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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)

**ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2024**

**CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG
LIMITED**

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 on the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the “Directors”) 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 of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company and its subsidiaries (collectively referred to as the “Group”). 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.

The board (the “**Board**”) of directors (the “**Director(s)**”) of Bar Pacific Group Holdings Limited (the “**Company**”) hereby presents the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2024, which have also been reviewed by the audit committee of the Company (the “**Audit Committee**”), as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	<i>NOTES</i>	2024 <i>HK\$’000</i>	2023 <i>HK\$’000</i>
Revenue	<i>4</i>	208,085	174,933
Other income	<i>5</i>	7,984	16,752
COVID-19-related rent concessions		–	2,150
Cost of inventories sold		(56,392)	(45,183)
Staff costs		(68,957)	(57,254)
Depreciation of property, plant and equipment		(11,442)	(9,484)
Depreciation of right-of-use assets		(38,864)	(34,087)
Property rentals and related expenses		(6,526)	(4,402)
Other operating expenses		(27,369)	(26,020)
Fair value loss on investment properties	<i>11</i>	(1,080)	(1,574)
Finance costs	<i>6</i>	(4,816)	(4,498)
Profit before tax	<i>8</i>	623	11,333
Income tax	<i>7</i>	168	(423)
Profit for the year		791	10,910
Other comprehensive expense for the year, net of income tax:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(5)	–
Total comprehensive income for the year		786	10,910
Profit for the year attributable to:			
Owners of the Company		604	9,674
Non-controlling interests		187	1,236
		791	10,910

		2024	2023
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Total comprehensive income attributable to:			
Owners of the Company		599	9,674
Non-controlling interests		187	1,236
		<u>786</u>	<u>10,910</u>
Earnings per share			
	<i>10</i>		
– Basic (<i>HK cents</i>)		0.07	1.12
– Diluted (<i>HK cents</i>)		0.07	1.12
		<u>0.07</u>	<u>1.12</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

		2024	2023
	NOTES	HK\$'000	HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		26,213	23,956
Right-of-use assets		109,991	129,960
Investment properties	11	21,500	22,580
Prepayment for acquisition of property, plant and equipment		1,704	3,794
Rental deposits		8,025	9,447
Deferred tax assets		6	6
		<u>167,439</u>	<u>189,743</u>
Total non-current assets			
Current assets			
Inventories		3,006	2,983
Trade and other receivables	12	10,934	9,610
Tax recoverable		352	359
Cash and cash equivalents		2,107	1,568
		<u>16,399</u>	<u>14,520</u>
Total current assets			
Total assets		<u>183,838</u>	<u>204,263</u>
Current liabilities			
Trade and other payables	13	15,819	15,237
Bank borrowings		51,745	52,602
Lease liabilities		43,061	44,428
Tax payables		698	675
		<u>111,323</u>	<u>112,942</u>
Total current liabilities			
Net current liabilities		<u>(94,924)</u>	<u>(98,422)</u>
Total assets less current liabilities		<u>72,515</u>	<u>91,321</u>

		2024	2023
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities			
Trade and other payables	<i>13</i>	995	1,053
Lease liabilities		41,732	61,626
Deferred tax liabilities		426	781
		<hr/>	<hr/>
Total non-current liabilities		43,153	63,460
		<hr/>	<hr/>
Total liabilities		154,476	176,402
		<hr/>	<hr/>
NET ASSETS			
		29,362	27,861
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Share capital		8,600	8,600
Reserves		14,029	12,715
		<hr/>	<hr/>
Equity attributable to owners of the Company		22,629	21,315
Non-controlling interests		6,733	6,546
		<hr/>	<hr/>
TOTAL EQUITY			
		29,362	27,861
		<hr/> <hr/>	<hr/> <hr/>

NOTES:

1. GENERAL INFORMATION

Bar Pacific Group Holdings Limited (the “**Company**”) is a public limited company incorporated in the Cayman Islands and its shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Its immediate holding company is Moment to Moment Company Limited (incorporated in the British Virgin Islands (“**BVI**”)) and its ultimate holding company is Harneys Trustees Limited (incorporated in the BVI).

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company.

