

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

Interim Report
2017/18



CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, 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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

*This report, 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. 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.*

CONTENTS

Corporate Information	2
Report on Review of Condensed Consolidated Financial Statements	3
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	4
Condensed Consolidated Statement of Financial Position	5
Condensed Consolidated Statement of Changes in Equity	6
Condensed Consolidated Statement of Cash Flows	7
Notes to the Condensed Consolidated Financial Statements	8
Management Discussion and Analysis	16
Other Information	20

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Tse Ying Sin Eva
(Chairlady and Chief Executive Officer)
Mr. Chan Darren Chun-Yeung

Independent Non-Executive Directors

Mr. Tang Wing Lam David
Mr. Chin Chun Wing
Mr. Yung Wai Kei

BOARD COMMITTEES

Audit Committee

Mr. Yung Wai Kei *(Chairman)*
Mr. Chin Chun Wing
Mr. Tang Wing Lam David

Remuneration Committee

Mr. Chin Chun Wing *(Chairman)*
Ms. Tse Ying Sin Eva
Mr. Yung Wai Kei

Nomination Committee

Ms. Tse Ying Sin Eva *(Chairlady)*
Mr. Chin Chun Wing
Mr. Yung Wai Kei

COMPANY SECRETARY

Mr. Chan Darren Chun-Yeung

COMPLIANCE OFFICER

Mr. Chan Darren Chun-Yeung

AUTHORISED REPRESENTATIVES

Ms. Tse Ying Sin Eva
Mr. Chan Darren Chun-Yeung

AUDITOR

Deloitte Touche Tohmatsu

COMPLIANCE ADVISER

LY Capital Limited *(ceased with effect from
1 November 2017)*
Red Solar Capital Limited *(appointed with effect from
1 November 2017)*

LEGAL ADVISOR (AS TO HONG KONG LAWS)

King & Wood Mallesons

REGISTERED OFFICE

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
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

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

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

COMPANY'S WEBSITE

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

STOCK CODE

8432

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

德勤

35/F, One Pacific Place
88 Queensway
Hong Kong

**TO THE MEMBERS OF
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)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Bar Pacific Group Holdings Limited (the “**Company**”) and its subsidiaries set out on pages 4 to 15, which comprises the condensed consolidated statement of financial position as of 30 September 2017 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” (“**HKSRE 2410**”) issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Without qualifying our review conclusion, we draw attention to the fact that the comparative condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period ended 30 September 2016, and the condensed consolidated statement of profit or loss and other comprehensive income for each of the three-month periods ended 30 September 2017 and 2016 and the relevant explanatory notes disclosed in these condensed consolidated financial statements have not been reviewed in accordance with HKSRE 2410.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

13 November 2017

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2017

	NOTES	Three months ended 30 September		Six months ended 30 September	
		2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Revenue	3	34,112	32,403	66,315	63,835
Other income	4	1,106	274	1,455	510
Cost of inventories sold		(7,142)	(6,033)	(15,015)	(13,632)
Staff costs		(9,815)	(9,214)	(19,316)	(18,014)
Depreciation		(1,653)	(781)	(2,775)	(1,676)
Property rentals and related expenses		(6,573)	(5,791)	(12,775)	(11,352)
Other operating expenses		(6,796)	(6,459)	(12,275)	(12,119)
Finance costs	5	(11)	(7)	(23)	(10)
Listing expenses		-	(3,525)	-	(7,640)
Profit (loss) before taxation	6	3,228	867	5,591	(98)
Taxation	7	(611)	(684)	(1,050)	(1,292)
Profit (loss) and total comprehensive income (expense) for the period		2,617	183	4,541	(1,390)
Profit (loss) and total comprehensive income (expense) for the period attributable to:					
Owners of the Company		2,360	(158)	4,053	(1,944)
Non-controlling interests		257	341	488	554
		2,617	183	4,541	(1,390)
Earnings (loss) per share	9	HK cents	HK cents	HK cents	HK cents
Basic and diluted		0.27	(0.02)	0.47	(0.30)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2017

