

# 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)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號 : 8432



年報  
**Annual  
Report**

**2018/19**

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*This Annual Report, for which the directors (collectively the “**Directors**” or individually a “**Director**”) of Bar Pacific Group Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange 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 Annual Report misleading.*

*Any announcement, notice or other document of the Company published on the GEM website at [www.hkgem.com](http://www.hkgem.com) will remain on the “Latest Company Announcements” page for a minimum period of 7 days from the date of publication and on the website to the Company at [www.barpacific.com.hk](http://www.barpacific.com.hk).*



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A decorative graphic consisting of numerous blue leaf shapes of varying sizes and orientations, arranged in a pattern that flows across the bottom and right sides of the page. The leaves are rendered in different shades of blue, from light to dark, creating a sense of depth and movement.

# GLOSSARY

Unless the context otherwise requires, the following terms used in the sections headed “Corporate Information”, “Chairlady’s Statement”, “Management Discussion and Analysis”, “Profile of Directors and Senior Management”, “Corporate Governance Report”, “Directors’ Report”, “Environmental, Social and Governance Report” and “Financial Summary” shall have their respective meanings set out below.

“2018 AGM”	the AGM held on Tuesday, 31 July 2018
“2019 AGM”	the AGM to be held on Wednesday, 31 July 2019 at 2:00 p.m.
“AGM(s)”	the annual general meeting(s) of the Company
“Annual Report”	the annual report of the Company for the Year
“Articles of Association”	articles of association of the Company as amended, supplemented or otherwise modified from time to time
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors
“CEO” or “Chief Executive Officer”	the chief executive officer of the Company
“CG Code”	Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules
“Chairlady”	the chairlady of the Board
“close associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Company”	Bar Pacific Group Holdings Limited (太平洋酒吧集團控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, whose issued Shares are listed and traded on GEM (Stock code: 8432)
“Company Secretary”	the company secretary of the Company
“Compliance Officer”	the compliance officer of the Company
“Director(s)”	the director(s) of the Company
“EGM(s)”	extraordinary general meeting(s) of the Company
“ESG”	environmental, social and governance
“Executive Director(s)”	the executive Director(s) of the Company
“Financial Statements”	the consolidated financial statements of the Group for the Year



# GLOSSARY

“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM as amended, supplemented or otherwise modified from time to time
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Auditor(s)”	independent auditor(s) of the Company
“Independent Non-executive Director(s)” or “INED(s)”	the independent non-executive Director(s)
“Joint Company Secretary(ies)”	a joint company secretary of the Company or the joint company secretaries of the Company
“Listing”	the listing of the issued Shares on GEM by way of share offer
“Listing Date”	11 January 2017, the date on which the issued Shares were initially listed on GEM
“Nomination Committee”	the nomination committee of the Board
“PRC”	the People’s Republic of China and for the purpose of this Annual Report, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Previous Year”	the year ended 31 March 2018
“Register”	the register of the Company
“Register of Members”	the register of members of the Company
“Remuneration Committee”	the remuneration committee of the Board
“Reporting Date”	the date of the Annual Report for the Year
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	the ordinary share(s) of nominal or par value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)

# GLOSSARY

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the GEM Listing Rules
“UK”	the United Kingdom
“Year”	the year ended 31 March 2019
“%”	per cent



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Ms. Tse Ying Sin Eva  
(*Chairlady and Chief Executive Officer*)  
Ms. Chan Tsz Tung (appointed on 31 December 2018)  
Mr. Chan Darren Chun-Yeung, *CPA*  
(resigned on 31 December 2018)

### 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

## JOINT COMPANY SECRETARIES

Mr. Leung Ping Hing, *CPA*  
(appointed on 31 December 2018)  
Sir Kwok Siu Man KR, *FCS*  
(appointed on 31 December 2018)

## COMPANY SECRETARY

Mr. Chan Darren Chun-Yeung, *CPA*  
(resigned on 31 December 2018)

## COMPLIANCE OFFICER

Ms. Chan Tsz Tung (appointed on 31 December 2018)  
Mr. Chan Darren Chun-Yeung, *CPA*  
(resigned on 31 December 2018)

## AUTHORISED REPRESENTATIVES

Ms. Tse Ying Sin Eva  
Sir Kwok Siu Man KR (appointed on 31 December 2018)  
Mr. Leung Ping Hing (alternate to Ms. Tse Ying Sin Eva  
with effect from 31 December 2018)  
Mr. Chan Darren Chun-Yeung  
(resigned on 31 December 2018)

## INDEPENDENT AUDITOR

Deloitte Touche Tohmatsu

## COMPLIANCE ADVISER

Red Solar Capital Limited

## LEGAL ADVISOR

### as to Hong Kong laws

Victor Chan & Co.

## REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
P.O. 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 IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

## LISTING INFORMATION

### Place of Listing

GEM of The Stock Exchange of Hong Kong Limited

### Stock Code

8432

### Board Lot

10,000 shares

# CHAIRLADY'S STATEMENT

To Our Shareholders,

On behalf of the Board, I am pleased to present the Annual Report.

Over the past two decades, "Bar Pacific" has developed into one of the largest bar/pub operators in Hong Kong in terms of number of outlets. Our business motto of "Bringing Joy to Everyone" has built our team's mission to provide a joyful, safe, clean and comfortable environment for customers to enjoy their leisure. We believe that enjoyment of customers is our most valuable rewards.

## BUSINESS PERFORMANCE

During the Year, the Group opened a new shop in name of "Bar Pacific" in Sham Shui Po and two new shops in name of "Pacific" in Mongkok and Sai Ying Pun, whereas a shop in Aberdeen ceased business in June 2018 after the Group's careful consideration. The Group operates 37 shops in Hong Kong as at 31 March 2019 and up to the Reporting Date. During the period from the Listing Date to 31 March 2019, the Group utilized part of the net proceeds of Shares placed on the Listing Date to open seven new shops, which is behind the expansion schedule in the prospectus of the Company dated 30 December 2016.

We have evaluated rental, capital expenditures, operating expenses and potential customers in our feasibility studies before making decisions on the opening of new shops. We have also evaluated individual shop performance in a timely way rather purely focused on market share. Those evaluations, we believe, have created positive value to our Shareholders, which is reflected in our results for the Year. We recorded revenue and profit amounting to HK\$150,340,000 and HK\$8.6 million, respectively for the Year, compared to HK\$134,251,000 and HK\$6.5 million, respectively for the Previous Year, as we benefited from the better performance of shops opened last two years, which either have obtained profit after initial losses or less losses.

## STRATEGIC REPORT

Over the years, the brand "Bar Pacific" has gained popularity for its competitive pricing and quality service. "Bar Pacific" has received "Quality Bar Label Award" by Hong Kong Bar and Club Association for seven consecutive years and "Best Brand of Bar" of "Yellow Pages Award" for three consecutive years.

We have also introduced a new brand "Pacific" to offer leisure-café and cocktails style to our customers during the Year. The new brand primarily targets customers who look for premium enjoyment with luxurious fine wines, cocktails and café. On top of that, we shall continue to launch games and events to enhance our customers' experience and to assist in promoting the products of our business partners.

## PROSPECTS

2019 has marked the Group's 20th anniversary, and it will also be a year of unpredictability. Hong Kong private consumption expenditures may be further weakened and it may be hard to operate in this adverse operating environment. However, even in the face of difficulties, we will still adhere to our belief so as to bring better quality service to enable more people to enjoy our services. We have planned to open two new shops in the first half of our current financial year to serve new customers with luxurious but affordable beverage in different districts. We strongly believe our customers' experience of enjoyment and relaxation in their time staying with us is an indispensable factor of our way to success in the future.

## APPRECIATION

On behalf of the Board, I would like to express my most sincere appreciation to our investors and business partners for their support and trust. I also take this opportunity to express my gratitude to our staff and customers who illuminated our night in the past two decades.

### **Tse Ying Sin Eva**

*Chairlady and Chief Executive Officer*

Hong Kong, 25 June 2019



## INDUSTRY REVIEW

Hong Kong's private consumption expenditure grew by 7.4% in the first half of 2018, thanks to solid income growth. However, the significantly slowing down of growth to 3.9% in the second half of the year under the trade disputes between the United States and the PRC and the trend will continue in 2019. Looking ahead, private consumption expenditure faces pressure from various external uncertainties and weaker wealth effect. According to the 2019-20 Budget, the average growth rate of the Hong Kong economy will be 2-3% in 2019, compared with 3.0% in 2018.

We believe that bars and pubs have become an indispensable part of life in Hong Kong. The quadrennial FIFA World Cup held from mid of June to mid of July 2018 brought positive contribution to the bars and pubs industry. Enthusiastic football-lovers boosted alcoholic beverage consumption for the once-in-four year game. Socializing, networking, entertaining and even relaxing are part of Hong Kong's drinking culture and industry operators continuously enrich those elements to retain existing and attract new customers.

## BUSINESS REVIEW

The Group operates chained bars mainly offering beverages and light refreshments under the brand "Bar Pacific" and "Pacific" with locations scattered over Hong Kong.

During the Year, a new shop under the name of "Bar Pacific" and two shops under the name of "Pacific" were opened. Overall sales performance increased approximately by 12% during the Year. As at 31 March 2019 and up to the Reporting Date, the Group operated a total of 37 shops 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 Year, the Group carried out internal measures to enhance its products and services. Innovative beverages were introduced to individual shops in consideration of our customers' feedbacks we have widen beverages variety to match our customer needs in the ever changing trend. On top of this, shops are being renovated to modernize the Group's brand image and increase its visibility.

During the period from the Listing Date to 31 March 2019, the Group completed the refurbishment of 16 of its shops. The Group paid efforts in proactively marketing the "Bar Pacific" and "Pacific" brand during the Year with the objective 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-organized with major suppliers or other parties. The Group has devoted increasing efforts in event participation, collaboration and sponsoring to enhance connection with customers and attract more new customers.

The Group puts great emphasis on staff management, in particular, the frontline staff as they play a vital role in providing quality services to our customers. We have provided professional training to our frontline staff regularly. Standard operating procedures pertaining to service and safety policy are in place for all staff members, while job training is provided to our management to ensure continuous improvement of business operation.

# MANAGEMENT DISCUSSION AND ANALYSIS

## PROSPECTS

Looking ahead, the Group will ride on its elevated profile upon its Listing 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, the Group has the advantage of leveraging its extensive network in Hong Kong. Opening of four new shops is envisioned in the current financial year ending 31 March 2020.

## Use of proceeds

The Shares were successfully listed on GEM on 11 January 2017 and a total of 215,000,000 Shares at HK\$0.29 per Share were placed (the “**Placing**”). The net proceeds from the Placing were about HK\$45.2 million after deduction of listing related expenses. During the Year, a portion of the net proceeds from the Placing was utilised and a summary of the use of proceeds is set out in the table below:

	Proposed amount to be used HK\$ (million)	Proposed amount used up to 31 March 2019 HK\$ (million)	Actual approximate amount utilized up to 31 March 2019 HK\$ (million)	Changes and explanation
Expand our brands	35.5	26.6	17.6	The expansion plan was delayed as the Group could not find suitable shops. The Group opened three new shops during the Year.
Continue to upgrade our shops' facilities	3.4	3.0	3.4	Renovation work was speeded up to boost revenue of existing shops. During the period from the Listing Date to 31 March 2019, the Group completed the refurbishment of 16 shops. As the proposed amount was used up, the Group will continue refurbishment of existing shops with internal generated capital.
Continue our promotion and marketing activities	3.5	3.5	3.5	Marketing and promotion expenses were increased in promoting our new brand “Pacific” during the Year. As the proposed amount was used up, the Group will continue marketing and promotion activities with internal generated capital.
<b>Total</b>	<b>42.4</b>	<b>33.1</b>	<b>24.5</b>	



# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### Revenue

Our revenue increased by approximately 12% to approximately HK\$150.3 million for the Year, compared to approximately HK\$134.3 million for the Previous Year. Such increase was primarily due to the opening of three new shops and the effect of FIFA World Cup during the Year.

### Profit for the Year

Profit of approximately HK\$8.6 million (2018: profit of HK\$6.5 million) was recorded for the Year, which was mainly due to improved performance of the new shops.

### Cost of inventories sold

Cost of inventories sold consists of the cost of beverages and light refreshments products sold in our shops. Our cost of inventories increased from approximately HK\$32.1 million for the Previous Year to approximately HK\$33.7 million for the Year, representing an increase of approximately 5%. Such increase is significantly less than the increase in revenue was primarily due to the suppliers' election to give direct rebates to purchases instead of providing sponsorship.