The principal activities of the Company and its subsidiaries (the “**Group**”) are the operation of chain of bars and restaurants in Hong Kong under the brands of “Bar Pacific”, “Pacific”, “Moon Ocean” and “Katashi”, as well as property investments in Hong Kong.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 April 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	<i>Insurance Contracts</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform-Pillar Two model Rules</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>

The application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Share-based payments

Equity-settled share-based payment transactions

Shares/Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

When shares granted are vested, the amount previously recognised in share-based payments reserve will be transferred to the share capital and share accounts accordingly.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited and by the disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain properties that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

3.2 Going concern assessment

At the end of reporting period, the Group's current liabilities exceeded its current assets by HK\$94,924,000. In addition, as at 31 March 2024, the Group breached a covenant of its bank borrowings amounting to HK\$39,149,000.

For the purpose of assessing the appropriateness of the use of going concern basis in preparing these consolidated financial statements, the directors of the Company have prepared a cash flow forecast covering a period of 15 months from the date of approval of these consolidated financial statements (the "**Forecast**"). The directors of the Company have taken into account the cash flows generated from its principal operations and the following plans and measures taken by 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\$39,149,000 and subsequent to the end of the reporting period, the bank has agreed with the Company for it to rectify its breach on or before 17 May 2025. Accordingly, management expects that the Group would be able to maintain such banking loan facilities as last year. In addition, 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 Hong Kong Mortgage Corporation Insurance Limited (“**HKMCI Limited**”) and the loans under such scheme are 80% guaranteed by the Government of the Hong Kong Special Administrative Region (“**HKSAR**”) and the personal guarantees from Ms. Chan Ching Mandy, Ms. Chan Tsz Kiu Teresa and Ms. Chan Tsz Tung, the executive directors of the Company, and Mr. Chan Wai (“**Mr. Chan**”) and Ms. Tse Ying Sin Eva (“**Ms. Tse**”), who are deemed to be interested in the shares held by the Company’s substantial shareholders in accordance with the Hong Kong Securities and Future Ordinance (“**SFO**”). After the end of the reporting period, the Group has drawn down loans amounting to HK\$12,316,000.

In addition to the above, Mr. Chan, has 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 consolidated financial statements of the Group for the year ended 31 March 2024 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 consolidated financial statements.

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 beverages, light refreshments and food 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 during the years ended 31 March 2024 and 2023:

For the year ended 31 March 2024

	Operation of bars and restaurants <i>HK\$’000</i>	Property investment <i>HK\$’000</i>	Inter-segment elimination <i>HK\$’000</i>	Consolidated <i>HK\$’000</i>
Revenue				
Revenue from external customers	207,319	766	–	208,085
Revenue from inter-segment	–	1,942	(1,942)	–
Reportable segment revenue	<u>207,319</u>	<u>2,708</u>	<u>(1,942)</u>	<u>208,085</u>
Reportable segment results	<u>4,040</u>	<u>(430)</u>	<u>–</u>	<u>3,610</u>
Unallocated:				
Corporate and other unallocated expenses				(861)
Depreciation of property, plant and equipment				(171)
Depreciation of right-of-use assets				(449)
Imputed interest income from rental deposits				2
Finance costs				<u>(1,508)</u>
Profit before income tax				<u><u>623</u></u>

For the year ended 31 March 2023

	Operation of bars and restaurants <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Inter-segment elimination <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue				
Revenue from external customers	174,169	764	–	174,933
Revenue from inter-segment	–	1,942	(1,942)	–
Reportable segment revenue	<u>174,169</u>	<u>2,706</u>	<u>(1,942)</u>	<u>174,933</u>
Reportable segment results	<u>14,081</u>	<u>(893)</u>	<u>–</u>	13,188
Unallocated:				
Corporate and other unallocated expenses				(17)
Depreciation of property, plant and equipment				(38)
Depreciation of right-of-use assets				(430)
Imputed interest income from rental deposits				2
Finance costs				<u>(1,372)</u>
Profit before income tax				<u><u>11,333</u></u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment result represents the profit earned by/(loss from) each segment without allocation of central administration costs, directors' emoluments, certain other income and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Inter-segment transactions are priced with reference to prices charged to external parties for similar order. Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' profit that is used by the chief operating decision-maker for assessment of segment performance.