	NOTES	30 September 2017 HK\$'000 (unaudited)	31 March 2017 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	10	11,656	8,757
Deposit paid for acquisition of property, plant and equipment		2,700	–
Rental deposits	11	3,126	3,991
		17,482	12,748
Current assets			
Inventories		1,426	1,252
Trade and other receivables	11	7,603	6,331
Tax recoverable		251	1,117
Bank balances and cash		58,761	58,632
		68,041	67,332
Current liabilities			
Trade and other payables	12	8,758	7,605
Obligations under finance leases — amount due within one year		414	407
		9,172	8,012
Net current assets		58,869	59,320
Total assets less current liabilities		76,351	72,068
Non-current liabilities			
Obligations under finance leases — amount due over one year		933	1,141
Net assets		75,418	70,927
Share capital and reserves			
Share capital	13	8,600	8,600
Reserves		59,587	55,562
		68,187	64,162
Non-controlling interests		7,231	6,765
Total equity		75,418	70,927

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2017

	Attributable to owners of the Company							Non-controlling interests	Total
	Share capital	Share premium	Capital reserves	Special reserves	Other reserves	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000 (Note a)	HK\$'000 (Note b)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2017 (audited)	8,600	57,060	6,065	(8,093)	(1,360)	1,890	64,162	6,765	70,927
Profit and total comprehensive income for the period	-	-	-	-	-	4,053	4,053	488	4,541
Acquisition of additional interest in a subsidiary	-	-	-	-	(28)	-	(28)	(22)	(50)
At 30 September 2017 (unaudited)	8,600	57,060	6,065	(8,093)	(1,388)	5,943	68,187	7,231	75,418
At 1 April 2016 (audited)	390	-	6,065	-	(1,331)	6,165	11,289	7,052	18,341
(Loss) profit and total comprehensive (expense) income for the period	-	-	-	-	-	(1,944)	(1,944)	554	(1,390)
Acquisition of additional interests in subsidiaries	-	-	-	-	(29)	-	(29)	(81)	(110)
At 30 September 2016 (unaudited)	390	-	6,065	-	(1,360)	4,221	9,316	7,525	16,841

Notes:

- 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"), the subsidiary of Bar Pacific Group Holdings Limited (the "Company").
- 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 a group reorganisation completed on 15 December 2016.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2017

	Six months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
NET CASH FROM OPERATING ACTIVITIES	8,812	4,200
INVESTING ACTIVITIES		
Interest income	87	9
Proceed from disposal of property, plant and equipment	2	–
Purchase of property, plant and equipment	(5,798)	(2,963)
Deposit paid for acquisition of property, plant and equipment	(2,700)	–
NET CASH USED IN INVESTING ACTIVITIES	(8,409)	(2,954)
FINANCING ACTIVITIES		
Principal payments for obligations under finance leases	(201)	(92)
Acquisition of additional interests in subsidiaries	(50)	(110)
Interest paid	(23)	(10)
Bank borrowing raised	–	4,500
Repayment of bank borrowing	–	(4,500)
Advance from a director	–	442
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(274)	230
NET INCREASE IN CASH AND CASH EQUIVALENTS	129	1,476
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	58,632	15,242
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, representing bank balances and cash	58,761	16,718

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

1. BASIS OF PREPARATION

The Company is an exempted company with limited liability incorporated in the Cayman Islands with its shares listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

The principal activity of the Group is the operation of a chain of bars in Hong Kong under the brand name of Bar Pacific.

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2017 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2017.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 7	Disclosure initiative
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses
Amendments to HKFRSs	Annual improvements to HKFRSs 2014–2016 cycle except for amendments to HKFRS 12

The application of the above amendments to HKFRSs in the current interim period has had no material impact on the amounts and/or disclosures reported in these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

3. REVENUE AND SEGMENT INFORMATION

Revenue represents amounts receivable from operation of bars and net of discounts.