### Other income

Other income decreased by approximately 13% from approximately HK\$2.4 million for the Previous Year to approximately HK\$2.1 million for the Year. Such decrease was primarily due to the suppliers' election to give direct rebates to purchases instead of providing sponsorship.

### Staff costs

Our staff costs comprise salaries and benefits, including wages, salaries, bonuses, retirement benefit cost and other allowances to all our staff, including our Directors as well as head office and shop staff. Staff costs increased to approximately HK\$44.7 million for the Year from approximately HK\$40.4 million for the Previous Year, representing an increase of approximately 11%. Such increase was primarily attributable to the distribution of a one-off special bonus and a general increase in the salaries level during the Year.

### 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 to approximately HK\$8.3 million for the Year from approximately HK\$6.3 million for the Previous Year, representing an increase of approximately 32%. Such increase was primarily attributable to the opening of three new shops during the Year.

### Property rentals and related expenses

Our property rentals and related expenses consist of operating lease payments, property management fee and government rates on our shops, storage and office premises. For the Year, property rentals and related expenses increased to approximately HK\$29.8 million from approximately HK\$26.5 million for the Previous Year, representing an increase of approximately 12%. Such increase was primarily attributable to the increase in property rentals and related expenses on the three new shops in the Year and also increase in the rental expense for some of our shops upon renewal of leases.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW *(Continued)*

### Other operating expenses

Other operating expenses recorded an increase from approximately HK\$23.4 million for the Previous Year to approximately HK\$25.7 million for the Year, representing an increase of approximately 10%. Such increase was mainly attributable to an increase in the number of shops.

### Finance costs

Finance costs for the Year amounting to HK\$30,000 which reduced for over 20% when compared to HK\$42,000 for the Previous Year.

### Taxation

Taxation for the Year amounted to HK\$1.5 million, indicating an increase of approximately 25% from HK\$1.2 million for the Previous Year. Such increase was mainly attributable to an improvement in operating profit.

### Dividend

An interim dividend of HK0.50 cent per Share, totalling HK\$4,300,000 was declared for the six months ended 30 September 2018 (2018: HK0.55 cent for the nine months ended 31 December 2017).

The Directors have recommended the payment of a final dividend of HK0.50 cent (2018: nil) per Share for the Year. Subject to the approval of Shareholders at the 2019 AGM, the proposed final dividend will be payable on Wednesday, 28 August 2019 to Shareholders whose names will appear on the Register of Members on Tuesday, 13 August 2019.

### Capital commitments

The Group did not have any capital commitments as at 31 March 2019 (2018: Nil).

### Contingent liabilities

As at 31 March 2019, the Group did not have any significant contingent liabilities (2018: Nil).

### Charges on the Group's assets

The Group did not have any charges on its assets as at 31 March 2019 (2018: Nil).

### Significant investments

The Group did not hold any significant investments (except investments in the Company's subsidiaries) during the Year.

### Bank and other borrowing

Apart for the Group's finance leases, details as set out in note 18 to the consolidated financial statements, the Group did not have any bank and other borrowing as at 31 March 2019 (2018: Nil).

### Gearing ratio

Gearing ratio is calculated based on the total debts at the end of a year divided by total equity at the end of the year. As at 31 March 2019, gearing ratio was 0% (2018: 0%).



# MANAGEMENT DISCUSSION AND ANALYSIS

## **FINANCIAL REVIEW** *(Continued)*

### **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.

### **Significant event after year end**

There is no significant event affecting the Group subsequent to 31 March 2019.

### **Employee and remuneration policy**

As at 31 March 2019, the Group had approximately 370 employees (2018: 350 employees). Total staff costs (including Directors' remuneration) were approximately HK\$44.7 million for the Year (2018: HK\$40.4 million). Remuneration is determined by reference to the prevailing market terms and in accordance with the performance, qualification and experience of each individual employee. Periodic in-house training is provided to the employees to enhance the knowledge of the workforce. Meanwhile, training programs conducted by qualified personnel are also attended by our employees to enhance their skills set and working experience.

The Group adopted a share option scheme on 17 December 2016. Since its adoption, no options have been granted or agreed to be granted, and therefore, there were no outstanding options as at 31 March 2019 (2018: Nil).

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The Group's financial condition, results of operations, businesses and prospects would be affected by a number of risks and uncertainties including market risk, credit risk and impairment assessment, and liquidity risk. The risk management objectives and policies of the Group are shown in note 26 to the consolidated financial statements of this Annual Report.

# PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

## EXECUTIVE DIRECTORS

**Ms. Tse Ying Sin Eva (謝熒倩) (former forename “Siu Hung” (小虹)) (“Ms. Tse”)**, aged 47, is the Chairlady, the Chief Executive Officer, an Executive Director and a director of each of Bar Pacific Group Limited, Hacienda International Corporation Limited (希斯達國際有限公司), Tank Success International Limited (騰昇國際有限公司) (“**Tank Success**”) and Bar Pacific Entertainment Limited (太平洋娛樂有限公司), all being operating subsidiaries of the Company. She is also the chairlady of the Nomination Committee and a member of the Remuneration Committee.

Ms. Tse joined the Group in August 1999 and has spent about 20 years with the Group where she held senior corporate management positions in development and operations, including as a director of a number of subsidiaries of the Company.

Ms. Tse is responsible for formulating the overall business strategy and planning, leading business development, overseeing the Group’s performance and representing the Group in negotiation with potential business partners.

Ms. Tse is the mother of Ms. Chan Tsz Tung, an Executive Director.

**Ms. Chan Tsz Tung (陳枳瞳) (former forename “Tin Lok” (天洛)) (“Ms. Gloria Chan”)**, age 26, was appointed as Executive Director on 31 December 2018. Ms. Gloria Chan joined the Group as the marketing director of Tank Success, a wholly-owned subsidiary of the Company in 2015 and has primarily been responsible for the Group’s marketing activities. Ms. Gloria Chan obtained a bachelor’s degree of science in hotel management from The Hong Kong Polytechnic University in 2015.

Ms. Gloria Chan is a daughter of Ms. Tse, the Chairlady, the Chief Executive Officer and an Executive Director.

## INEDs

**Mr. Tang Wing Lam David (鄧榮林) (“Mr. Tang”)**, aged 62, was appointed as an INED on 17 December 2016 and is a member of the Audit Committee. Mr. Tang obtained a diploma in Sociology from Hong Kong Baptist College in June 1983. Mr. Tang obtained a master’s degree of Arts in Management Systems from the University of Hull in the UK in December 1988. Mr. Tang subsequently obtained a bachelor’s degree of laws from the University of Wolverhampton in the UK in October 1994 and a Postgraduate Certificate in Laws from the City University of Hong Kong in August 1996. Mr. Tang obtained a doctor of Philosophy in Business Administration from Tarlac State University in the Philippines in January 2019. Mr. Tang is currently a practising solicitor in Hong Kong. Mr. Tang joined Fung, Wong & Ha as a trainee solicitor from 1996 to 1998. From April 1999 to March 2016, Mr. Tang worked in Fung, Wong, Ng & Lam, Solicitors & Notaries as consultant. Since April 2016, Mr. Tang became a limited liability partner of Fung, Wong, Ng & Lam LLP Solicitors (formerly known as “Fung, Wong, Ng & Lam, Solicitors & Notaries”). Mr. Tang has about 20 years of legal experience in Hong Kong.

**Mr. Chin Chun Wing (錢雋永) (“Mr. Chin”)**, aged 40, was appointed as an INED on 17 December 2016 and is the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee. Mr. Chin completed secondary education in Hong Kong in 1995. From September 1997 to July 2005, Mr. Chin worked in Tom Lee Music Co., Ltd. as a salesman. From August 2006 to August 2009, Mr. Chin worked in Grand Bar & Lounge as a director. Since March 2007, Mr. Chin has been the director of Hong Kong Cocktail School. Since November 2008, Mr. Chin is the vice chairman of Hong Kong Bar & Club Association. Mr. Chin has about 10 years of experience in the beverage industry in Hong Kong.

**Mr. Yung Wai Kei (容偉基) (“Mr. Yung”)**, aged 37, was appointed as an INED on 17 December 2016. He is the chairman of the Audit Committee and a member of each of the Remuneration Committee and the Nomination Committee. Mr. Yung obtained a bachelor’s degree of business administration from Hong Kong Baptist University in November 2004, majoring in Applied Economics. Mr. Yung is currently a full member of the Association of Chartered Certified Accountants in the UK. From June 2004 to September 2005, Mr. Yung worked in AIP Partners C.P.A. Limited as audit junior. From October 2005 to January 2008, Mr. Yung was employed by Jimmy C.H. Cheung & Co., CPA as audit intermediate. From July 2008 to November 2008, Mr. Yung worked in Ronald Ng & Company Limited, CPA as audit senior. Mr. Yung worked in W.Y. Lam & Co., CPA (formerly known as W.Y. Lam & Dominic Chan & Co.) as assistant manager from December 2008 to January 2012. Since December 2012, Mr. Yung has been working for Alpha Partners, CPA as audit manager. Mr. Yung has over 10 years of external audit experience in Hong Kong.

# PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

## SENIOR MANAGEMENT

**Ms. Pan Mui Lie (范美麗) (“Ms. Pan”)**, aged 42, joined the Group in August 2003 and left after working for about 10 years and subsequently re-joined the Group in October 2015 as chief operation manager. Ms. Pan is currently the chief operation manager of the Group, responsible for overseeing the day-to-day operation; assessing the performance of frontline staff and formulating training standard and guidance to frontline staff of the Group. From August 2003 to March 2013, Ms. Pan worked in Tank Success as district manager. Ms. Pan has over 10 years of experience in the food and beverage industry.

**Mr. Au Siu Lun (區兆倫) (“Mr. Au”)**, aged 41, joined the Group in April 2005 as shop manager, responsible for the daily operation of the shops, handling enquiries and complaints of customers, coordinating staff, providing training for staff and planning and executing sales proposal of the bars. Mr. Au has over 10 years of experience in the bar industry. Currently, Mr. Au is one of the district managers of the Group.

**Ms. Chan Ting (陳婷) (“Ms. Chan”)**, aged 30, joined the Group as a part-time waitress in April 2009, and worked as a full-time waitress in July 2009, responsible for daily operation of the shops. Ms. Chan obtained a certificate in hosting and broadcasting from Communication University of China in January 2008. Since September 2011, Ms. Chan has been appointed as a district manager of the Group, responsible for the daily operation of the shops, handling enquiries and complaints of customers, coordinating staff, providing training for staff and planning and executing sales proposal of the bars. Ms. Chan has more than 9 years of experience in the bar industry.

**Ms. Poon Suet Hung (潘雪紅) (“Ms. Poon”)**, aged 41, joined the Group in January 2007 as a waitress responsible for the daily operation of the shops, handling enquiries and complaints of customers, coordinating staff, providing training for staff and planning and executing sales proposal of the bars. Ms. Poon has over 10 years of experience in the food and beverage industry. Currently, Ms. Poon is one of the district managers of the Group.

**Ms. Leung Ching Ming (梁靜明) (“Ms. Leung”)**, aged 36, joined the Group in March 2014 as an operation clerk. Ms. Leung obtained a Certificate in Food Hygiene for Hygiene Supervisor from the Hong Kong Productivity Council in July 2006. In January 2011, Ms. Leung obtained the Level 2 Award in Food Safety in Catering from the Chartered Institute of Environmental Health. Ms. Leung obtained a Basic Food Hygiene Certificate for Hygiene Managers in March 2011 from the School of Continuing and Professional Education of the City University of Hong Kong in Hong Kong. From March 2006 to May 2008, Ms. Leung worked in Baab Limited as server, senior server and supervisor, and as a Manager Candidate from August 2008 to April 2009. From May 2009 to December 2009, Ms. Leung worked in Pizza Box as associate manager. Ms. Leung returned to Baab Limited and performed various roles, including supervisor, assistant manager, restaurant manager and area manager during the period between December 2009 and September 2013. Afterwards, Ms. Leung joined the Group in March 2014. Currently, Ms. Leung is the operation manager of the Group.

**Mr. Leung Ping Hing (梁炳興) (“Mr. Leung”)**, aged 37, has been appointed as the Financial Controller of the Group and a Joint Company Secretary with effect from 16 December 2018 and 31 December 2018, respectively. He joined the Group as Finance Manager in April 2018 and is primarily responsible for the management of financial, accounting as well as company secretarial matters.