Other information

Amounts included in the measure of segment results or segment assets:

For the year ended 31 March 2024

	Operation of bars and restaurants <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Imputed interest income from rental deposits	325	–	2	327
Bank interest income	6	–	–	6
Finance costs	3,308	–	1,508	4,816
Purchase of property, plant and equipment	10,111	–	3,588	13,699
Addition of right-of-use assets	1,902	–	1,262	3,164
Depreciation of property, plant and equipment	11,271	–	171	11,442
Depreciation of right-of-use assets	38,415	–	449	38,864
Fair value loss on investment properties	–	1,080	–	1,080

For the year ended 31 March 2023

	Operation of bars and restaurants <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Imputed interest income from rental deposits	279	–	2	281
Bank interest income	2	–	–	2
Finance costs	3,126	–	1,372	4,498
Purchase of property, plant and equipment	10,187	–	–	10,187
Addition of right-of-use assets	20,577	–	–	20,577
Depreciation of property, plant and equipment	9,446	–	38	9,484
Depreciation of right-of-use assets	33,657	–	430	34,087
Fair value loss on investment properties	–	1,574	–	1,574

Geographical information

The Group's operations are in Hong Kong and the People's Republic of China ("PRC").

Information about the Group's revenue from continuing operations from external customers is presented based on the location of the operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2024	2023	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	208,030	174,933	158,990	180,290
PRC	55	–	418	–
	<u>208,085</u>	<u>174,933</u>	<u>159,408</u>	<u>180,290</u>

Note: Non-current assets excluded financial instruments and deferred tax assets.

Information about major customers

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

Disaggregation of revenue

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from contracts with customers under HKFRS 15		
<i>Operation of bars and restaurants</i>		
Sales of food, beverage and refreshment	202,914	171,418
Electronic dart machines	<u>4,405</u>	<u>2,751</u>
	<u>207,319</u>	<u>174,169</u>
Revenue from other sources		
<i>Property investment</i>		
Rental income from investment properties	<u>766</u>	<u>764</u>
	<u>208,085</u>	<u>174,933</u>

2024	2023
<i>HK\$'000</i>	<i>HK\$'000</i>

By timing of revenue recognition under HKFRS 15

A point in time	207,319	174,169
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Performance obligations for contracts with customers under HKFRS 15

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 is 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.

5. OTHER INCOME

2024	2023
<i>HK\$'000</i>	<i>HK\$'000</i>

Government subsidies (<i>Note</i>)	323	9,153
Sponsorship income	5,876	4,033
Bank interest income	6	2
Imputed interest income from rental deposits	327	281
Promotion income	–	1,059
Rebates from suppliers	599	928
Others	853	1,296
	7,984	16,752

Note: During the year ended 31 March 2024, the Group recognised government subsidies of HK\$311,000 (2023: HK\$9,153,000) in respect of Anti-epidemic Fund launched by the Government of Hong Kong Special Administrative Region (“**HKSAR**”), of which HK\$269,000 (2023: HK\$9,153,000) and HK\$42,000 (2023: nil) relates to Catering Business Subsidy Schemes for each of the Group’s subsidiaries which holds general restaurant, light refreshment restaurant or liquor licences and Convention and Exhibition Industry Subsidy Scheme, respectively. Other government subsidies of HK\$12,000 (2023: nil) represent the Hong Kong Night Treats for Locals Scheme. There are no unfulfilled conditions and other contingencies attached to the receipts of those subsidies.

6. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest on bank borrowings	2,211	1,766
Interest on other borrowings	–	5
Interest on lease liabilities	<u>2,605</u>	<u>2,727</u>
	<u>4,816</u>	<u>4,498</u>

7. INCOME TAX

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax		
– Hong Kong Profits Tax	131	290
– PRC Enterprise Income Tax	14	–
– Under/(over)-provision in respect of prior years	<u>42</u>	<u>(155)</u>
	187	135
Deferred tax		
– Origination of temporary difference	<u>(355)</u>	<u>288</u>
Income tax	<u>(168)</u>	<u>423</u>

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%.