Operating segments are determined with reference to the reports and financial information reviewed by the 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 Group has only a single operating segment which is operation of a chain of bars in Hong Kong.

For the purpose of resource allocation and performance assessment, the CODM reviews the overall results and financial position of the Group as a whole prepared based on same accounting policies of the Group.

No geographical information is shown as the revenue and profit from operations of the Group are all derived from its activities in Hong Kong.

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

4. OTHER INCOME

	Three months ended 30 September		Six months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Sponsorship income	939	88	957	92
Interest income	33	–	87	9
Others	134	186	411	409
	1,106	274	1,455	510

5. FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Interests on:				
Bank borrowing	–	4	–	4
Obligations under finance leases	11	3	23	6
	11	7	23	10

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

6. PROFIT (LOSS) BEFORE TAXATION

	Three months ended 30 September		Six months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Profit (loss) before taxation has been arrived at after charging:				
Directors' remuneration	452	217	901	417
Other staff's salaries and other benefits	8,943	8,747	17,599	16,954
Other staff's retirement benefits scheme contributions	420	250	816	643
Total staff costs	9,815	9,214	19,316	18,014
Depreciation of property, plant and equipment				
— Owned assets	1,577	749	2,623	1,585
— Assets under finance lease	76	32	152	91
	1,653	781	2,775	1,676
Operating lease payments	6,185	5,443	11,992	10,651
Auditor's remuneration	237	300	475	450
Loss on disposal of property, plant and equipment	2	—	121	—

7. TAXATION

	Three months ended 30 September		Six months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
The taxation charge comprises:				
Hong Kong Profits Tax				
— Current period	611	684	1,050	1,292

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the periods.

8. DIVIDENDS

No dividends were paid, declared or proposed during the current interim period, nor has any dividend been proposed since the end of the reporting period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

9. EARNINGS (LOSS) PER SHARE

	Three months ended 30 September		Six months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Earnings (loss) for the purpose of calculating basic earnings (loss) per share	2,360	(158)	4,053	(1,944)
Weighted average number of ordinary shares for the purpose of calculating basic earnings (loss) per share	860,000	645,000	860,000	645,000
Basic earnings (loss) per share (HK cents)	0.27	(0.02)	0.47	(0.30)

The weighted average number of shares has been determined on the assumption that the capitalisation issue, as set out in note 13(d), had been completed on 1 April 2015.

No diluted earnings (loss) per share is presented as there were no potential ordinary shares in issue in both periods.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2017, the Group incurred approximately HK\$5,798,000 (six months ended 30 September 2016: HK\$2,963,000) to acquire property, plant and equipment for its operation. Also during the period, the Group disposed certain property, plant and equipment with carrying amount of approximately HK\$123,000 for proceeds of HK\$2,000, resulting a loss on disposal of approximately HK\$121,000. There was no disposal during the six months ended 30 September 2016.

11. TRADE AND OTHER RECEIVABLES

	30 September 2017 HK\$'000 (unaudited)	31 March 2017 HK\$'000 (audited)
Trade receivables	372	286
Other receivables	605	246
Prepayments	1,914	2,205
Rental deposits	6,574	6,143
Utilities deposits	1,264	1,442
	10,729	10,322
Less: Rental deposits receivable over one year shown under non-current assets	(3,126)	(3,991)
	7,603	6,331

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

11. TRADE AND OTHER RECEIVABLES (Continued)

The Group's sales are mainly on cash or credit card settlement. As at 30 September and 31 March 2017, the Group's trade receivables mainly represents credit card sales receivable from financial institutions. None of the Group's trade receivables was individually or collectively considered to be impaired. The Group does not hold any collateral over these balances.