Mr. Leung has more than 10 years of accounting and auditing experience through his auditor or accountant positions with a number of certified public accountant firms in Hong Kong. From April 2014 to March 2018, Mr. Leung worked as the management accountant of Chinalink Bus Company Limited, a wholly-owned subsidiary of Kwoon Chung Bus Holdings Limited whose issued shares are listed on the Stock Exchange.

Mr. Leung obtained a bachelor’s degree of Business Administration from the City University of Hong Kong in November 2004, majoring in Financial Engineering and is a member of the Hong Kong Institute of Certified Public Accountants.

# PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

## JOINT COMPANY SECRETARIES

Mr. Leung Ping Hing is the Financial Controller of the Group and a Joint Company Secretary. For his brief biographical details, please refer to the paragraph headed "Senior Management" in this section above.

**Sir Kwok Siu Man KR ("Sir Seaman Kwok")** was appointed as a Joint Company Secretary on 31 December 2018.

Sir Seaman Kwok is an executive director and head, corporate secretarial of Boardroom Corporate Services (HK) Limited ("**Boardroom**"), a director of Boardroom Share Registrars (HK) Limited, the Company's Hong Kong branch share registrar, responsible for, amongst others, providing corporate secretarial services to listed clients. He has over 30 years of experience in the corporate secretarial, legal and management fields.

Sir Seaman Kwok matriculated from Queen's College in Hong Kong and obtained a Professional Diploma in Company Secretaryship and Administration and a Bachelor's Degree of Arts (with honours) in Accountancy from the Hong Kong Polytechnic (currently known as The Hong Kong Polytechnic University). He also completed a Post-Graduate Diploma in Laws (with credit) from the Manchester Metropolitan University in England and passed the Common Professional Examination in England and Wales.

A Chartered Governance Professional of The Institute of Chartered Secretaries and Administrators in England ("**ICSA**") and The Hong Kong Institute of Chartered Secretaries ("**HKICS**"), Sir Seaman Kwok is a fellow member of each of ICSA, HKICS, The Institute of Financial Accountants in England, the Institute of Public Accountants in Australia, The Association of Hong Kong Accountants and The Hong Kong Institute of Directors and a member of the Hong Kong Securities and Investment Institute. He also possesses professional qualifications in arbitration, taxation, financial planning and human resources management. In 1999, he received induction into the International WHO'S WHO of Professionals, an international organization which establishes a network of international elite professionals. He was one of the adjudicators for the "Best Annual Reports Awards" organised by the Hong Kong Management Association in the early 1990's and the late 2000's and the longest serving elected council member and the reviewer and the chief examiner of the "Hong Kong Company Secretarial Practice/Corporate Secretaryship" module of the international qualifying scheme of the HKICS. He was conferred as a Knight of Rizal of the Philippines in mid-June 2019.

Prior to joining Boardroom in September 2013, he served as the company secretary of various listed companies in Hong Kong including Lai Sun Garment (International) Limited (stock code: 191), Lai Sun Development Company Limited (stock code: 488), Lai Fung Holdings Limited (stock code: 1125), S E A Holdings Limited (stock code: 251), K. Wah International Holdings Limited (stock code: 173) and Great Eagle Holdings Limited (stock code: 41), a Hang Seng Index Constituent stock (the "**HSICS**") company then. He was the managing director of a top-notch financial printer in Hong Kong with international affiliation.





## PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

Sir Seaman Kwok was an independent non-executive director of Grand Ocean Advanced Resources Company Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 65), from February 2015 to February 2016. He has been an independent non-executive director of Tak Lee Machinery Holdings Limited, the issued shares of which are listed on GEM (stock code: 8142), since June 2017 and has been a director of a charity fund in Hong Kong since its incorporation in 1992. In addition, he is an executive committee member of Federation of Share Registrars Limited.

First appointed as the company secretary of a HSICS company in 1991, Sir Seaman Kwok was not required to have at least 15 hours of relevant continuing professional development training for each of the five consecutive years from 2012 under the Rules Governing the Listing of Secretaries on the Stock Exchange and the GEM Listing Rules.

### **COMPLIANCE OFFICER**

Ms. Gloria Chan is the Compliance Officer. For her brief biographical details, please refer to the paragraph headed “Executive Directors” in this section above.

# CORPORATE GOVERNANCE REPORT

The Company is committed to fulfilling its responsibilities to its Shareholders and protecting and enhancing Shareholders' value by devoting considerable effort to identify and formulating good corporate governance practices.

The Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal control and risk management procedures of the Group so as to achieve effective accountability.

The Board is pleased to present this Corporate Governance Report of the Group for the Year.

## CORPORATE GOVERNANCE PRACTICES

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

During the Year, the Company has adopted and complied with all applicable code provisions as set out in the CG Code as contained in Appendix 15 to the GEM Listing Rules with the exception that the roles of the Chairlady and the Chief Executive Officer have not been segregated as required by code provision A.2.1 of the CG Code. The Company is of the view that it is in the best interest of the Company that Ms. Tse, with her profound expertise in bar business, shall continue in her dual capacity as the Chairlady and the Chief Executive Officer. Nevertheless, the Company will look for suitable candidates and will make necessary arrangement pursuant to the requirement under A.2.1 of CG Code as and when necessary.

## BOARD OF DIRECTORS

### A. Responsibilities

The Board is primarily responsible for overseeing and supervising the management of the business affairs and the overall performance of the Group. The Board sets the Group's values and standards and ensures that the requisite financial and operational support is in place for the Group to achieve its objectives. The functions performed by the Board include but not limited to formulating the Group's business plans and strategies, deciding all significant financial (including major capital expenditure) and operational issues, developing, monitoring and reviewing the Group's corporate governance practices and all other functions reserved to the Board under the Articles of Association. The Board has established Board committees and has delegated to these Board committees various responsibilities as set out in their respective terms of reference which are published on the respective websites of the Stock Exchange and the Company. The Board may from time to time delegate certain functions to senior management of the Group if and when considered appropriate. The senior management is mainly responsible for the execution of the business plans, strategies and policies adopted by the Board and assigned to it from time to time.

The Directors have full access to information of the Group and the management has an obligation to supply the Directors with adequate information in a timely manner to enable the Directors to perform their responsibilities. The Directors are entitled to seek independent professional advice in appropriate circumstances at the Company's expense.

## BOARD OF DIRECTORS *(Continued)*

### B. Composition

The Company is committed to holding and implementing the view that the Board should include a balanced composition of Executive Directors and INEDs so that there is a strong independent element on the Board which can effectively exercise independent judgement.

As at the Reporting Date, the Board comprises the following five Directors, of which the INEDs in aggregate represent more than 50% of the Board members, exceeding the requirement of the GEM Listing Rules:

#### **Executive Directors**

Ms. Tse Ying Sin Eva (*Chairlady*)

Ms. Chan Tsz Tung (appointed on 31 December 2018)

Mr. Chan Darren Chun-Yeung (resigned on 31 December 2018)

#### **INEDs**

Mr. Tang Wing Lam David

Mr. Chin Chun Wing

Mr. Yung Wai Kei

The biographical details of each of the Directors are set out in the section headed "Profile of Directors and Senior Management" of this Annual Report.

Ms. Tse is the mother of Ms. Gloria Chan. Save as disclosed, there was no financial, business, family or other material relationship among the Directors for the Year.

The INEDs have brought in a wide range of business and financial expertise and independent judgement to the Board. Through active participation in the Board meetings and serving on various Board committees, all INEDs will continue to make various contributions to the Company.

During the Year, save as disclosed above, the Board has at all times met the requirement of Rules 5.05 and 5.05A of the GEM Listing Rules relating to the appointment of at least three INEDs with at least one of them has appropriate professional qualification and accounting and related financial management expertise as required under the GEM Listing Rules.

The Company has received a written annual confirmation of independence in writing from each of the INEDs pursuant to Rule 5.09 of the GEM Listing Rules. Based on such confirmation, the Company considers that all the INEDs are independent and have met the independence guidelines as set out in Rule 5.09 of the GEM Listing Rules up to the Reporting Date.

Appropriate insurance coverage in respect of legal actions against the Directors, and senior management's liability has been arranged by the Company.

#### **Appointment, Re-Election and Removal of Directors**

In compliance with the GEM Listing Rules and in accordance with the Articles of Association, (i) all INEDs should be appointed for specific terms, (ii) all Directors should be subject to retirement by rotation at least once every three years and are eligible for re-election, and (iii) any Director appointed by the Board to fill a casual vacancy in the Board shall hold office only until the next following general meeting of the Company and shall be subject to re-election at such meeting.

# CORPORATE GOVERNANCE REPORT

## DIRECTORS' INDUCTION AND CONTINUING PROFESSIONAL DEVELOPMENT

All Directors has received a formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is sufficiently aware of his/her responsibilities under statutes and common law, the GEM Listing Rules, legal and regulatory requirements and the Company's business and government policies.

All Directors are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities.

All Directors confirmed that they have complied with the code provision A.6.5 of the CG Code. According to the training records maintained by the Company, the Directors received the following trainings regarding roles, function and duties of a director of a listed company or professional skills in compliance with the requirement of the CG Code on continuous professional development during the Year:

Name of Directors	Type of Trainings
Ms. Tse Ying Sin Eva	A, B
Ms. Chan Tsz Tung (appointed on 31 December 2018)	A, B
Mr. Chan Darren Chun-Yeung (resigned on 31 December 2018)	A, B
Mr. Tang Wing Lam David	A, B
Mr. Chin Chun Wing	A, B
Mr. Yung Wai Kei	A, B

A: attending seminars/briefings/conference/forums and workshop

B: reading newspapers, journals and updates relating to the economy, general business, corporate governance and directors' duties and responsibilities

## MEETINGS OF BOARD AND DIRECTORS' ATTENDANCE RECORDS

Schedules for regular Board meetings are normally agreed with the Directors in advance. In addition to the above, notice of at least 14 days is given for a regular Board meeting. For other Board meetings, reasonable notice is generally given.

Draft agenda of each Board meeting is usually sent to all Directors together with the notice in order to give them an opportunity to include any other matters in the agenda for discussion in the meeting.

Board papers together with all appropriate, complete and reliable information are sent to all Directors at least 3 days before each Board meeting to provide them with materials relating to the transactions to be discussed in the meeting in order to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management whenever necessary.

The Chairlady, other Directors and other senior managements normally attend regular Board meetings and, where necessary, other Board and committee meetings to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Group.

# CORPORATE GOVERNANCE REPORT

## MEETINGS OF BOARD AND DIRECTORS' ATTENDANCE RECORDS *(Continued)*

The Company Secretary is/Joint Company Secretaries are responsible to keep minutes of all Board and committee meetings. Draft minutes are normally circulated to Directors for comments within a reasonable time after each meeting and the final version is open for Directors' inspection.

According to current Board practice, any material transaction, which involves a conflict of interest for substantial shareholders or a director, will be considered and dealt with by the Board at a duly convened Board meeting. The Articles of Association contains provisions requiring directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such directors or any of their associates have a material interest.

The following table summarises the attendance records of directors and committee members for the Year:

Name of Directors	Number of meeting(s) attended/eligible to attend				
	Board Meeting	Audit Committee	Nomination Committee	Remuneration Committee	AGM
Number of meeting held	6	4	4	3	1
<b>Executive Directors</b>					
Ms. Tse Ying Sin Eva	6/6	–	4/4	3/3	1/1
Ms. Chan Tsz Tung (appointed on 31 December 2018)	1/1	–	–	–	–
Mr. Chan Darren Chun-Yeung (resigned on 31 December 2018)	5/5	–	–	–	1/1
<b>INEDs</b>					
Mr. Tang Wing Lam David	5/6	3/4	–	–	1/1
Mr. Chin Chun Wing	6/6	4/4	4/4	3/3	1/1
Mr. Yung Wai Kei	6/6	4/4	4/4	3/3	1/1

Note: During the Year, the Board held six meetings, four of those were regular meetings.

Apart from the Board meetings above, consents and/or approvals of the Board were also obtained by way of written resolutions on a number of matters.

# CORPORATE GOVERNANCE REPORT

## DIVIDEND POLICY

On 31 December 2018, the Board approved and adopted the Dividend Policy as follows:

It is the policy of the Board, in considering the payment of dividends, to allow the Shareholders to participate in the Company's profits whilst preserving the Company's liquidity to capture future growth opportunities.