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

8. PROFIT BEFORE TAX

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Auditor's remuneration (included in other operating expenses)	910	973
Gross rental income from investment properties	(766)	(764)
Less: Direct operating expenses incurred for investment properties that generated rental income during the year	76	56
Direct operating expenses incurred for investment properties that did not generate rental income during the year	<u>–</u>	<u>7</u>
	<u>(690)</u>	<u>(701)</u>
Operating lease payments (included in other operating expenses)		
– Practical expedient in respect of		
– Low-value lease expenses	124	46
– Short-term lease expenses	<u>1,772</u>	<u>1,697</u>
	<u>1,896</u>	<u>1,743</u>
Directors' remuneration	4,645	3,108
Other staff costs		
– Salaries and other benefits	61,491	51,744
– Retirement benefit scheme contributions	<u>2,821</u>	<u>2,402</u>
Total staff costs	<u>68,957</u>	<u>57,254</u>
Other operating expenses included the followings:		
– Cleaning expenses	3,496	2,709
– License fees	1,602	1,428
– Utilities	5,789	3,882
– Repair and maintenance	2,819	3,857
– Internet and cable expenses	<u>2,317</u>	<u>2,479</u>

9. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during year ended 31 March 2024, nor has any dividend been proposed since the end of the reporting period (2023: Nil).

10. EARNINGS PER SHARE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Earnings		
Earnings for the year attributable to owners of the Company for the purpose of calculating basic earnings per share	<u><u>604</u></u>	<u><u>9,674</u></u>
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u>860,000,000</u>	860,000,000
Add: Effect of dilutive potential ordinary shares arising from share awards	<u>437,000</u>	—
Weighted average number of ordinary shares from purpose of calculating diluted earnings per share	<u><u>860,437,000</u></u>	<u><u>860,000,000</u></u>

Diluted earnings per share was the same as basic earnings per share as there were no potential ordinary shares in issue during the year ended 31 March 2023.

11. INVESTMENT PROPERTIES

	2024	2023
	HK\$'000	HK\$'000
Fair value		
At 1 April	22,580	24,154
Fair value loss	(1,080)	(1,574)
	<u> </u>	<u> </u>
At 31 March	<u>21,500</u>	<u>22,580</u>

The Group leases out the shops under operating leases with rentals payable monthly. The leases typically run for an initial period of 1 to 4 years (2023: 1 to 4 years).

As at 31 March 2024, the Group's investment properties with carrying amount of approximately HK\$21,500,000 (2023: HK\$22,580,000) were pledged to secure bank borrowings and general bank facilities granted to the subsidiaries of the Company.

The fair values of the Group's investment properties at 31 March 2024 and 2023 have been arrived at by market approach carried out by Roma Appraisals Limited, which is an independent valuer who holds recognised and relevant professional qualifications and has recent experience in the location and category of the investment properties being valued.

The fair value of investment properties was determined by applying the direct comparison approach by making reference to comparable sales transaction in the market. The fair value measurement of such properties was classified as Level 3 with the following significant unobservable input:

Properties	Valuation Technique	Fair value hierarchy	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Properties in Hong Kong	Direct comparison approach	Level 3	Market unit rate*	HK\$8,500 per square feet to HK\$14,200 per square feet (2023: HK\$9,400 per square feet to HK\$14,500 per square feet)	The higher the market unit rate, the higher the fair value

The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use.

* Market Unit rate of observable transactions of similar properties are adjusted for timing of reference transactions and property- specific adjustments including nature, location and condition of the property. As at 31 March 2024, average adjusted market unit rate between the comparable was approximately HK\$12,000 per square feet (2023: HK\$12,600 per square feet).

12. TRADE AND OTHER RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables (<i>Note (a)</i>)	2,568	1,225
Lease receivables (<i>Note (b)</i>)	93	–
Other receivables	115	645
Prepayments	2,421	6,213
Rental deposits	11,839	11,289
Utilities deposits	3,627	3,479
	<u>20,663</u>	<u>22,851</u>
Less: Non-current assets		
Rental deposits	(8,025)	(9,447)
Prepayment for acquisition of property, plant and equipment	(1,704)	(3,794)
	<u>10,934</u>	<u>9,610</u>

(a) Trade receivables

The Group's sales are mainly on cash or credit card settlement. As at the reporting date, the Group's trade receivables mainly represents credit card sales receivable from financial institutions. None of the Group's trade receivables was considered to be impaired. The Group does not hold any collateral over these balances.

