0%. Such increase was primarily attributed to the expansion of business during the Period.

Depreciation of right-of-use assets

The depreciation charged on the right-of-use assets amounted to HK\$7.0 million for the Period, in comparison to HK\$5.0 million for the Previous Period, representing an increase of 40.0% which was primarily attributed to the expansion of business during the Period.

Property rentals and related expenses

Operating lease payments, property management fees, government rates and other related expenses added up to HK\$999,000 as compared to HK\$860,000 for the Previous Period, representing an increase of 16.2% due to the expansion of business during the Period. The increase in property rentals and related expenses was mainly due to the increase in number of restaurants/bars during the Period.

Other operating expenses

For the Period, other operating expenses increased by 16.3% to HK\$5.0 million from HK\$4.3 million for the Previous Period, which was due to the resumption of business after the cessation of Mandatory Closure.

Finance costs

Finance costs represented interest paid or payable on bank loans, lease liabilities and other borrowings, which amounted to HK\$1,063,000 for the Period, in comparison to HK\$829,000 for the Previous Period, representing an increase of 28.2%. The main reason for the increase in finance costs for the Period was due to the increase in finance cost on new borrowing.

Taxation

The total tax expenses for the Period amount to approximately HK\$68,000 (Previous Period: Nil).

Capital commitments

As at 30 June 2022, the Group had no capital commitments (as at 31 March 2022: HK\$1,300,000).

Contingent liabilities

The Group did not have any contingent liabilities as at 30 June 2022 (as at 31 March 2022: Nil).





FINANCIAL REVIEW *(Continued)*

Charges on the Group's assets

The Group pledged the following assets to secure bank borrowings and general banking facilities granted to the subsidiaries of the Company:

Assets	Net carrying amount	
	30 June 2022 HK\$'000 (unaudited)	31 March 2022 HK\$'000 (audited)
Building	4,666	4,709
Right-of use assets – leasehold land	45,669	46,094
Investment properties	24,154	24,154
	74,489	74,957

Dividend

The Board has resolved not to recommend the payment of any dividend for the Period (Previous Period: Nil).

Foreign currency exposure

Since the Group's business activities are solely operated in Hong Kong and the relevant transactions are denominated in Hong Kong dollars, the Directors consider that the Group's risk in foreign exchange is insignificant.

Employee and remuneration policy

As at 30 June 2022, the Group had 465 employees (as at 30 June 2021: 390 employees). Total staff costs (including Directors' remuneration) were approximately HK\$9.3 million for the Period (Previous Period: HK\$6.9 million). Remuneration is determined by reference to the prevailing market terms and in accordance with the performance, qualification and experience of each individual employee. Periodic in-house training is provided to the employees to enhance the knowledge of the workforce. Meanwhile, training programs conducted by qualified personnel are also attended by our employees to enhance their skills set and working experience. The Group adopted a share option scheme on 17 December 2016 to provide incentives to the directors, employees and eligible participants of the Group. Since its adoption, no options have been granted or agreed to be granted, and therefore, there were no outstanding options as at 30 June 2022 (as at 30 June 2021: Nil).

Significant investment

There was no significant investment by the Group with a value at 5% or more of the Group's total assets as at 30 June 2022, nor was there any plan authorised by the Board for other material investment or additions of capital assets during the Period.

Material acquisition or disposal

There was no material acquisition or disposal of subsidiaries, associate and joint venture during the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

	30 June 2022 (unaudited)	31 March 2022 (audited)
Cash and cash equivalents	HK\$3.7 million	HK\$2.1 million
Bank borrowings	HK\$56.5 million	HK\$58.0 million
Unutilised banking facilities	HK\$4.8 million	HK\$4.8 million
Gearing ratio	1,022%	911%

The Directors are of the view that as at the date of this report, the Group's financial resources are sufficient to support its business and operations.

The Group's primary sources of funds were cash inflows from operating activities and bank borrowings.