In deciding whether to propose a dividend and in determining the dividend amount, the Board shall consider the following factors before declaring or recommending dividends:

- (a) the Company's actual and expected financial performance;
- (b) retained earnings and distributable reserves of the Company and each of the members of the Group;
- (c) the Group's working capital requirements, capital expenditure requirements and future expansion plans;
- (d) the Group's liquidity position;
- (e) general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Group; and
- (f) other factors that the Board may considered relevant.

The payment of dividend by the Company is also subject to any restrictions under the Cayman Islands laws and the Articles of Association.

The Board will continually review the Dividend Policy from time to time and there can be no assurance that dividends will be paid in any particular amount for any given period. Even if the Board decides to recommend and pay dividends, the form, frequency and amount will depend upon the operations and earning, capital requirements and surplus, general financial condition, contractual restrictions and other factors of and affecting the Group.

## BOARD COMMITTEES

The Board has established three Board committees, namely the Audit Committee, the Remuneration Committee, and the Nomination Committee to oversee particular aspects of the Company's affairs. The Board committees are provided with sufficient resources to discharge their duties.

## **BOARD COMMITTEES** *(Continued)*

### **Remuneration Committee**

The Company established the Remuneration Committee on 17 December 2016 pursuant to a resolution in compliance with Rule 5.34 of the GEM Listing Rules with written terms of reference in compliance with code provision B.1.2 of the CG Code. The primary duties of the Remuneration Committee are to make recommendation to the Board on the overall remuneration policy, structure and packages relating to all Directors, senior management and general staff of the Group and ensure that none of the Directors or any of their associates determine their own remuneration. The Remuneration Committee consists of three members, namely Mr. Chin, Ms. Tse and Mr. Yung. Mr. Chin is the chairman of the Remuneration Committee.

For the Year, the Remuneration Committee held three meetings, and reviewed and recommended to the Board for consideration certain remuneration-related matters of the Directors and senior management. The remuneration of Directors was determined by their experience, responsibility, workload and the time devoted to the Group. Executive Directors and employees also participate in bonus arrangements which was determined in accordance with the performance of the Group and the individual's performance. Details of the Directors' remuneration are set out in note 8 to the consolidated financial statement.

Ms. Tse, the Chairlady, an Executive Director and the CEO and Mr. Chin and Mr. Yung both INEDs, attended the above Remuneration Committee meeting in the capacity of a member/the chairman of the Remuneration Committee.

### **Nomination Committee**

The Company established the Nomination Committee on 17 December 2016 with written terms of reference in compliance with code provision A.5.2 of the CG Code. The nomination committee schedules to hold at least one meeting a year. The primary duties of the Nomination Committee are to review the structure, size and composition of the Board annually; identify individuals suitably qualified to become Board members; assess the independence of INEDs; and make recommendations to the Board on relevant matters relating to appointment or reappointment of Directors. The Nomination Committee consists of three members, namely Mr. Chin, Ms. Tse and Mr. Yung. Ms. Tse is the chairlady of the Nomination Committee.

During the Year, the Nomination Committee held four meetings. It had assessed the independence of the INEDs and recommended to the Board for consideration the re-appointment of the retiring Directors at the 2018 AGM and discussed the matters relating to the procedure of nomination of director candidate by Shareholders, Directors' evaluation and succession plan etc.

### **Board Diversity Policy**

The Board adopted a policy of the Board diversity, including the measurable objectives set for implementing the same on 13 November 2018. The Nomination Committee will review these objectives regularly.

The Company recognises and embraces the benefits of a diversity of Board members. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board nominations, appointments and re-appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members and the nomination policy of the Company. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge.

## **BOARD COMMITTEES** *(Continued)*

### **Procedures and Process of Nomination of Directors**

The Nomination Committee will recommend to the Board for the appointment of a Director including an INED in accordance with the following procedures and process:

- i. The Nomination Committee will, giving due consideration to the current composition and size of the Board, develop a list of desirable skills, perspectives and experience at the outset to focus the search effort;
- ii. The Nomination Committee may consult any source it considers appropriate in identifying or selecting suitable candidates, such as referrals from existing Directors, advertising, recommendations from a third-party agency firm and proposals from the Shareholders with due consideration given to the criteria which include but are not limited to:
  - (a) diversity in the aspects, amongst others, of gender, age, cultural and educational background, professional experience, skills, knowledge and length of service;
  - (b) commitment for responsibilities of the Board in respect of available time and relevant interest;
  - (c) qualifications, both accomplishment and experience in the relevant industries in which the Group's business is involved;
  - (d) independence of INEDs;
  - (e) reputation for integrity;
  - (f) potential contributions that the individual can bring to the Board; and
  - (g) plan(s) in place for the orderly succession of the Board.
- iii. The Nomination Committee may adopt any process it considers appropriate in evaluating the suitability of the candidates, such as interviews, background checks, presentations and third-party reference checks;
- iv. The Nomination Committee will consider a broad range of candidates who are in and outside of the Board's circle of contacts;
- v. Upon considering a candidate suitable for the directorship, the Nomination Committee will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment;
- vi. The Nomination Committee will provide the relevant information of the selected candidate to the Remuneration Committee for consideration of the remuneration package of such selected candidate;
- vii. The Nomination Committee will thereafter make the recommendation to the Board in relation to the proposed appointment, and where a non-executive Director is considered, the Remuneration Committee will make the recommendation to the Board on the policy and structure for the remuneration;



## BOARD COMMITTEES *(Continued)*

### Procedures and Process of Nomination of Directors *(Continued)*

- viii. The Board may arrange for the selected candidate to be interviewed by the members of the Board, who are not members of the Nomination Committee and the Board will thereafter deliberate and decide the appointment as the case may be; and
- ix. All appointment of Directors will be confirmed by the filing of the consent to act as Director of the relevant Director (or any other similar filings requiring the relevant Director to acknowledge or accept the appointment as Director, as the case may be) with the relevant regulatory authorities, if required.

Ms. Tse, the Chairlady, an Executive Director and the CEO and Mr. Chin and Mr. Yung, both INEDs, attended the above Nomination Committee meeting in the capacity of a member/the chairlady of the Nomination Committee.

### 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 code provision 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 judgments in respect of financial reporting; and oversee the effectiveness of the procedures of the internal control of our Group. The Audit Committee consists of all the INEDs, namely Mr. Tang, Mr. Chin and Mr. Yung. Mr. Yung Wai Kei is the chairman of the Audit Committee.

During the Year, the Audit Committee has reviewed and ensured the independence and objectivity of the external auditor, Deloitte Touche Tohmatsu ("**Deloitte**"). Details of the fees paid or payable to Deloitte for the Year are set out under the paragraph headed "Independent Auditor's Remuneration" on page 25 in this Annual Report.

During the Year, four Audit Committee meetings were held and the attendance record of meeting during the Year is set on page 20.

The Audit Committee performed the following work during the Year:

- (a) reviewed the Group's draft annual audited financial statements for the Year, the draft unaudited quarterly financial statement for the three months ended 30 June 2018, the interim financial statements for the six months ended 30 September 2018 and the third quarterly financial statement for the nine months ended 31 December 2018 including the accounting principles and accounting standards adopted with recommendations for presentation to the Board for its consideration and approval;
- (b) reviewed the changes in accounting standards and assessed their potential impacts on the Group's financial statements;
- (c) reviewed the Group's internal control system and related matters; and
- (d) considered and made recommendations on the re-appointment of the Independent Auditor, and the terms of engagement.

Each of the INEDs attended the above meetings in the capacity of a member/the chairman of the Audit Committee.

# CORPORATE GOVERNANCE REPORT

## BOARD COMMITTEES *(Continued)*

### Audit Committee *(Continued)*

The Company has complied with Rule 5.28 of the GEM Listing Rules in that at least one of the members of the Audit Committee (which must comprise a minimum of three members and must be chaired by an INED) is an INED who possess appropriate professional qualifications or accounting or related financial management expertise.

The Financial Statements have been reviewed by the Audit Committee. The Audit Committee is of the opinion that such Financial Statements comply with applicable accounting standards and the GEM Listing Rules and that adequate disclosure has been made.

### Corporate Governance Functions

The Audit Committee is responsible for performing the corporate governance functions as set out in code provision D.3.1 of the CG Code, which include but are not limited to:

- developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board;
- reviewing and monitoring the training and continuous professional development of the Directors and senior management;
- reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and the Directors; and
- reviewing the Company's compliance with the CG Code and disclosure in this Annual Report.

## REMUNERATION OF SENIOR MANAGEMENT

Pursuant to code provision B.1.5 of the CG Code, the remuneration of the members of the senior management (other than the Directors) whose particulars are contained in the section headed "Directors and Senior Management" in this Annual Report for the Year by band is set out below:

Remuneration band (in HK\$)	Number of individuals
Nil to 1,000,000	6

## INDEPENDENT AUDITOR'S REMUNERATION

The Audit Committee has reviewed and ensured the independence and objectivity of the external auditor, Deloitte. Details of the fees paid or payable to Deloitte for the Year are as follows:

	HK\$'000
2019 annual audit	1,050
Other audit related services	300
	<b>1,350</b>

## INTERNAL CONTROLS AND RISK MANAGEMENT

The Board is responsible for the Group's risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable, but not absolute assurance against misstatement or loss.

Given the relatively simple corporate and operation structure, the Group currently does not have an internal audit function.

The Board has overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading the management as well as overseeing the formation, implementation and monitoring of the risk management and internal control systems.

Pursuant to C.2.1 of the CG Code, the Group engages independent professional advisor to conduct an annual review of the effectiveness of the Group's risk management and internal control system in various material aspects including financial, operational and compliance controls. The risk management report and internal control report are submitted and reviewed by the Audit Committee at least once a year. Summary of findings and recommendations are discussed at the Audit Committee meeting with a view to improve the Group's operations.

For the Year, the Board is satisfied that the Group's risk management and internal control systems (i) are adequate to meet the needs of the Group in its current business environment; and (ii) comply with the code provisions on internal control as set out in the GEM Listing Rules.

## SHAREHOLDERS' RIGHT

### Procedures for Shareholders to Convene an EGM

Pursuant to the Articles of Association, an EGM may be convened by the Board upon requisition by any Shareholder holding not less than one-tenth of the issued share capital of the Company and the securities being held carrying the right of voting at any general meetings of the Company. The Shareholder shall make a written requisition to the Board or the Company Secretary at the head office of the Company at Room D2, 11/F, Phase 2, Hang Fung Industrial Building, 2G Hok Yuen Street, Hung Hom, Kowloon, Hong Kong, specifying the shareholding information of the shareholder, his/her contact details and the proposal regarding any specified transaction/business and its supporting documents.

The Board shall arrange to hold such general meeting within two (2) months after the receipt of such written requisition. Pursuant to the Articles of Association, the Company shall serve requisite notice of the general meeting, including the time, place of meeting and particulars of resolutions to be considered at the meeting and the general nature of the business.

If within twenty-one (21) days of the receipt of such written requisition, the Board fails to proceed to convene such EGM, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

### Procedures for putting forward Proposals at a General Meeting

A Shareholder shall make a written requisition to the Board or the Company Secretary at the head office of the Company at Room D2, 11/F, Phase 2, Hang Fung Industrial Building, 2G Hok Yuen Street, Hung Hom, Kowloon, Hong Kong, specifying the shareholding information of the shareholder, his/her contact details and the proposal he/she intends to put forward at general meeting regarding any specified transaction/business and its supporting documents.

# CORPORATE GOVERNANCE REPORT

## SHAREHOLDERS' RIGHT *(Continued)*

### Procedures for Directing Shareholders' Enquiries to the Board

Shareholders may at any time send their enquires and concerns to the Board by post for the attention of the Company Secretary at the head office of the Company at Room D2, 11/F, Phase 2, Hang Fung Industrial Building, 2G Hok Yuen Street, Hung Hom, Kowloon, Hong Kong, or send email to [info@barpacific.com.hk](mailto:info@barpacific.com.hk). Shareholders may also make enquiries with the Board at the general meetings of the Company.

## CONSTITUTIONAL DOCUMENTS

There were no changes in constitutional documents of the Company during the Year.

## DIRECTORS' SECURITIES TRANSACTIONS

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

## JOINT COMPANY SECRETARIES

On 31 December 2018, Mr. Chan Darren Chun-Yeung resigned as the Company Secretary. On the same date, Mr. Leung Ping Hing and Sir Kwok Siu Man KR were appointed as the Joint Company Secretaries.