All trade receivables, based on transaction date, are aged within 30 days as at the end of each of the reporting date.

(b) Lease receivables

All lease receivables, based on invoice date, are aged within 30 days as at the end of each of the reporting date.

13. TRADE AND OTHER PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current:		
Trade payables	8,714	7,983
Salary accruals and payables	3,546	2,870
Other accruals and payables	3,071	4,004
Provision for reinstatement costs	488	380
	<u>15,819</u>	<u>15,237</u>
Non-current:		
Rental deposits received	46	46
Provision for reinstatement costs	949	1,007
	<u>995</u>	<u>1,053</u>

The credit period on purchases of goods is 0 to 60 days. The following is an aged analysis of trade payables presented based on invoice date at the end of each reporting period:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables:		
0-30 days	3,418	3,617
31-60 days	4,533	3,656
61-90 days	763	–
91-120 days	–	565
Over 180 days	–	145
	<u>8,714</u>	<u>7,983</u>

14. SHARE-BASED PAYMENTS

Pursuant to an ordinary resolution passed on 17 December 2016, a share option scheme (the “**Old Scheme**”) was adopted for the primary purpose of providing incentives to directors, employees and eligible participants.

Originally the Old Scheme will expire on 16 December 2026, however, pursuant to a resolution passed on 29 September 2023, the Old Scheme was terminated, and a new share scheme (the “**Share Scheme**”) was adopted with the primary purpose of providing incentives to directors and eligible employees. The Share Scheme will expire on 28 September 2033. Under the Share Scheme, the directors may grant shares or share options (collectively, the “**Awards**”) to eligible employees including directors of the Company and its subsidiaries.

The total number of shares which may be issued upon exercise of all Awards together with options and share awards which may be granted under any other schemes of the Company shall not exceed 10% of the shares of the Company in issue at 29 September 2023, being 86,000,000 shares. The total number of shares which may be issued upon exercise of all Awards and any awards to be granted under other schemes of the Company granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Awards granted under the Share Scheme to substantial shareholders or independent non-executive directors resulting in shares issued and to be issued representing more than 0.1% of the Company's share capital must be approved in advance by the Company's shareholders.

A share option granted under the Share Scheme may be exercised at any point in time during the period stipulated in the offer letter to the eligible employees or directors, provided that such period shall not go beyond the day immediately prior to the 10th anniversary of the date of the grant. The exercise price is determined by the directors of the Company and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share. No share options has been granted under the Share Scheme.

On 29 September 2023, the Company awarded an aggregate of 28,896,000 shares (the "Award Shares") to certain directors of the Company at nil consideration. The Award Shares will be vested over a period of 3 years in 3 equal tranches. The first tranche will be vested within twelve months from the date of grant (i.e. 29 September 2024) and the remaining two tranches will become vested equally in each of the subsequent two years (i.e. 29 September 2025 and 29 September 2026). Upon vesting, the awardee will have the unconditional right to obtain the Award Shares. The Award Shares upon issue shall rank pari passu in all respects with shares in issue as at the date of allotment.

As at 31 March 2024, the Company had 28,896,000 unvested shares outstanding, representing 3.36% of the shares of the Company in issue at that date.

The fair value of the Award Shares as at the date of grant determined with reference to the closing market price as at the date of grant was HK\$2,341,000. During the year, the Group recognised share-based payment expense of HK\$715,000 on the Award Shares.

15. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation of the consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

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 31 March 2024, we operated 54 bars/restaurants throughout Hong Kong.

During the year ended 31 March 2024 (the “**Year**”), we opened two new bars located in Tuen Mun and Kowloon Bay under the brand of “Bar Pacific” and a new restaurant located in Yuen Long under the brand of “Katachi”. 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 in urban areas; and “Katachi” is a skewer restaurant and bar.