The gearing ratio is calculated by dividing the net debt by the total equity.

As at 30 June 2022 with maturity ranging from 60 days to 7 years, the Group had total bank borrowings of approximately HK\$56,465,000 (31 March 2022: HK\$57,954,000). The interest rate is charged based on floating rate.

FOREIGN CURRENCY

During the Period, the transactions of the Group were denominated and settled in Hong Kong dollars, the functional and reporting currency of the Group.

The Group does not have a significant foreign exchange exposure and has currently not implemented any foreign currency hedging policy. The management will consider hedging against significant foreign exchange exposure should the need arise.

PROSPECT

Looking ahead, the Group will ride on its raised profile upon its listing and maintain its core business of bar operation and its existing branding strategy, targeting the mass market, to increase its market share in Hong Kong. With the existing client base garnered over the years, there is a superiority to leverage on its extensive network in Hong Kong. Currently, we are operating 47 bars & restaurants under four different bands. Our management is confident on this business and will further expand our network for upcoming year.

Given the continuous spreading of the COVID-19 in Hong Kong, we will closely monitor the development of the Pandemic and the market situation and will adjust our strategies when necessary. We are confident that our management will be able to overcome the adverse impacts of the Pandemic and will strive to generate the highest possible returns for the shareholders of the Company upon the business resumes normal.





DISCLOSURE OF INTERESTS

(A) Directors' and chief executives' interests and short positions in Shares, underlying shares and debentures of the Company and its associated corporations

As at 30 June 2022, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions in which they are taken or deemed to have under such provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register required to be kept; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange were as follows:

Interests in the Company

Long position in the Shares

Name of Director	Capacity/Nature of interest	Number of issued Shares held	Approximate percentage of issued share capital in the Company
Ms. Tse (Note 1)	Beneficiary of a trust	431,543,700	50.18%
	Beneficial owner	12,094	0.00%
Ms. Chan Tsz Tung (Note 1)	Beneficiary of a trust	431,543,700	50.18%
Ms. Chan Ching Mandy (Note 2)	Interest of controlled corporation	431,543,700	50.18%

Notes:

- Moment to Moment Company Limited ("**Moment to Moment**") holds 431,543,700 Shares, representing approximately 50.18% of the issued share capital in the Company. The sole shareholder of Moment to Moment is Harneys Trustees Limited ("**Harneys**"), the trustee of the Bar Pacific Trust, of which Ms. Tse, the Chairlady and the CEO, her daughter Ms. Chan Tsz Tung and others are beneficiaries. Ms. Tse and Ms. Chan Tsz Tung are deemed to be interested in the Shares held by Moment to Moment under the SFO.
- Pursuant to a deed of settlement dated 25 March 2014 in respect of the Bar Pacific Trust, Ms. Chan Ching Mandy is the protector of the Bar Pacific Trust, and Harneys is required to exercise the voting rights in any company which the fund of the Bar Pacific Trust is invested in accordance with the joint written instruction from the protector (i.e. Ms. Chan Ching Mandy) and the settlor (i.e. Ms. Tse) of the Bar Pacific Trust. Ms. Chan Ching Mandy is deemed to be interested in the Shares held by Moment to Moment under the SFO.
- The percentages of shareholding interest in the Company shown in the table above are calculated on the basis of 860,000,000 Shares in issue as at 30 June 2022.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DISCLOSURE OF INTERESTS *(Continued)*

(A) Directors' and chief executives' interests and short positions in Shares, underlying shares and debentures of the Company and its associated corporations *(Continued)*

Interests in associated corporation of the Company *Long position in the shares of the associated corporation*

Name of Directors	Name of associated corporation	Capacity/nature of interest	Number of shares held	Percentage of shareholding
Ms. Tse	Moment to Moment	Beneficiary of a trust	1	100%
Ms. Chan Ching Mandy	Moment to Moment	Interest of a controlled corporation	1	100%
Ms. Chan Tsz Tung	Moment to Moment	Beneficiary of a trust	1	100%

Save as disclosed above and so far as the Directors are aware, as at 30 June 2022, none of the Directors and the chief executives of the Company had any interests or short positions in any Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the Register, or were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange.