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

12. TRADE AND OTHER PAYABLES

	30 September 2017 HK\$'000 (unaudited)	31 March 2017 HK\$'000 (audited)
Trade payables	3,483	3,057
Salary payables	1,478	1,238
Accruals and other payables	3,797	3,310
	8,758	7,605

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

	30 September 2017 HK\$'000 (unaudited)	31 March 2017 HK\$'000 (audited)
0 to 30 days	3,080	2,469
31 to 60 days	354	486
61 to 90 days	2	–
91 to 120 days	–	6
Over 120 days	47	96
	3,483	3,057

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

13. SHARE CAPITAL

	Number of shares	Share capital HK\$
Ordinary shares of HK\$0.01 each		
Authorised:		
At date of incorporation and 30 September 2016 (note a)	30,000,000	300,000
Increase in authorised share capital (note b)	9,970,000,000	99,700,000
At 31 March 2017 and 30 September 2017	10,000,000,000	100,000,000
Issued and fully paid:		
At date of incorporation and 30 September 2016 (note a)	1	–
Issue of shares on Reorganisation (note c)	49,999	500
Issue of shares by capitalisation of share premium (note d)	644,950,000	6,449,500
Issue of shares by placing (note e)	215,000,000	2,150,000
At 31 March 2017 and 30 September 2017	860,000,000	8,600,000

Notes:

- (a) The Company was incorporated and registered as an exempted company in the Cayman Islands on 2 June 2016 with an authorised share capital of HK\$300,000 divided into 30,000,000 shares of a nominal value of HK\$0.01 each. Upon incorporation of the Company, 1 share of HK\$0.01 was issued at par value to the initial subscriber.
- (b) On 17 December 2016, the authorised share capital of the Company was increased from HK\$300,000 divided into 30,000,000 shares to HK\$100,000,000 divided into 10,000,000,000 shares by the creation of an additional 9,970,000,000 ordinary shares.
- (c) On 15 December 2016, the Company allotted and issued 49,999 shares to the then shareholders of Bar Pacific BVI as consideration to acquire the entire interest of Bar Pacific BVI.
- (d) On 17 December 2016, the Company authorised to capitalise the amount of HK\$6,449,500 being credited as fully paid to the share premium account and to pay up in full at par 644,950,000 ordinary shares of HK\$0.01 each, in proportion to the holders of shares whose names appear on the register of members of the Company.
- (e) On the listing of the Company's shares on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited on 11 January 2017, the Company issued 215,000,000 shares of HK\$0.01 each at HK\$0.29 per share by way of placing.

All ordinary shares issued during the period rank pari passu with the then existing ordinary shares in all respects.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

14. SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed on 17 December 2016, a share option scheme (the “**Scheme**”) was adopted for the primary purpose of providing incentives to directors, employees and eligible participants. The scheme will expire on 16 December 2026.

Under the Scheme, the Board of Directors of the Company (the “**Board**”) may grant options to directors, employees, consultants, advisers, agents, vendors, suppliers of goods or services and customers of the Company and its subsidiaries and entities in which the Group holds equity interest at the discretion of the Board pursuant to the terms of the scheme, to subscribe for shares of the Company at a price which shall not be less than the highest of (i) the closing price of a share of the Company listed on the Stock Exchange at the date of grant of the option; (ii) the average of the closing price of a share of the Company on the Stock Exchange for the five trading days immediately preceding the date of grant of the option; and (iii) the nominal value of a share of the Company.

The maximum number of shares in respect of which options shall be granted under the Scheme and any other share option schemes of the Company is 10% of the total number of shares in issue at the date of approval of adoption of the scheme. No director, employee or eligible participant may be granted options under the Scheme which will enable him or her if exercise in full to subscribe for more than 1% of the issued share capital of the Company in any 12-month period. The option period for which the options granted can be exercisable, shall be such period as notified by the Board, save that it shall not be more than 10 years from the date of grant subject to the terms of the scheme. Nominal consideration of HK\$1 is payable on acceptance of each grant and the share options granted shall be accepted within 28 days from the date of grant.

No share option was granted or remained outstanding under the Scheme during the six months ended 30 September 2017 and the corresponding period in 2016.