FINANCIAL REVIEW

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

The revenue from the operation of bars and restaurants amounted to HK\$207.3 million for the Year, as compared to HK\$174.2 million for the year ended 31 March 2023 (the “**Previous Year**”), representing a rise of 19.0%. Such increase was primarily attributed to the resumption of business since 19 May 2022 following the lapse of orders of compulsory shut-down of all the bars and pubs on 18 May 2022 (the “**Mandatory Closure**”) and the expansion of business during the Year.

The gross profit from the operation of bars and restaurants for the Year amounted to HK\$150.9 million, in comparison with HK\$129.0 million for the Previous Year, representing an increase of 17.0%. The gross profit margin for the Year remained stable at 72.8% (Previous Year: 74.1%).

Revenue from property investment

The revenue from property investment slightly increased by 0.3% to HK\$766,000 for the Year as compared to HK\$764,000 for the Previous Year.

Other income

For the Year, other income amounted to HK\$8.0 million, as compared to HK\$16.8 million for the Previous Year, representing a decrease of 52.4%. Such decrease was mainly due to the substantial decrease in government subsidies received during the Year.

Staff costs

Staff costs represent wages, salaries, bonuses, retirement benefit costs and other allowances paid or payable to all Directors and staff of the Group, which amounted to HK\$69.0 million for the Year, as compared to HK\$57.3 million for the Previous Year, representing an increase of 20.4%. Staff costs increased since the Group hired more staff due to the increase in number of restaurants/bars during the Year and the resumption of business after the cessation of Mandatory Closure.

Depreciation of property, plant and equipment

Depreciation represents depreciation charges on its property, plant and equipment, including buildings, leasehold improvements, computer equipment, furniture and fixtures and motor vehicles. Our depreciation charges increased to approximately HK\$11.4 million for the Year, representing an increase of approximately 20.6% which was primarily attributed to the expansion of business during the Year.

Depreciation of right-of-use assets

The depreciation charged on the right-of-use assets amounted to HK\$38.9 million for the Year, in comparison with HK\$34.1 million for the Previous Year, representing an increase of 14.0% which was primarily attributed to the expansion of business during the Year.

Property rentals and related expenses

Operating lease payments, property management fees, government rates and other related expenses increased to HK\$6.5 million as compared to HK\$4.4 million for the Previous Year, representing an increase of 48.3% which was primarily attributed to the increase in number of restaurants/bars during the Year.

Other operating expenses

For the Year, other operating expenses increased by 5.2% to HK\$27.4 million from HK\$26.0 million for the Previous Year, since the Group operated more bars and restaurants during the Year.

Finance costs

Finance costs represented interest paid or payable on bank loans, lease liabilities and other borrowings, which amounted to HK\$4.8 million for the Year, in comparison with HK\$4.5 million for the Previous Year, representing an increase of 7.1%. The main reason for the increase in finance costs for the Year was due to the increase in interest rate.

Taxation

The net tax credit for the Year amounted to approximately HK\$168,000, which comprised the deferred tax income of HK\$355,000 (total tax expenses in the Previous Year: HK\$423,000, which comprised the deferred tax expenses of HK\$288,000). The primary reason for the decrease was the utilization of unrecognized deferred tax assets for the Year.

Capital commitments

As at 31 March 2024, the Group had capital commitments of approximately HK\$949,000 (as at 31 March 2023: HK\$2,050,000).

Contingent liabilities

The Group did not have any contingent liabilities as at 31 March 2024 (as at 31 March 2023: Nil).

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:

	Net carrying amount	
	As at 31 March	
	2024	2023
	HK\$'000	HK\$'000
Assets		
Building	4,367	4,538
Right-of-use assets – leasehold land	42,696	44,395
Investment properties	21,500	22,580
	<u>68,563</u>	<u>71,513</u>

Dividend

The Board has resolved not to recommend the payment of a final dividend for the Year (Previous Year: Nil).

Foreign currency exposure

Since the Group's business activities are mainly 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 31 March 2024, the Group had 566 employees (2023: 552 employees). Total staff costs (including Directors' remuneration) were approximately HK\$69.0 million for the Year (2023: HK\$57.3 million). Remuneration is determined with 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 also adopted a share scheme on 29 September 2023 to provide incentives to the Directors and employees of the Group.