The biographical details of Mr. Leung and Sir Seaman Kwok are set out in the section headed "Profile of Directors and Senior Management" of this Annual Report.

Mr. Leung attended over 15 hours' relevant continuous professional development training during the Year pursuant to Rule 5.15 of the GEM Listing Rules.

Sir Seaman Kwok was nominated by Boardroom Corporate Services (HK) Limited ("**Boardroom**") to be a Joint Company Secretary and Boardroom has been providing certain corporate secretarial services to the Company pursuant to an engagement letter entered into between the Company and Boardroom. The primary person at the Company with whom Sir Seaman Kwok has been contacting in respect of company secretarial matters is Mr. Leung, the Financial Controller.

Sir Seaman Kwok delivered and attended over 15 hours' relevant continuous professional development training during the Year pursuant to Rule 5.15 of the GEM Listing Rules.



# DIRECTORS' REPORT

The Directors are pleased to present this Annual Report and the audited Financial Statements.

## PRINCIPAL ACTIVITIES

The Company is an investment holding company and the principal activities of its subsidiaries is the operation of a chained bar group offering beverages and light refreshments in Hong Kong. Details of the Company's principal subsidiaries are set out in note 28 to the audited financial statements. There were no significant changes in the nature of the Group's principal activities during the Year.

## BUSINESS REVIEW

A review of the business of the Group during the Year and a discussion on the Group's future business development are set out in the section headed "Chairlady's Statement" on pages 7 and section headed "Management Discussion and Analysis" on pages 8 to 12 of this Annual Report. No important events affecting the Group occurred since the end of the financial year ended 31 March 2019. In addition, discussions on the Group's ESG practices, relationships with its key stakeholders and compliance with relevant laws and regulations which have a significant impact on the Group are contained in the section headed "Environmental, Social and Governance Report" on pages 41 to 53 and the section headed "Corporate Governance Report" on pages 17 to 27 of this Annual Report.

## RESULTS AND DIVIDENDS

The results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 58 of this Annual Report.

### Dividend

An interim dividend of HK0.50 cent per Share, totalling HK\$4,300,000 for the Year was paid on 14 December 2018 (2018: HK0.55 cent).

The Board has recommended the payment of a final dividend of HK0.50 cent (2018: nil) per Share for the Year, totalling HK\$4,300,000. Subject to the approval of the Shareholders at the 2019 AGM, the proposed final dividend will be payable on or around Wednesday, 28 August 2019 to Shareholders whose names will appear on the Register of Members on Tuesday, 13 August 2019.

The Board is not aware of any Shareholders who have waived or agreed to waive any dividends.

# DIRECTORS' REPORT

## CLOSURE OF REGISTER OF MEMBERS

### For 2019 AGM

The Register of Members will be closed from Friday, 26 July 2019 to Wednesday, 31 July 2019 (both days inclusive), during which period no transfer of Shares will be registered, for ascertaining Shareholders' entitlement to attend the forthcoming 2019 AGM which will be held on Wednesday, 31 July 2019. In order to qualify for attending and voting at the 2019 AGM, non-registered Shareholders must lodge all duly completed transfer forms accompanied by the relevant share certificates with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited (the "**Hong Kong Branch Share Registrar**") for registration no later than 4:30 p.m. on Thursday, 25 July 2019. The present address of the Hong Kong Branch Share Registrar is Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong and its address as from 11 July 2019 will be Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

### For dividends

The Register of Members will be closed on Friday, 9 August 2019 and Tuesday, 13 August 2019, during which period no transfer of Shares will be registered, for ascertaining Shareholders' entitlement to receive the proposed final dividend. In order to be eligible to receive the proposed final dividend, non-registered Shareholders must lodge all duly completed transfer forms accompanied by the relevant share certificates with the Hong Kong Branch Share Registrar for registration no later than 4:30 p.m. on Thursday, 8 August 2019. The present address of the Hong Kong Branch Share Registrar is Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong and its address as from 11 July 2019 will be Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

## FINANCIAL SUMMARY

A summary of the published results and the assets and liabilities of the Group for the last five financial years, as set out on page 94 of this Annual Report, are extracted from this Annual Report and the prospectus of the Company dated 30 December 2016.

# DIRECTORS' REPORT

## USE OF PROCEEDS

As at 31 March 2019, all of the unused proceeds were deposited in a licensed bank in Hong Kong. During the Year, a portion of the net proceeds from the Placing was utilised and the corresponding explanations are set out in the table below:

Proposed use of proceeds	Proposed amount to be used	Proposed amount used up to 31 March 2019	Approximate actual amount utilized up to 31 March 2019	Amount proposed to be used in the next 12 months	Changes and explanation
Expand our brands	HK\$35.5 million	HK\$26.6 million	HK\$17.6 million	HK\$11.8 million will be used to open four new shops	The expansion plan was delayed as the Group could not find suitable shops. The Group opened three new shops during the Year.
Continue to upgrade our shops' facilities	HK\$3.4 million	HK\$3.0 million	HK\$3.4 million	Nil	Renovation work was speeded up to boost revenue of existing shops. During the period from the Listing Date to 31 March 2019, the Group completed the refurbishment of 16 shops. As proposed amount was used up, the Group will continue refurbishment of existing shops with internal generated capital.
Continue our promotion and marketing activities	HK\$3.5 million	HK\$3.5 million	HK\$3.5 million	Nil	Marketing and promotion expenses were increased in promoting our new brand "Pacific" during the Year. As the proposed amount was used up, the Group will continue marketing and promotion activities with internal generated capital.

## PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the Year are set out in note 13 to the consolidated financial statements.

## DISTRIBUTABLE RESERVES

As at 31 March 2019, the Company's reserves available for distribution to the Shareholders are approximately HK\$63 million (as at 31 March 2018: HK\$59 million) as calculated in accordance with statutory provisions applicable in the Cayman Islands.

# DIRECTORS' REPORT

## PRE-EMPTIVE RIGHT

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

## SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in note 19 to the consolidated financial statements.

## DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors during the Year and up to the Reporting Date are:

### Executive Directors:

Ms. Tse Ying Sin Eva

Ms. Chan Tsz Tung (appointed on 31 December 2018)

Mr. Chan Darren Chun-Yeung (resigned on 31 December 2018)

### INEDs:

Mr. Tang Wing Lam David

Mr. Chin Chun Wing

Mr. Yung Wai Kei

In accordance with Article 84(1) of the Articles of Association, at each AGM, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. In accordance with article 84(2) of the Articles of Association, the Directors to retire by rotation shall include (so far as necessary to ascertain the number of directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any Director who has not been subject to retirement by rotation in the three years preceding the AGM shall retire by rotation at such AGM. Any further Directors so to retire shall be those who have been the longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

In accordance with article 83(3) of the Articles of Association, any Director appointed by the Board either to fill a casual vacancy on the Board or as an addition to the existing Board shall hold office only until the next following AGM and shall then be eligible for re-election.

At the 2019 AGM, Ms. Tse, Ms. Gloria Chan and Mr. Yung will retire from office as Director by rotation and, being eligible, will offer themselves for re-election at the 2019 AGM.

The Company has received from each of the INEDs a written annual confirmation of his independence and the Company considers each of the INEDs to be independent pursuant to Rule 5.09 of the GEM Listing Rules.

Profile of the Directors and senior management of the Group as at the Reporting Date are set out on pages 13 to 16.

The Company entered into a service contract with each of Ms. Tse and Ms. Gloria Chan, being Executive Directors and an appointment letter with each of Mr. Tang, Mr. Chin and Mr. Yung, being INEDs for a term of three years, commencing on the Listing Date and shall continue thereafter unless terminated by either party giving to the other not less than three months' notice in writing.

No Directors being proposed for re-election at the 2019 AGM has any service contract with the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

## CHANGE OF DIRECTORS

On 31 December 2018, Mr. D Chan resigned as an Executive Director, the Company Secretary, the Compliance Officer and an authorised representative of the Company.

On 31 December 2018, Ms. Gloria Chan was appointed as an Executive Director and the Compliance Officer.



## 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 31 March 2019, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions in which they are taken or deemed to have under such provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register required to be kept; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors), to be notified to the Company and the Stock Exchange were as follows:

#### Interests in the Company

##### *Long position in the Shares*

Name of Director	Capacity/Nature of interest	Number of issued Shares held	Approximate percentage of issued share capital in the Company
Ms. Tse (Note)	Beneficiary of a trust	431,543,700	50.18%
	Beneficial owner	12,094	0.00%
Ms. Gloria Chan (Note)	Beneficiary of a trust	431,543,700	50.18%

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

#### Interests in associated corporation of the Company

##### *Long position in the shares of the associated corporation*

Name of Directors	Name of associated corporation	Capacity/nature of interest	Number of shares held	Percentage of sharehold
Ms. Tse	Moment to Moment	Beneficiary of a trust	1	100%
Ms. Gloria Chan	Moment to Moment	Beneficiary of a trust	1	100%

Save as disclosed above and so far as the Directors are aware, as at 31 March 2019, none of the Directors and the chief executives of the Company had any interests or short positions in any Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the Register, or were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange.

## DISCLOSURE OF INTERESTS *(Continued)*

### (B) Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares of the Company

So far as the Directors are aware of, as at 31 March 2019, the following persons/entities other than a Director or the chief executive of the Company had interests or short positions in the Shares and underlying Shares, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the Register required to be kept under section 336 of the SFO (the "**Substantial Shareholders' Register**"), or who were directly or indirectly interested in 5% or more of the issued voting shares of the Company:

#### Long position in the Shares

Name of substantial shareholders	Capacity/ Nature of interest	Number of issued Shares held	Approximate percentage of issued share capital in the Company
Moment to Moment <i>(Note 1)</i>	Beneficial owner	431,543,700	50.18%
Harneys <i>(Note 1)</i>	Trustee (other than a bare trustee)	431,543,700	50.18%
Ms. Chan Tsz Kiu Teresa ("Ms. T Chan") <i>(Note 1)</i>	Beneficiary of a trust	431,543,700	50.18%
Mr. Chan Wai ("Mr. Chan") <i>(Note 2)</i>	Beneficiary of a trust	446,198,738	51.88%
Ms. Chan Ching Mandy ("Ms. M Chan") <i>(Note 1)</i>	Interest of controlled corporation	431,543,700	50.18%

#### Notes:

- Moment to Moment holds 431,543,700 Shares, representing approximately 50.18% of the issued share capital of the Company. The sole shareholder of Moment to Moment is Harneys, the trustee of the Bar Pacific Trust, of which Ms. Tse and one of her daughters, namely Ms. T Chan, are the first batch of beneficiaries (Please refer to note 2 below). Pursuant to a deed of settlement dated 25 March 2014 in respect of the Bar Pacific Trust, Ms. M Chan is the protector of the Bar Pacific Trust, and Harneys is required to exercise the voting rights in any company the fund of the Bar Pacific Trust is invested in accordance with the joint written instruction from the protector (i.e. Ms. M Chan) and the settlor (i.e. Ms. Tse) of the Bar Pacific Trust. Each of Harneys, Ms. Tse, Ms. T Chan and Ms. M Chan is deemed to be interested in the Shares held by Moment to Moment under the SFO.
- On 7 June 2018, Mr. Chan and Ms. Gloria Chan became the beneficiaries of Bar Pacific Trust. Hence, both Mr. Chan and Ms. Gloria Chan are also deemed to be interested in the 431,543,700 Shares held by Moment to Moment under the SFO. Mr. Chan directly held 14,655,038 Shares.

Save as disclosed above, as at 31 March 2019, 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.

## INTERESTS OF COMPLIANCE ADVISER

As at 31 March 2019, as notified by the Company's compliance adviser, Red Solar Capital Limited (the "**Compliance Adviser**"), except for the compliance adviser agreement dated 27 October 2017 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.

## SHARE OPTION SCHEME

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

No share option has been granted since the Adoption Date and therefore, there was no share option outstanding as at 31 March 2019 and no share options were granted, exercised or cancelled or lapsed during the Year.

The following is a summary of the principal terms of the Scheme (Rule 23.09):

1. Purpose of the Scheme

To grant options to selected participants as incentives or rewards for their contribution to the Group.