15. RELATED PARTY TRANSACTIONS

(a) During the period, the Group entered into the following transactions with related parties:

Related parties	Relationship of related parties	Nature of transaction	Six months ended	
			30 September 2017 HK\$'000 (unaudited)	30 September 2016 HK\$'000 (unaudited)
Wishing Limited	Company controlled by a close family member of a substantial shareholder	Purchase of property, plant and equipment	–	1,800

During the six months ended 30 September 2016, a director of the Company has provided financial guarantee to a subsidiary of the Group in respect of operating lease for a bar and the financial guarantee was released prior to 30 September 2017. As at 30 September 2017, the outstanding amount of financial guarantee is nil (six months ended 30 September 2016: HK\$91,800).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

15. RELATED PARTY TRANSACTIONS (Continued)

- (b) The remuneration paid or payable to the key management personnel during period is set out below. The remuneration of key management personnel was determined with reference to the performance of the individuals and market trends.

	Six months ended	
	30 September 2017 HK\$'000 (unaudited)	30 September 2016 HK\$'000 (unaudited)
Fees, salaries and other benefits	883	408
Retirement benefit scheme contributions	18	9
	901	417

16. CAPITAL COMMITMENTS

	30 September 2017 HK\$'000 (unaudited)	31 March 2017 HK\$'000 (audited)
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	1,800	–

17. EVENTS AFTER THE END OF THE REPORTING PERIOD

- (a) On 3 October 2017, the Group commenced full operation of Bar Pacific LXXII International Limited.
- (b) On 19 October 2017, the Group entered into a catering service agreement with a caterer. The caterer will provide the catering service of serving breakfast, lunch and afternoon tea at one of the shops of the Group during hours designated by the Group. In consideration of the catering service provided by the caterer, the Group will share certain percentage of the revenue generated from the catering service with the caterer. Details of the transaction is set out in the Company's announcement dated 19 October 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are a chained bar group offering beverages and light refreshments under the brand “Bar Pacific” in Hong Kong. The main focuses of the Group’s growth strategies lie in its networks expansion and upgrading existing shops’ facilities. During the six months ended 30 September 2017 (the “**Review Period**”), the Group has signed three rental contracts for three new shops which two new shops will be opened in the fourth quarter of 2017 and one new shop will be opened in the first quarter of 2018. In 2017, the Group completed the refurbishment of eight shops. As at 30 September 2017, we operate 32 shops at street level throughout Hong Kong.

Revenue of the Group is generated from beverages (including beer, other alcoholic drinks and other non-alcoholic beverages), light refreshments and others including electronic dart machines. Sales incentives like bonuses and rewards are applied to all frontline and management staff, while strategic shifting of regional management is in place to constantly boost the Group’s revenue.

During the Review Period, the Group carried out internal measures to enhance its products and services. Innovative beverages were introduced to individual shops in consideration of customer feedback to widen beverages variety and match customer needs in changing trend. On top of this, shops are being renovated to modernize brand image and increase its visibility.

The Group paid efforts in proactively marketing the “Bar Pacific” brand during the Review Period with the aim of maintaining its positive brand image and attracting new customers. A myriad of promotion and marketing events were initiated by the Group, in addition to activities co-organised with major suppliers or other parties. The Group devotes increasing efforts in event participation, collaboration and sponsorship to enhance connection with customers and attract more new customers.

The Group puts great emphasis on the staff management, in particular, the frontline staff as they play an essential role in providing quality services to our customers. Thus, it is important to routinely provide professional training for our frontline staff. Standard operating procedures pertaining to service and safety policy are executed to all staff members, while job training is provided to our management to ensure continuous improvement of business operation.

PROSPECTS

Looking ahead, the Group will ride on its recently raised profile upon its listing on GEM of the Stock Exchange in January 2017 and maintain its core business of bar operation and its existing branding strategy, targeting the mass market, to increase 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. Openings of four new shops per year are envisioned in the coming three years ending 31 March 2020. All shops are strategically located with close proximity to the residential or industrial areas rather than at prime retail location.