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 31 March 2024, nor was there any plan authorised by the Board for other material investment or additions of capital assets during the Year.

Material acquisition or disposal

There was no material acquisition or disposal of subsidiaries, associates or joint ventures during the Year.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

	As at 31 March	
	2024	2023
Cash and cash equivalents	HK\$2.1 million	HK\$1.6 million
Bank borrowings	HK\$51.7 million	HK\$52.6 million
Unutilised banking facilities	Nil	HK\$0.6 million
Gearing ratio	458%	564%

The Directors are of the view that as at the date of approval of this announcement, 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 net debt by total equity.

As at 31 March 2024, the Group had total bank borrowings of approximately HK\$51,745,000 (2023: HK\$52,602,000) with maturity ranging from 60 days to 8 years. The interest rate is charged based on floating rate.

FOREIGN CURRENCY

During the Year, the transactions of the Group were mainly 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 maintain its core business of bar operation and its existing branding strategy, targeting the mass market, with a view to increasing its market share in Hong Kong. With the existing client base garnered over the years, the Group will continue to leverage on its extensive network in Hong Kong. Currently, we are operating 54 bars & restaurants under four different brands. Our management is confident about our business and the Group intends to further expand our network for upcoming year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold, redeemed or cancelled any of the Company's listed securities during the Year.

SHARE SCHEMES

Share Option Scheme

The Company adopted a share option scheme (the “**Old Share Option Scheme**”) on 17 December 2016 (the “**SOS Adoption Date**”).

No share option had been granted under the Old Share Option Scheme since the SOS Adoption Date and therefore, there was no share option outstanding as at 30 September 2023 and no share options were granted, exercised, or cancelled or lapsed throughout the life of the Old Share Option Scheme.

The Old Share Option Scheme was terminated on 29 September 2023 upon the adoption of a new share scheme by the Company in accordance with Chapter 23 of the GEM Listing Rules at the extraordinary general meeting of the Company held on 29 September 2023.

As at the beginning and the end of the Year, the number of options available for grant under the scheme mandate of the Old Share Option Scheme was 86,000,000 and nil, respectively.

Share Scheme

A new share scheme was adopted by the Company in accordance with Chapter 23 of the GEM Listing Rules (the “**Share Scheme**”) at the extraordinary general meeting of the Company held on 29 September 2023. Pursuant to the Share Scheme, share awards or share options (collectively, the “**awards**”) may be granted to the directors and employees (whether full-time, part-time or other employment arrangement) of any member of the Group (including persons who are granted awards under the Share Scheme as inducement to enter into employment contracts with any member of the Group).

On 29 September 2023, a total of 28,896,000 share awards were granted to Ms. Chan Tsz Kiu Teresa (“**Ms. TK Chan**”), Ms. Chan Tsz Tung (“**Ms. TT Chan**”) and Ms. Chan Ching Mandy (“**Ms. C Chan**”) (all being executive Directors and substantial shareholders of the Company). No share options have been granted under the Share Scheme.

Particulars of the outstanding share awards under the Share Scheme and their movements during the Year are as follows:

Name of grantee	Position	Unvested share awards as at 1 April 2023	Share awards granted during the Year	Share awards vested during the Year	Share awards cancelled during the Year	Share awards lapsed during the Year	Unvested share awards as at 31 March 2024
Ms. TK Chan	Executive Director	–	9,632,000	–	–	–	9,632,000
Ms. TT Chan	Executive Director	–	9,632,000	–	–	–	9,632,000
Ms. C Chan	Executive Director	–	9,632,000	–	–	–	9,632,000
Total		–	28,896,000	–	–	–	28,896,000

Notes:

- The share awards were granted on 29 September 2023 (the “**Date of Grant**”).
- One-third (1/3) of the award shares will be vested 12 months from the Date of Grant (i.e. 29 September 2024); one-third (1/3) of the award shares will be vested 24 months from the Date of Grant (i.e. 29 September 2025); and one-third (1/3) of the award shares will be vested 36 months from the Date of Grant (i.e. 29 September 2026).