2. Participants of the Scheme

Directors may, at its absolute discretion, invite any person belonging to any of the following classes of participants ("**Eligible Participants**"), to take up options to subscribe for Shares:

- a) Any employee (whether full-time or part-time, including any executive director but excluding any non-executive director) of the Company, any of its subsidiaries ("**Subsidiaries**") or any entity ("**Invested Entity**") in which the Group holds an equity interest ("**Eligible Employee**");
- b) Any non-executive Directors (including INEDs) of the Company, any Subsidiaries or any Invested Entity;
- c) Any supplier of goods or services to any member of the Group or any Invested Entity;
- d) Any customer of any member of the Group or any Invested Entity;
- e) Any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;
- f) Any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;
- g) Any adviser (professional or otherwise) or consultant to any area of Business or business development of any member of the Group or any Invested Entity; and
- h) Any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the growth of the Group.

### 3. Total number of Shares available for issue:

- a) The maximum number of Shares which may be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option scheme of the Group shall not exceed 30% of the issued share capital of the Company from time to time.
- b) The total number of Shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Scheme and any other share option scheme of our Group) to be granted under the Share Option Scheme and any other share option scheme of our Group must not in aggregate exceed 10.0% of the Shares in issue on the day on which dealings in the Shares first commence on GEM (i.e. not exceeding 86,000,000 Shares) (the "**General Scheme Limit**"). No option has been granted under the Scheme since the Listing Date and up to 31 March 2019. Accordingly, the number of Shares available for issue upon exercise of options that may be granted under the Scheme is 86,000,000, representing 10.0% of the Shares in issue as the Reporting Date.

### 4. Maximum entitlement of each participant

- i) Subject to 4.(ii)(b) below, the total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1.0% of the issued share capital of the Company for the time being ("**Individual Limit**"). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to the Shareholders and the Shareholders' approval in general meeting of the Company with such participant and his close associates (or his associates, if such participant is a connected person) abstaining from voting. The number and terms (including the exercise price) of options to be granted to such participant must be fixed before Shareholders' approval and the date of board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under note (1) to Rule 23.03(9) of the GEM Listing Rules.
- (ii) (a) Without prejudice to (ii)(b) below, any grant of options under the Share Option Scheme to a director, chief executive or Substantial Shareholder of our Company or any of their respective associates (as defined under the GEM Listing Rules) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who or whose associate is the proposed grantee of the options).
- (b) Without prejudice to (ii)(a) above, where any grant of options to a substantial Shareholder or an independent non-executive Director or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:
  - i. representing in aggregate over 0.1% of the Shares in issue; and
  - ii. having an aggregate value, based on the closing price of the Shares at the date of each grant of each offer of the grant of options, in excess of HK\$5 million;

5. Period during which the options must be exercised to subscribe for Shares and Minimum period for which an option must be held before it can be exercised

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option. An option may be exercised in accordance with the terms of the Scheme at any time during a period to be determined and notified by our Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof. Unless otherwise determined by our Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Scheme for the holding of an option before it can be exercised.

6. Subscription price for Shares and consideration for the option and Basis of determining exercise price

The subscription price per Share under the Scheme will be a price determined by our Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations for the five business days immediately preceding the date of the offer of grant; and (iii) the nominal value of a Share. A consideration of HK\$1 is payable on acceptance of the grant of an option.

7. Remaining life of the Scheme

The Scheme will remain in force for a period of 10 years commencing on 17 December 2016 which the Share Option is adopted.

### **ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES**

At no time during the Year was the Company, or any of its subsidiaries, a party to any arrangements to enable the Directors or their associates (as defined under the GEM Listing Rules) to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### **EQUITY-LINKED AGREEMENTS**

Save for the Scheme as disclosed in the paragraph headed "Share Option Scheme", no equity-linked agreements that (i) will or may result in the Company issuing shares; or (ii) require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the Year or subsisted at the end of the Year.

### **RELATED PARTY TRANSACTIONS**

The significant related party transactions entered into by the Group during the Year are set out in note 22 to the consolidated financial statements.

During the Year, the Group has entered into a transaction with connected persons and it will continue to carry out such transaction. The transaction constitutes de minimis transaction which is fully exempt from the Shareholders' approval, annual review and all disclosure requirements under Rule 20.74 of the GEM Listing Rules.

Saved as disclosed, none of the related party transactions constituted a connected transaction or continuing connected transaction (as defined in the GEM Listing Rules) that was required to be disclosed.

# DIRECTORS' REPORT

## EMOLUMENT POLICY AND DIRECTORS' REMUNERATION

The Group offers its employees group hospitalisation and personal accident insurance. The Group also offers its employees an incentive bonus scheme which encourages their individual performance and then to contribute to their departmental performance as well.

The Board has delegated the Remuneration Committee with assisting the Board on formulating a remuneration policy and reviewing the emoluments of senior management of the Company and the Directors.

The Company has adopted the Scheme, details of which are set out under the section headed "Share Option Scheme" in this Annual Report.

Details of the Directors' remuneration and the five highest paid individuals in the Group during the Year are set out in Notes 8 and 9 to the Consolidated Financial Statements.

During the Year, there was no arrangement under which any Director had waived or agreed to waive any emoluments.

## PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, subject to relevant laws, every Director shall be indemnified out of the assets of the Company against all losses and liabilities which the Directors may sustain or incur in or about the execution of his/her office or otherwise in relation thereto. The Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against Directors.

## PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the Year.

## MAJOR CUSTOMERS AND SUPPLIERS

The Group had no major customer due to the nature of principal activities of the Group.

During the Year, the aggregate purchases attributable to the Group's five largest suppliers accounted for approximately 82% of the Group's total purchases while the purchases attributable to the Group's largest supplier accounted for approximately 32% of the Group's total purchases.

None of the Directors, their respective close associates (as defined under the GEM Listing Rules) or any Shareholder, to the best knowledge of the Directors, owns more than 5% of the Company's issued shares, had any interest in any of the five largest suppliers of the Company.

## DIRECTORS' INTERESTS IN COMPETING BUSINESS

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



# DIRECTORS' REPORT

## MANAGEMENT CONTRACTS

No contracts, other than the service contracts of the Executive Directors, concerning the management and administration of the whole or any substantial part of any business of the Group were entered into or existed during the Year.

## INDEPENDENT AUDITORS

The Financial Statements have been audited by Messrs. Deloitte Touche Tohmatsu ("**Deloitte**"), the Independent Auditors, which will retire and being eligible, offer themselves for re-appointment. A resolution will be proposed at the 2019 AGM to re-appoint Deloitte as the Independent Auditors until the conclusion of the next AGM and to authorize the Board to fix their remuneration.

## SUFFICIENT OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within its knowledge, as at the Reporting Date, there is sufficient public float of 25% of the Company's issued shares as required under the GEM Listing Rules.

## NON-COMPETITION UNDERTAKING

Each of Ms. M Chan, Ms. Tse and Moment to Moment (each a "**Covenantor**", collectively, "**Covenantors**") entered into a deed of non-competition in favour of the Company (the "**Deed of Non-competition**") on 17 December 2016.

A summary of the major terms of the Deed of Non-competition was disclosed in the section headed "Relationship with our Controlling Shareholders" of the prospectus of the Company dated 30 December 2016.

The Company received from each of the Covenantors an annual confirmation in June 2019 on each of their compliance of the non-competition undertaking under the Deed of Non-competition. The INEDs have reviewed the compliance of each of these undertakings and evaluated the effectiveness of the implementation of the Deed of Non-competition, and were satisfied that each of the Covenantors has complied with their undertaking during the Year.

## DIRECTORS' INTERESTS IN SIGNIFICANT TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save for those disclosed under Note 22 to the consolidated financial statements, during the Year, there was no transaction, arrangement or contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or a connected entity of that Director has or had, directly or indirectly, a material interest.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the paragraphs headed "Directors' and Chief Executives' Interests and Short Position in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" on page 32 in this Annual Report, at no time during the Year and as at the end of the Year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors and chief executive (including their respective spouse and children under 18 years of age) to acquire benefits by means of the acquisition of shares or underlying shares in, or debentures of, the Company or any of its associated corporation.

## CORPORATE GOVERNANCE

The principal corporate governance practices as adopted by the Company are set out in the section headed "CORPORATE GOVERNANCE REPORT" from pages 17 to 27 of this Annual Report.

# DIRECTORS' REPORT

## CHARITY AND DONATION

The Group's charitable and other donations during the Year amounted to approximately HK\$27,224. No donations were made to political parties during the Year.

## SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER

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

Date of facilities	Nature of facilities	Aggregate Amount	Life of the facilities	Specific performance obligation
12 June 2019	Term loan facility, revolving loan facility and combined facility	HK\$20,000,000	No fixed term but subject to review and will continue up to and including 15 May 2020	Note 1

Note 1

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

## COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Directors are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

## DISCLOSURES UNDER RULES 17.22 TO 17.24 OF THE GEM LISTING RULES

Save for disclosed, the Group had no circumstances which would give rise to a disclosure obligation under Rules 17.22 to 17.24 of the GEM Listing Rules as at 31 March 2019.

## ENVIRONMENTAL POLICIES AND PERFORMANCES

The Group is committed to support for environmental protection by adopting green office practices to reduce consumption of energy and natural resources. The green office practices include use of energy-efficient LED lights and duplex printing, reuse of single-side printed paper envelopes and stationery, using e-clearing, turning off idle electrical appliances and setting optimal temperature on the air-conditioning. Employees have been following the green office practices whenever possible during the day-to-day operation.

The ESG Report is set out on pages 41 to 53 of this Annual Report.





# DIRECTORS' REPORT

## KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND BUSINESS PARTNERS

The Group is committed to establishing and maintaining long term and harmonious relationships with its employees, customers and business partners. The Group provides a pleasant and healthy working environment to employees. During the Year, the Group organised various activities to promote the friendship, bonding and healthiness of employees including overseas trip, barbecue and annual dinner. In addition, continuous professional training is provided to employees to update and strengthen their professional knowledge. Instead of mass communication, employees of the Group communicate with his/her business partners on an ongoing and promptly basis through email, telephone or face-to-face meeting. The Group maintain good working relation with its business partners to improve the quality of service to the customers.

## DEBENTURES

The Company did not issue any debentures during the Year.

## RESERVES

Details of the movement in the reserves of the Group and the Company during the Year are set out in the consolidated statement of changes in equity and in note 29 to the consolidated financial statements, respectively.

## AUDIT COMMITTEE

The Audit Committee together with the management and external auditor has reviewed the accounting principles and policies adopted by the Group, discussed internal controls and financial reporting matters and the audited Financial Statements.

## RELIEF OF TAXATION

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holding of the Shares.

## EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any event having a significant effect on the Group after the end of the reporting period and up to the date of this Annual Report.

On behalf of the Board

**Tse Ying Sin Eva**

*Chairlady*

25 June 2019

## APPROACH

Bar Pacific Group Holdings Limited (hereafter called “**the Company**” or “**Bar Pacific**”) and its subsidiaries (collectively, “**the Group**” or “**we**”) are a chained bar group offering beverages and light refreshments under brands “Bar Pacific” and “Pacific” in Hong Kong. Various factors, including business-related challenges, work ethics, global trends, applicable laws and regulations, etc., are taken into account by the Group in order to constantly promote its network expansion and achieve its long-term sustainability. The Group is constantly seeking opportunities to grow its businesses that will be beneficial not only to its shareholders, but also to its suppliers, customers and the environment in which it operates.

The Group recognizes its responsibilities to be accountable to all its stakeholders, including customers, existing shareholders and potential investors, employees, suppliers, non-governmental organizations (“**NGOs**”) and local community. Understanding the needs and expectations of the stakeholders is the key to the Group’s success. As each stakeholder requires a different engagement approach, we have established tailor-made communication methods in order to better meet each stakeholder’s needs and expectations.

Within the Group, we place a huge emphasis on monitoring the risks and exploring potential opportunities. For the sake of striking a balance among business needs, social demands and environmental impacts, we are committed to continuously monitoring the risks and opportunities which exist in our daily operations and embracing transparent corporate culture to ensure that our sustainability strategies are well communicated to our employees, customers, suppliers, the communities and other stakeholders.

To implement sustainability strategies which apply to all levels of the Group, the top-down approach is adopted for the following sustainability strategies:

1. To achieve environmental sustainability
2. To respect human rights and social culture
3. To engage with stakeholders
4. To support our employees
5. To sustain local communities



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ABOUT THIS REPORT

Bar Pacific is pleased to present its ESG Report. The content contained herein focuses on providing an overview of the ESG performance of its major operations in Hong Kong for the Year. This also facilitates the Group to conduct thorough performance review and evaluation to enhance the overall performance results in the future.