To attain better performance, the Group will continue to explore new source of income such as engaging third party for the provision of breakfast, lunch and afternoon tea during non-bar operating hours to fully utilise the premises so that the profits of the Group can be maximized.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS

The Company's shares (the "Shares") were successfully listed on GEM of the Stock Exchange on 11 January 2017 by way of placing (the "Placing"). 215,000,000 Shares were placed at HK\$0.29 per Share pursuant to the Placing. The net proceeds from the Placing were about HK\$45.2 million after deduction of listing related expenses. During the Review Period, a portion of the net proceeds from the Placing was utilised and a summary of use of proceeds are set out in the table below:

	Proposed amount to be used HK\$ (million)	Proposed amount used up to 30 September 2017 HK\$ (million)	Approximate actual amount utilized up to 30 September 2017 HK\$ (million)	Changes and explanation
Expand our brand	35.5	14.8	3.4	The expansion plan was delay as the Group could not find suitable shops for expansion. Two news shops are expected to be opened in the fourth quarter of 2017 and one new shop is expected to be opened in the first quarter of 2018.
Continue to upgrade our shop facilities	3.4	1.6	3.4	Renovation was speeded up to boost revenue of existing shops. As at 30 September 2017, the Group completed the refurbishment of eight shops. As proposed amount was used up, the Group will continue refurbishment on existing shops using internal generated capital.
Continue our promotion and marketing activities	3.5	1.9	0.7	Marketing events during the Review Period were co-organised with our major suppliers, major costs of such events were borne by our suppliers. Therefore, costs on marketing activities were less than proposed amount.
Total	42.4	18.3	7.5	

FINANCIAL REVIEW

Revenue

Our revenue increased from approximately HK\$63.8 million for the six months ended 30 September 2016 (the "Previous Period") to approximately HK\$66.3 million for the Review Period, representing a slight growth of approximately 3.9%. Such growth was primarily attributable to the opening of Shop LXX in October 2016 and the general increase in the performance of existing shops during the Review Period which was offset by the closure of Shop XXIII in December 2016.

Cost of inventories sold

Cost of inventories sold mainly consists of the cost of beverages and light refreshment sold. Our cost of inventories sold increased from approximately HK\$13.6 million for the Previous Period to approximately HK\$15.0 million for the Review Period, representing an increase of approximately 10.2%. Such increase was primarily attributable to the increase in revenue and increase in purchase price during the Review Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Other income

Our other income increased from approximately HK\$0.5 million for the Previous Period to approximately HK\$1.5 million for the Review Period, representing a growth of approximately 185.3%. Such increase was primarily attributable to the increase in sponsorship income during the Review Period.

Staff costs

Our staff costs comprise salaries and benefits, including wages, salaries, bonuses, retirement benefit costs and other allowances to all our staff, including our directors, head office and shop staff. Our staff costs increased from approximately HK\$18.0 million for the Previous Period to approximately HK\$19.3 million for the Review Period, representing an increase of approximately 7.2%. Such increase was primarily attributable to the increase in directors' remuneration and the general increase in salaries level during the Review Period.

Depreciation

Depreciation represents depreciation charges on its property, plant and equipment, as in leasehold improvements, computer equipment, furniture and fixtures and motor vehicles. Our depreciation charges increased from approximately HK\$1.7 million for the Previous Period to approximately HK\$2.8 million for the Review Period, representing an increase of approximately 65.6%. Such increase was primarily attributable to the opening of Shop LXX in October 2016 and the increase in depreciation charges of the eight renovated shops.

Property rentals and related expenses

Our property rentals and related expenses consist of operating lease payments, property management fee and government rate on our shops, storage and office premises. Our property rentals and related expenses increased from approximately HK\$11.4 million for the Previous Period to approximately HK\$12.8 million for the Review Period, representing an increase of approximately 12.5%. Such increase was primarily attribute to the general increase in the rental expenses of some of our leased properties upon renewal of leases and property rentals and related expenses on the two new shops which is expected to be opened in the fourth quarter of 2017.