DISCLOSURE OF INTERESTS *(Continued)*

(B) Substantial Shareholders' and other persons' interests and short positions in Shares and underlying Shares of the Company

So far as the Directors are aware of, as at 30 June 2022, the following persons/entities other than a Director or the chief executive of the Company had interests or short positions in the Shares and underlying Shares, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the Register required to be kept under section 336 of the SFO (the "**Substantial Shareholders' Register**"), or who were directly or indirectly interested in 5% or more of the issued voting Shares:

Long position in the Shares

Name of substantial shareholders	Capacity/Nature of interest	Number of issued Shares held	Approximate percentage of issued share capital in the Company (Note 3)
Moment to Moment (Note 1)	Beneficial owner	431,543,700	50.18%
Harneys (Note 1)	Trustee (other than a bare trustee)	431,543,700	50.18%
Ms. Chan Tsz Kiu Teresa ("Ms. TK Chan") (Note 1)	Beneficiary of a trust	431,543,700	50.18%
Mr. Chan (Note 2)	Beneficiary of a trust Beneficial owner	431,543,700 24,925,038	50.18% 2.90%

Notes:

- Moment to Moment holds 431,543,700 Shares, representing approximately 50.18% of the issued share capital of the Company. The sole shareholder of Moment to Moment is Harneys, the trustee of the Bar Pacific Trust, of which Ms. Tse and one of her daughters, namely Ms. TK Chan, are the first batch of beneficiaries (Please refer to note 2 below). Pursuant to a deed of settlement dated 25 March 2014 in respect of the Bar Pacific Trust, Ms. Chan Ching Mandy is the protector of the Bar Pacific Trust, and Harneys is required to exercise the voting rights in any company the fund of the Bar Pacific Trust is invested in accordance with the joint written instruction from the protector (i.e. Ms. Chan Ching Mandy) and the settlor (i.e. Ms. Tse) of the Bar Pacific Trust. Each of Harneys, Ms. Tse, Ms. TK Chan and Ms. Chan Ching Mandy is deemed to be interested in the Shares held by Moment to Moment under the SFO.
- On 7 June 2018, Mr. Chan and Ms. Chan Tsz Tung became the beneficiaries of Bar Pacific Trust. Hence, both Mr. Chan and Ms. Chan Tsz Tung are also deemed to be interested in the 431,543,700 Shares held by Moment to Moment under the SFO. Mr. Chan Wai directly held 24,925,038 Shares.
- The percentage of shareholding interest in the Company shown in the table above are calculated on the basis of 860,000,000 Shares in issue as at 30 June 2022.

Save as disclosed above, as at 30 June 2022, the Directors were not aware of any persons who/entities which had any interest or short position in the Shares or underlying Shares that would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the Substantial Shareholders' Register required to be kept under section 336 of the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Period, none of the Directors of the Company or their respective close associates (as defined in the GEM Listing Rules) were considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group, other than those businesses of which the Director were appointed as Directors to represent the interests of the Company and/or the Group.

CORPORATE GOVERNANCE PRACTICES

The Company acknowledges the important roles of its Board in providing effective leadership and direction to the Group's business, and ensuring transparency and accountability of the Company's operations. The Board sets appropriate policies and implements corporate governance practices appropriate to the conduct and growth of the Group's business.