## Scope of the Report

This report has been prepared in accordance with the “Environmental, Social and Governance Reporting Guide” in Appendix 20 to the GEM Listing Rules of the Stock Exchange. The two ESG subject areas, namely Environmental and Social, are disclosed separately, highlighting the impacts of the operations of the Group in Hong Kong during the Year.

For the Year, the material ESG issues are those which have or may have a significant impact on:

- The Hong Kong’s bar industry;
- The global bar market;
- The current or future environment or society in which we operate;
- Our financial performance or operations; and/or
- Our stakeholders’ assessments, decisions and actions.

The data and information used in this report are referenced from our archived documents, records, statistics and research. Financial data is extracted from or calculated based on the Group’s audited annual financial statements for the Year.

## Feedback

For details of our ESG performance, corporate governance as well as financial performance, please refer to our Annual Reports. We treasure your feedback and comments on our sustainability performance. Please call our Customer Hotline at 2356 1126 or send email to [info@barpacific.com.hk](mailto:info@barpacific.com.hk) for any feedback and enquiries.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ABOUT BAR PACIFIC

### Our Business

Bar Pacific listed on the GEM of the Stock Exchange with the stock code of 8432. The Group operates a chained bar mainly offering beverages and light refreshments. With the competitive advantage of devoting ourselves to quality control, risk management and personnel development, the Group enjoys a competitive edge in the bar industry in Hong Kong.

### Our Vision

To maintain its leading position in the bar industry by enhancing its brand image and service quality.

### Our Mission

To spread happiness to everyone by promising a happy, safe, comfortable and tidy environment, and offering a joyful experience to all customers.

### Board of Directors

As at the Reporting Date, the Board consists of:

Executive Directors	INEDs
Ms. Tse Ying Sin Eva ( <i>Chairlady</i> )	Mr. Tang Wing Lam David
Ms. Chan Tsz Tung	Mr. Chin Chun Wing
–	Mr. Yung Wai Kei

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## OUR STAKEHOLDERS

Bar Pacific actively strives to better understand and engage its stakeholders to ensure continuous improvements. We strongly believe that our stakeholders play a crucial role in sustaining the success of our business in the challenging market.

Stakeholders	Point(s) of concern	Communication and responses
<b>HKEx</b>	Compliance with listing rules, timely and accurate announcements.	Meetings, training, roadshows, workshops, programs, website updates and announcements.
<b>Government</b>	Compliance with laws and regulations, prevention of tax evasion, and social welfare.	Interaction and visits, government inspections, tax returns and other information.
<b>Suppliers</b>	Payment schedule, stable demand.	Site visits.
<b>Shareholders/Investors</b>	Corporate governance system, business strategies and performance, and investment returns.	Organizing and participating in seminars, interviews, shareholders' meetings, issuing of financial reports and/or operation reports for investors, media and analysts.
<b>Media &amp; Public</b>	Corporate governance, environmental protection, and human right.	Issue of newsletters on the Company's website.
<b>Customers</b>	Product quality, delivery times, reasonable prices, service value, labour protection and work safety.	Site visits, and after-sales services.
<b>Employees</b>	Rights and benefits, employee compensation, training and development, work hours, and working environment.	Union activities, trainings, interviews for employees, employee handbooks, internal memos, employee suggestion boxes.
<b>Community</b>	Community environment, employment and community development, and social welfare.	Community activities, employee voluntary activities, community welfare subsidies and charitable donations.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Section A: Environmental

To demonstrate the Group's commitment to sustainable development and compliance with laws and regulations relating to the environmental protection, the Group endeavors to minimize the environmental impact of its business activities and maintain green operations and green office practices. Our dedicated efforts were proven effective as there was no material non-compliance in laws and regulations related to environmental protection throughout the Year. We will continue to be alert to any non-compliance behavior relating to critical environmental problems.

#### Emissions

##### *Air pollution Emission*

As the Group's operations mainly focus on providing beverage and light refreshment to customers, no material emissions of air pollutants, which include nitrogen oxides ("NO<sub>x</sub>"), sulphur oxides ("SO<sub>x</sub>") and particulate matters ("PM"), etc., were identified.

##### *Greenhouse Gas Emissions*

Greenhouse gas ("GHG") emissions are the main culprits of global warming. The Group's major GHG emission source was attributable to the electricity consumption<sup>1</sup>, which accounted for 99% of the GHG emissions. The other indirect emission sources namely electricity used for processing fresh water<sup>2</sup> and sewage<sup>3</sup> by government departments and paper waste disposed at landfills accounted for the remaining 1%. During the Year, the total GHG emissions of the Group amounted to approximately 1,317 tonnes, with a decrease of approximately 2% compared to Previous Year<sup>4</sup>. Correspondingly, the GHG emission intensity amounted to approximately 37 tonnes per bar outlet<sup>5</sup>, with an effective reduction of approximately 5% compared to Previous Year.

In the light of reducing GHG emissions, we embraced in advocating green practices in our day-to-day operations. We reduced the consumptions of electricity, water and paper. Reminders were posted next to the switches, encouraging employees to switch off all idle appliances. A collection box was placed next to the printer for collecting single-side-printed paper for reuse.

<sup>1</sup> The latest carbon emission factors announced in the Sustainability Report 2017/18 issued by CLP Holdings Limited and HK Electric Investments Limited were 0.51 kgCO<sub>2</sub>e/kWh and 0.80 kgCO<sub>2</sub>e/kWh respectively.

<sup>2</sup> The latest unit electricity consumption factor of fresh water processing announced in the Annual Report 2017/18 issued by Hong Kong Water Supply Department was 0.575 kWh/m<sup>3</sup>.

<sup>3</sup> The latest unit electricity consumption factor of sewage processing announced in the Sustainability Report 2017/18 issued by Hong Kong Drainage Services Department was 0.31 kWh/m<sup>3</sup>.

<sup>4</sup> Adjustments had been made on the GHG emissions data for Previous Year when compared with our last ESG Report because the carbon emission factors of the electricity consumption, and the unit electricity consumption factors of fresh water processing and sewage processing were updated.

<sup>5</sup> As at 31 March 2019, the Group operated 37 bar outlets in Hong Kong.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

### Section A: Environmental *(Continued)*

#### Emissions *(Continued)*

##### *Waste Management*

The Group's operations of bar outlets, serving customers with beverage and light refreshment, produce no hazardous waste, e.g. chemical wastes, clinical wastes and hazardous chemicals.

With decreasing availability of suitable land for landfill and increasing environmental impacts of waste disposal, waste reduction has always been one of the objectives of the Group. The non-hazardous wastes produced by the Group were mainly the paper waste, wine bottles and edible oil leftovers. During the Year, the total paper waste produced amounted to approximately 383 kg, with an intensity of approximately 1.0 kg per employee with regards of our 370 employees.

We encouraged double-sided printing, and so, single-side-printed paper was collected for reuse purpose. We advocated a paperless working environment by attempting to switch from printed documents to electronic documents. E-clearing in our bar outlets' operations was in place in which paper sheets were saved by the e-clearing practice. With regards of our waste reduction efforts, the total paper waste disposal reduced for approximately 28% and the corresponding intensity reduced for approximately 32% compared to Previous Year. We will continue to strive for every means to whittle down the consumption of paper, and thus, the paper waste produced.

Alongside the paper waste, the wine bottles and edible oil leftovers were sold to a qualified recycler on a monthly basis for recycling purpose or further processing. Hence, no material wine bottles or edible oil leftovers had been disposed and caused pollution.

#### Use of Resources

The Group initiates to become an environmental-friendly and sustainable enterprise. To reduce carbon emission and footprint, we have undertaken carbon reduction measures in our daily operations.

##### *Energy Consumption*

During the Year, the total electricity consumption amounted to approximately 2,328 MWh, with an intensity of approximately 64.7 MWh per bar outlet. The electricity consumed by the Group was the largest contributor to the GHG footprint, compared to other resource consumption. To reduce the Group's carbon footprints as well as the energy consumption, the Group has posted some energy conservation reminders in place, and continued to upgrade the office hardware into one with more energy efficient options, e.g. LED lightings in our office and bar outlets. In this regards, the Group successfully achieved a decline of approximately 1% and 4% in the total electricity consumption and corresponding intensity respectively compared to Previous Year.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

### Section A: Environmental *(Continued)*

#### Use of Resources *(Continued)*

##### *Water Consumption*

Water consumption is essential for our operations of offering beverage to customers. Yet, we still encourage reduction on unnecessary water consumption. As processing fresh water and sewage both involved electricity usage, reduction of water consumption is key for reducing our adverse impact on the environment. During the Year, our water consumption was 15,916 m<sup>3</sup>, with an intensity of approximately 442 m<sup>3</sup> per bar outlet. The Group has continuously provided trainings to its employees to educate them the importance of water conservation. Apart from posting water saving reminders next to the water taps, the Group encouraged its employees to do the washing in bulk to further reduce unnecessary water consumption. With regards to the aforementioned measures, during the Year, there was a shrink of approximately 12% and 15% in the total water consumption and corresponding intensity respectively compared to Previous Year.

As the Group sourced water from the government departments, there was no water supply issue to be identified during the Year.

##### *Packaging Materials*

As the Group's operations mainly focus on providing beverage and light refreshment, no significant packaging material consumption can be identified during the Year.

#### The Environment and Natural Resources

The Group believes that corporate development should not come at the expense of the environment. Therefore, we have adopted environmental-friendly practices in various aspects as aforementioned. With the Group's determination in minimizing the negative impacts of on the environment brought by its business operations, the following results had been successfully achieved:

Aspects	Results Achieved
GHG Emission	↓ 2.01%
GHG Emission Intensity	↓ 4.73%
Paper Waste Production	↓ 28.47%
Paper Waste Production Intensity	↓ 32.33%
Electricity Consumption	↓ 0.89%
Electricity Consumption Intensity	↓ 3.65%
Water Consumption	↓ 12.18%
Water Consumption Intensity	↓ 14.62%

As for our efforts made on environmental protection. We are pleased to report that there was no material non-compliance issue regarding relevant laws and regulations for the Year.

Based on the success this year, we would place more attention on the natural resources consumptions and strive to further reduce our adverse impacts on the environment in the future.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

### Section B: Social – Employment and Labour Practices

#### Employment

The Group places huge importance on its most treasurable asset – its employees. We value our employees' contribution and dedication to our business development. For the sake of the mutual interests for both, we aim to grow with our employees for the future boom of the Group. As such, we adopt employee-oriented approach in attracting, developing and retaining the best people to support our business development.

#### *Our Employees*

As at 31 March 2019, the Group was consisted of 370 employees. Our employees' male-to-female ratio was approximately 1:3. We believe that maintaining a diverse and inclusive workforce with due respect given to our employees is critical for running a sustainable and successful business. The detailed compositions of our employees are as follows:

By Gender		By Years of Service	
Male	27%	<1 year	60%
Female	73%	1–3 years	24%
		3–5 years	8%
		5–10 years	5%
		>10 years	3%

#### *Employee Benefits*

The Group offers a comprehensive employee benefits package for all its dedicated and talented staff. They are compensated fairly according to their contributions, with reference to the market practice. A comprehensive group medical insurance scheme was provided by the Group to all its employees for 24-hour worldwide medical coverage. Annual discretionary bonus was awarded based on employees' and the Group's performance. In addition, the Group has also adopted various bonus schemes for its shop level staff in order to motivate them to achieve certain pre-set targets. Weekly and monthly bonuses will be distributed to those eligible staff with sales target achieved. For shop level staff, promotion chances can be earned by consecutively meeting the shop's sales target for 3 months. A clear career path has also been set out in the HR Management Policy.

Staff's performance is reviewed and assessed annually, in the light of enhancing the strengths and addressing the development needs of each of them, so that not only can our employees succeed in their job, but they can also build a career with us at Bar Pacific. A transparent mechanism takes into account various factors, including but not limited to, employees' attendance performance, capability, attitude, team spirit, communication skills and contributions to the Group, for salary adjustment and promotion considerations. Our employees earn higher subsidies and bonuses as they are promoted to higher ranks.

In addition, the Group contributes to the Mandatory Provident Fund and Employees' Compensation Insurance with reference to the Employment Ordinance of Hong Kong.

The Group strictly abides with the Employment Ordinance (Cap. 57), Employees' Compensation Ordinance (Cap. 282), Mandatory Provident Fund Schemes Ordinance (Cap. 485) and other relevant laws and regulations which cover all employment protection and benefits.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

### Section B: Social – Employment and Labour Practices *(Continued)*

#### Employment *(Continued)*

##### *Harmonious Workspace*

The Group strives for building a harmonious and inclusive working environment which is free from any harassment and discrimination. The Group respects human rights, providing equal opportunities to its staff, regardless of their age, marital status, pregnancy, family status, disability, race, nationality, religion and/or sexual orientation. The equal opportunities philosophy is applicable towards its recruitment, training and development, recognition and reward, and termination and dismissal.