3. The purchase price for the award shares is nil.
4. Vesting of the share awards is not subject to any performance target. The awards will not be subject to any clawback mechanism of the Share Scheme.
5. The closing price of the Shares as quoted on the Stock Exchange on 28 September 2023, being the date immediately before the Date of Grant, was HK\$0.078.
6. The fair value of the share awards as at the Date of Grant was HK\$0.081, calculated based on the fair value of the equity instruments as at the Date of Grant. The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. When shares granted are vested, the amount previously recognised in share-based payments reserve will be transferred to share capital and share premium.

The number of awards available for grant under the scheme mandate of the Share Scheme was 57,104,000 as at 31 March 2024 (1 April 2023: not applicable).

The number of Shares that may be issued in respect of awards granted under the Share Scheme during the Year divided by the weighted average number of Shares in issue for the Year is 0.0336. Further details of the Share Scheme and the share awards granted are set out in the Company's circular dated 11 September 2023 and announcement dated 29 September 2023.

CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions set out in the Corporate Governance Code (the “**CG Code**”) as stated in Part 2 Appendix C1 of GEM Listing Rules on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) throughout the Year. During the year ended 31 March 2024, to the best knowledge of the Board, the Company has complied with all the applicable code provisions set out in the CG Code.

CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings concerning securities transactions by the Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Model Code**”) as its own code governing securities transactions of the Directors.

Having made specific enquiry of all the Directors, all of the Directors confirmed that they have fully complied with the required standard of dealings as set out in the Model Code during the Year and up to the date of this announcement.

Pursuant to Rule 5.66 of the Model Code, the Directors have also requested any employee of the Company or director or employee of a subsidiary of the Company who, because of his office or employment in the Company or a subsidiary, is likely to possess inside information in relation to the securities of the Company, not to deal in securities of the Company when he/she would be prohibited from dealing by the Model Code as if he/she were a Director.

AUDIT COMMITTEE

The Board has established the Audit Committee pursuant to a resolution of the Directors passed on 17 December 2016 in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. The written terms of reference of the Audit Committee were adopted in compliance with code provisions D.3.3 and D.3.7 of Part 2 of the CG Code.

The Audit Committee comprises all three independent non-executive Directors, namely, Mr. Chan Chun Yeung Darren, Mr. Chin Chun Wing and Mr. Tang Wing Lam David. Mr. Chan Chun Yeung Darren, who has the appropriate professional qualifications and experience in accounting matters, is the chairman of the Audit Committee.

The Audit Committee has reviewed the annual results and has no dissenting view on the accounting policies of the companies adopted by the Group and on the Group's internal controls and risk management, accounting and financial reporting functions.

EVENT AFTER THE REPORTING PERIOD

The Group does not have any material subsequent event after the Year and up to the date of this announcement.

SCOPE OF WORK OF BAKER TILLY HONG KONG LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, Baker Tilly Hong Kong Limited, to the amounts set out in the Group's audited consolidated financial statements for the year as approved by the Board of Directors. The work performed by Baker Tilly Hong Kong Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Baker Tilly Hong Kong Limited on the preliminary announcement.

EXTRACT OF THE INDEPENDENT AUDITOR’S REPORT FROM THE FINANCIAL STATEMENTS OF THE GROUP FOR THE YEAR ENDED 31 MARCH 2024

The following is the extract of the independent auditor’s report on audit of the consolidated financial statements of the Group for the year ended 31 March 2024 from Baker Tilly Hong Kong Limited, the auditor of the Group:

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty related to Going concern

We draw attention to Note 3.2 to the consolidated financial statements, which indicates that as of 31 March 2024, the Group’s current liabilities exceeded its current assets by HK\$94,924,000. In addition, as at 31 March 2024, the Group breached a covenant of its bank borrowings amounting to HK\$39,149,000. As stated in Note 3.2, these conditions, along with other matters as set forth in Note 3.2 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

PUBLICATION OF RESULTS ON WEBSITES

A copy of this announcement is posted on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.barpacific.com.hk).

By order of the Board
Bar Pacific Group Holdings Limited
Chan Tsz Kiu Teresa
Chairlady and Executive Director

Hong Kong, 27 June 2024

As at the date of this announcement, the executive Directors are Ms. Chan Tsz Kiu Teresa (Chairlady), Ms. Chan Ching Mandy (Chief Executive Officer) 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 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.