Other operating expenses

Our other operating expenses increase from approximately HK\$12.1 million for the Previous Period to approximately HK\$12.3 million for the Review Period, representing an increase of approximately 1.3%. Such increase was mainly attributable to the increase in legal and professional fees during the Review Period.

Finance costs

Finance costs represent interest on bank borrowing and obligations under finance lease. The amount increased from approximately HK\$10,000 for the Previous Period to approximately HK\$23,000 for the Review Period, representing an increase of approximately 130%. Such increase was mainly attributable to the new human resources system purchased under finance lease in 2017.

Listing expenses

No listing expenses was incurred for the Review Period as the Placing was completed on 11 January 2017. During the Previous Period, the Group incurred listing expenses of approximately HK\$7.6 million.

Taxation

Our taxation decreased from approximately HK\$1.3 million for the Previous Period to approximately HK\$1.1 million for the Review Period, representing a decrease of approximately 18.7%. Such decrease was mainly attributable to the increase in property rentals and related expenses and staff costs, resulting in a decrease in assessable profit for the Review Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Profit for the Review Period

As a result of the above, the Group recorded a profit of approximately HK\$4.5 million for the Review Period, as compared to the loss of approximately HK\$1.4 million recorded for the Previous Period. The increase in profit for the Review Period was mainly attributable to no listing expenses being incurred during the Review Period which was offset by the increase in property rentals and related expenses and the increase in staff costs during the Review Period.

Dividend

No dividend was declared and paid to the shareholder of the Company during the Review Period nor the Previous Period.

Contingent liabilities

As at 30 September 2017, the Group did not have any significant contingent liabilities.

Commitments

Details of the capital expenditure and capital commitments are set out in Notes 16 to the Condensed Consolidated Financial Statements.

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.

Charges on the Group's assets

The Group did not have any charges on its assets as at 30 September 2017 (as at 30 September 2016: NIL).

Significant investments

The Group did not hold any significant investments during the Review Period.

Material acquisition or disposal

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

Events after the end of the reporting period

Details of the event after the end of the reporting period are set out in Notes 17 to the Condensed Consolidated Financial Statements.

LIQUIDITY AND FINANCE RESOURCES

Cash position

As at 30 September 2017, the carrying amount of the Group's bank balances and cash was approximately HK\$58.8 million (30 September 2016: approximately HK\$16.7 million).

Bank and other borrowings

During the Review period, the Group did not have any bank or other borrowings.

Gearing ratios

Gearing ratio is calculated based on the total debt at the end of the year divided by the total equity at the end of the year. As at 30 September 2017, gearing ratio was 0% (as at 30 September 2016: 24.8%).

EMPLOYEE INFORMATION

As at 30 September 2017, the Group had 419 employees (as at 30 September 2016: 348). Total staff costs (including Directors' remuneration) were approximately HK\$19.3 million for the Review Period (the Previous Period: HK\$18.0 million).

OTHER INFORMATION

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 September 2017, 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 to be notified to the Company and the Stock Exchange: (a) 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); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein (the "Register"), 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:

Long position in the Shares

Name of Director	Nature of interest	Number of Shares held	Approximate percentage of issued share capital of the Company
Ms. Tse Ying Sin Eva ("Ms. Tse") (Note)	Beneficiary of a trust	431,543,700	50.18%

Note: Moment to Moment Company Limited ("BVI Holdco") holds 431,543,700 Shares, representing approximately 50.18% of the share capital of the Company. The sole shareholder of BVI Holdco is Harneys Trustees Limited, the trustee of the Bar Pacific Trust, of which Ms. Tse and her daughter, namely Ms. Chan Tsz Kiu Teresa, are beneficiaries. Ms. Tse is deemed to be interested in the Shares held by BVI Holdco under the SFO.