During the Period and up to the Reporting Date, the Company has adopted and complied with all applicable code provisions as set out in the Corporate Governance Code as contained in Part 2 of Appendix 15 to the GEM Listing Rules (the "**CG Code**") with the exception that the roles of the Chairlady and the Chief Executive Officer have not been segregated as required by code provision C.2.1 of the CG Code. The Company is of the view that it is in the best interests of the Company that Ms. Tse, with her profound expertise in bar and restaurant businesses, shall continue in her dual capacity as the Chairlady and the Chief Executive Officer. Nevertheless, the Company will look for suitable candidates and will make necessary arrangement pursuant to the relevant requirement under C.2.1 of CG Code as and when necessary.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings in the securities (the "**Required Standard of Dealings**") as contained in Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct governing the securities transactions by the Directors for the Period. Having made specific enquiries by the Company with each of the Directors, all Directors have confirmed that they had complied with the Required Standard of Dealings for the Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Period, the Company had not redeemed any of its listed securities, nor did the Company or any of its subsidiaries purchase or sell such securities.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "**Scheme**") on 17 December 2016 (the "**Adoption Date**"). The terms of the Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

No share option has been granted since the Adoption Date and therefore, there was no share option outstanding as at 30 June 2022 and no share options were granted, exercised, or cancelled or lapsed during the Period.





DISCLOSURES UNDER RULES 17.22 TO 17.24 OF THE GEM LISTING RULES

As at the Reporting Date, details of the existing banking facilities with covenants relating to specific performance of the controlling shareholder of the Company, which constituted disclosure obligation pursuant to Rule 17.20 of the GEM Listing Rules are as follows:

Date of facilities	Nature of facilities	Aggregate amount	Life of the facilities	Specific performance obligation
7 February 2022	Revolving loan facility	HK\$4,000,000	No fixed term but subject to review and will continue up to and including 15 May 2023	Note
8 July 2022	Term loan facility, revolving loan facility and combined facility	HK\$48,893,000	– ditto –	Note

Note: Ms. Tse, an Executive Director, the Chairlady and the CEO, (i) will serve as the Chairlady; (ii) is actively involved in the management and business of the Group; (iii) remains as the single major Shareholder through beneficial ownership, controlled corporation, trust or other means; and (iv) the Tangible Net Worth (as defined in the relevant facility letters) of the Company will be maintained at a minimum level of HK\$30 million at all times.

Except for disclosed above, the Group had no other circumstances which would give rise to a disclosure obligation under Rules 17.22 to 17.24 of the GEM Listing Rules as at 30 June 2022 and the Reporting Date.

CORPORATE GOVERNANCE AND OTHER INFORMATION

AUDIT COMMITTEE

The Company established the Audit Committee pursuant to a resolution of the Directors passed on 17 December 2016 in compliance with Rule 5.28 of the GEM Listing Rules. The written terms of reference in compliance with code provisions D.3.3 and D.3.7 of the CG Code has been adopted. Among other things, the primary duties of the Audit Committee are to make recommendations to the Board on appointment or reappointment and removal of external auditor; review financial statements of the Company and provide advice and comments in respect of financial reporting; and oversee the effectiveness of the procedures of the internal control of the Group.

As at the Reporting Date, the Audit Committee consists of three independent non-executive Directors (the “INEDs”), namely Mr. Chan Chun Yeung Darren, Mr. Chin Chun Wing and Mr. Tang Wing Lam David. Mr. Chan Chun Yeung Darren is the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements for the Period and this quarterly report and is of the view that such statements and report have been prepared in compliance with the applicable accounting standards, the GEM Listing Rules and other applicable legal requirements, and that adequate disclosure has been made.

By order of the Board
Bar Pacific Group Holdings Limited
Tse Ying Sin Eva
Chairlady, Chief Executive Officer and Executive Director

Hong Kong, 10 August 2022

As at the date of this report, the executive Directors are Ms. Tse Ying Sin Eva (Chairlady and CEO), Ms. Chan Ching Mandy and Ms. Chan Tsz Tung; and the INEDs are Mr. Chan Chun Yeung Darren, Mr. Chin Chun Wing and Mr. Tang Wing Lam David.