Save as disclosed above, as at 30 September 2017, 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 are 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 September 2017, 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 of the Company 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 of the Company:

Long position in the Shares

Name	Nature of interest	Number of Shares held	Approximate percentage of issued share capital of the Company
BVI Holdco <i>(Note)</i>	Beneficial owner	431,543,700	50.18%
Harneys Trustees Limited <i>(Note)</i>	Trustee (other than a bare trustee)	431,543,700	50.18%
Ms. Tse <i>(Note)</i>	Beneficiary of a trust	431,543,700	50.18%
Ms. Chan Tsz Kiu Teresa <i>(Note)</i>	Beneficiary of a trust	431,543,700	50.18%
Ms. Chan Ching Mandy <i>(Note)</i>	Interest of controlled corporation	431,543,700	50.18%
BP Sharing Limited	Beneficial owner	162,322,312	18.87%

Note: BVI Holdco holds 431,543,700 Shares, representing approximately 50.18% of the share capital of the Company. The sole shareholder of BVI Holdco is Harneys Trustees Limited, the trustee of the Bar Pacific Trust, of which Ms. Tse and her daughter, namely Ms. Chan Tsz Kiu Teresa, are beneficiaries. Pursuant to the 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 Trustees Limited 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 Trustees Limited, Ms. Tse, Ms. Chan Tsz Kiu Teresa and Ms. Chan Ching Mandy is deemed to be interested in the Shares held by BVI Holdco under the SFO.

Save as disclosed above, as at 30 September 2017, 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.

OTHER INFORMATION

COMPETING INTERESTS

The Directors are not aware of any business or interest of the Directors or the controlling shareholders (as defined in the GEM Listing Rules) of the Company nor any of their respective close associates (as defined in the GEM Listing Rules) that competed or might compete, either directly or indirectly, with the business of the Group and any other conflicts of interest which any such person had or might have with the Group during the six months ended 30 September 2017.

CORPORATE GOVERNANCE CODE

The Company adopted the Corporate Governance Code (the “**CG Code**”) contained in Appendix 15 to the GEM Listing Rules as its own code of corporate governance and save for the deviation from paragraph A.2.1 of the CG Code, the Board is satisfied that the Company had complied with the code provisions of the CG Code for the Review Period.

Paragraph A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Ms. Tse is the chairlady and the chief executive officer of the Company. Considering that Ms. Tse has been operating and managing the Group since its incorporation, the Board believes that it is in the best interest of the Group to have Ms. Tse taking up both roles for effective management and business development. Therefore, the Board considers that the deviation from paragraph A.2.1 of the CG Code is appropriate in such circumstances.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct (the “**Code of Conduct**”) regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry of all the Directors and all Directors have confirmed that they had complied with the required standards as set out in the Code of Conduct for the Review Period.

INTERESTS OF COMPLIANCE ADVISER

As at 30 September 2017, as notified by the Company’s compliance adviser, LY Capital Limited (the “**Compliance Adviser**”), except for the compliance adviser agreement dated 29 December 2016 and entered into between the Company and the Compliance Adviser, neither the Compliance Adviser nor its directors, employees or close associates (as defined under the GEM Listing Rules) had any interests in relation to the Company, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

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

During the Review Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “**Scheme**”) on 17 December 2016. 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 of the Scheme and there was no share option outstanding as at 30 September 2017.

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. Written terms of reference in compliance with paragraph C.3.3 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 judgements in respect of financial reporting; and oversee the effectiveness of the procedures of the internal control of the Group.

The Audit Committee consists of three independent non-executive Directors, namely Mr. Tang Wing Lam David, Mr. Chin Chun Wing and Mr. Yung Wai Kei. Mr. Yung Wai Kei is the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2017 and this interim 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

Hong Kong, 13 November 2017

As at the date of this interim report, the executive Directors are Ms. Tse Ying Sin Eva and Mr. Chan Darren Chun-Yeung; and the independent non-executive Directors are Mr. Tang Wing Lam David, Mr. Chin Chun Wing and Mr. Yung Wai Kei.