For recruitment and dismissal process, the Group will go through the procedures according to the policies stated internally. For recruitment, equal opportunities are provided to all applicants with regards of the considerations of their experience, knowledge and skills only. For dismissal, those employees acting improperly or breaching of contract terms and code of conduct will be terminated. Compensations are provided when applicable.

In case any staff member feels that he/she has been harassed, discriminated or treated inappropriately, he/she should immediately report to the Supervisors, Assistant Managers or Managers for further investigation and follow-up.

##### *Work-life Balance of Employees*

The Group understands that sufficient rest is necessary for accomplishing the long-term goals of the Group, and so, it strives for striking a proper work-life balance of its employees, by providing them from 7 to 14 days of annual leave, and 25 days' work per month with nine working hours per day. Employees are also entitled special leaves to meet their families' needs, such as marriage leave, funeral leave and maternity leave, etc.

In addition, we organized various kinds of company activities, such as annual dinner, Christmas party, birthday party, etc., to provide our staff a chance to relax in the working environment as well as build a stronger bond between the Group and its employees.

#### **Health and Safety**

The Group is committed to providing a safe working environment for its employees. Not only does the Group aim at meeting the minimum occupational health and safety standards required by law, but also exceeding them. In every bar outlet, there is one Hygiene Supervisor monitoring the hygiene quality of the outlet, all Hygiene Supervisors have joined the training courses held on behalf of Food and Environmental Hygiene Department and been awarded the Certificate in Food Hygiene for Hygiene Supervisor. Their daily monitoring and the irregular surprise checks performed by the District Manager ensure a clean and tidy working environment for employees.

To ensure alcoholic beverages are only sold to legitimate customers, our employees are educated to check the identity documents of any customers suspected to be below 18 years old. All the bar outlets of the Group are equipped with security system such as CCTV to monitor the shop operation. The Group has strict guidelines issued to the staff, instructing them to report to the police if they suspect that there are illegal activities or disorderly behaviour taking place in the bar outlets. Moreover, in case of emergency, employees are guided to protect themselves first, and call the police, if necessary, when violence is involved.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

### Section B: Social – Employment and Labour Practices *(Continued)*

#### Health and Safety *(Continued)*

Besides, the Group understands that preventive measures are way more important than reactive measures. Therefore, irregular emergency trainings are provided in the bar outlets for our staff to familiar with the treatments and reactions in case any incidents happens. Moreover, sufficient fire equipment, such as fire extinguishers and fire hose reels, and first-aid boxes are placed in both office area and all bar outlets to deal with emergencies.

During the Year, there were 5 cases of work injuries with a total of 259 lost hours reported. The Group handled the work injuries promptly and reported to the Labor Department and insurance company. Sufficient Employees' Compensation Insurance coverage was in place to protect the injured employees' interests.

#### Development and Training

The Group provided a wide variety of training to its staff to encourage positive behaviour of the employees, and to equip employees with the work-related skills. Standardized operation manuals and trainings are provided to newly joined employees and the existing staff from time to time. In general, induction training is provided to all newly joined staff to be familiar with the office's or bar outlet's daily operations. Regular trainings and briefings are also provided to the existing staff to update on any new industry regulations and the Group's new marketing events. During the Year, all of our 370 employees attended to both our induction trainings and regular trainings, with a trained male-to-female ratio as approximately 1:3.

#### Labour Standards

Respecting human rights has been an integral part of the Group's approach to sustainability. The Group fully complies with labour laws and other relevant legislations that prohibit child labour and forced labour. Identification documents of the candidates would be checked during interview to ensure they have reached the legal working age. Supervisors, Assistant Managers, Managers and Human Resources Department will communicate with the employees on work arrangement based on the actual situation of different bar outlets. Our employees are not required to work overtime against their will. Flexible working hours might apply for some positions based on the operation needs. The Group guarantees that no employee is made to work against his/her will, or work under forced labour, or subject to coercion related to work.

During the Year, there was no material non-compliance with applicable laws and regulations in relation to labour standards.

#### *Communication with Employees*

The Group strives to create an open environment in which its employees are able to speak up with ideas and issues. Our employees are welcome to provide comments and feedback directly to the Supervisors, Assistant Managers or the Managers. Weekly office meeting is held to update the employees with the Group's news. Our employees are welcome to freely express their opinion in the meetings. In case of any complaint received from employees, an independent investigation and the appropriate follow-up actions would be taken, if necessary. Through both top-down and bottom-up communication, the Group is confident that harmonious relationship with its employees is achieved. In addition, through the communication mechanism, our employees are able to voice out injustice they face.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

### Section B: Social – Operating Practices

#### Supply Chain Management

To maintain long-term relationship with suppliers, the Group has entered into annual master purchase agreement, with most of its major suppliers.

The Group recognizes that proper management of its supply chain could bring positive impacts to the social environment. The Group implements rigorous management of its suppliers. In this regard, a list of approved suppliers has been established. When there is new supplier, the Group conducts an initial supplier assessment to consider its qualification, reputation, product or service quality, quality consistency and the ability to deliver on time. Only the suppliers with a pass result in the initial assessment can be added into our approved supplier list. The Group also conducts a semi-annual evaluation on the performance of its suppliers to confirm that they are up to its required standards. We remove any of the suppliers with unsatisfying results from the approved supplier list to ensure that we provide the best quality of our services.

The suppliers are encouraged to demonstrate their corporate social responsibilities by complying with corporate social responsibility codes as well as business ethics, with respect to workplace operations, marketing activities, social contacts and environmental responsibilities. High standards of morality which include prohibition of provision and acceptance of bribes and/or other unfair benefits are adopted by the Group.

As at 31 March 2019, the Group is working with 26 major suppliers located in Hong Kong.

#### Product Responsibility

The Group emphasizes the product and service responsibility in its daily operations. During the Year, there was no material non-compliance with applicable laws and regulations relating to product responsibility.

##### *Quality Assurance*

To guarantee the beverage product quality, the Group's procurement policy is to select only the suppliers from its approved supplier list, in order to ensure that they have passed selection procedures with required standards. The Bar Managers and Operation Team check the outer appearance of the beverage products regularly for identifying if there is any abnormality upon delivery to the bar outlets and head office, respectively. Any beverage products which show signs of abnormality are returned to the supplier for replacement or refund. The Group's inventory mainly comprises beverages. The Bar Managers and Operation Team are also responsible for inventory management, ensuring the turnover rate of beverage is shorter than the beverage shelf life.

##### *Customers' Compliant Handling Procedures*

In addition, the Group also places huge importance on the customers' feedbacks of our services. The customer service team is responsible for handling customers' complaints and enquiries. Various channels have been set up for customers to express their comments and recommendations, such as customer service hotline, email and social networking tools. The Group has established a written policy to guide our staff to respond to customers' compliant. It clearly states that our staff should understand the situation and handle with patience. All complaint should be reported to the Managers immediately for prompt response. Also, all complaint should be recorded in a customer complaint register with detailed description, follow-up action and status, in order to ensure that the complaint is properly handled and settled. The Regional Manager and General Manager should be noticed with the compliant at weekly meetings. We strive to improve our quality of products and services by taking into consideration every comment or feedback received from customers. During the Year, there were 5 cases of customer compliant recorded and all of them were investigated by the Management and settled.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

### Section B: Social – Operating Practices *(Continued)*

#### Product Responsibility *(Continued)*

##### *Personal Data Protection*

The Group is committed to providing beverage and light refreshment with high standards of quality and reliability, as well as protecting the personal information of its customers. Our employees are required to sign the non-disclosure agreement when they join the Group to ensure proper maintenance of confidentiality of the Group's business strategies and protect customers' data privacy. A written policy has been in place to specify the handling procedures of personal data and confidential information. Strict controls on computer systems are in place to prohibit any unauthorized access to the confidential data. Any form of unauthorized information transfer, both directly and indirectly, to any third-parties are strictly prohibited. No copy of customer's personal data should be made and taken-away from the office and bar outlets.

##### *Bar Outlet Management*

The Group is responsible to comply with the applicable laws and regulations in its daily operations. As such, customers under age of 18 are prohibited to enter the bar outlet or alcohol selling establishment. Managers of each bar outlet are responsible to alert and offer guideline to the staff to handle suspected under-age entry, such as identification checks upon entrance.

In addition, in order to provide a safe and comfortable place to our customers, the Group has established a written policy to guide its staff to handle any violence cases or drunk customers. CCTVs are installed in every bar outlet to monitor the operations. Video data will be stored for at least 1 month for easy retrieval if required.

#### **Anti-corruption**

We prohibit all forms of bribery and corruption. Our employees should not solicit or accept any advantage for themselves. In particular, the Group centralized the purchase of all beverages, so as to prevent any possible kickback arrangement between individual bar outlets and the suppliers.

Whistleblowing policies are in place for employees to report suspected misconduct of their colleagues, subordinates, senior management or even suppliers. They are welcome to express their concerns through face-to-face conversation, email or telephone with the Supervisors, Assistant Managers, Managers, or even the Executive Directors in serious cases. Our Management will review and take follow-up actions to investigate for every single possible misconduct case.

During the Year, there was no concluded legal case regarding corrupt practices brought against the Group or its employees.

### Section B: Social – Community

#### **Community Investment**

The Company is actively involved in a variety of community initiatives. Leveraging the uniqueness of the bar business, the company aligns the resources of the company with the needs of communities, motivating our staff to serve the community in different areas. We will continue to allocate more resources on community investments in the coming years.

During the Year, the Group donated a total amount of HKD27,224 to Sowers Action and HandsOn Hong Kong Limited to give a helping hand to the poor children and the Hong Kong society. In addition, our 50 employees were engaged in a 3-hour voluntary food distribution activity, held by Jockey Club Family Connect Project, to deliver raw rice to the poor families.

Moreover, during the Year, the Group was awarded the Certificate of Appreciation by Caritas Hong Kong, the souvenir flags by Caritas Lok Heep Club and Society for the Welfare of the Autistic Persons and the Certificate of Social Capital Builder by the Labour and Welfare Bureau and Community Investment and Inclusion Fund Committee. The above awards signified the efforts made by the Group to the community during the Year.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## REGULATORY COMPLIANCE

The Group was not aware of any non-compliance with laws and regulations that has a significant impact on the Group relating to emissions, employment, health and safety, labour standards, product responsibility and anti-corruption during the reporting period.

## ENVIRONMENTAL DATA

Emissions	Year ended 31 March 2018	Year ended 31 March 2019	Unit
<b>Greenhouse Gas Emissions</b>			
Total greenhouse gas emissions	1,344.63	1,316.56	tonnes
– Scope 2 Emissions from Electricity Consumption	1,332.01	1,305.89	tonnes
– Scope 3 Emissions from Fresh Water and Sewage Processing	10.05	8.83	tonnes
– Scope 3 Emissions from Disposal of Paper Waste	2.57	1.84	tonnes
Greenhouse gas emission intensity	38.42	36.57	tonnes/ bar outlet
<b>Waste Management</b>			
Total Paper Waste Produced	535.81	383.29	kg
Paper Waste Intensity	1.53	1.04	kg/employee
Use of Resources	Year ended 31 March 2018	Year ended 31 March 2019	Unit
<b>Electricity Consumption</b>			
Total Electricity Consumption	2,348.63	2,327.63	MWh
Electricity Consumption Intensity	67.10	64.66	MWh/bar outlet
<b>Water Consumption</b>			
Total Water Consumption	18,123	15,916	m <sup>3</sup>
Water Consumption Intensity	517.80	442.11	m <sup>3</sup> /bar outlet



# Deloitte.

# 德勤

## To the Members of Bar Pacific Group Holdings Limited

*(Incorporated in the Cayman Islands with limited liability)*

### OPINION

We have audited the consolidated financial statements of Bar Pacific Group Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as “the **Group**”) set out on pages 58 to 93, which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) 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.

### BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “**Code**”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# INDEPENDENT AUDITOR'S REPORT

## KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
<p><b>Revenue Recognition</b></p> <p>We identified revenue recognition as a key audit matter, due to the significance of revenue of the Group to the consolidated statement of profit or loss and other comprehensive income.</p> <p>Revenue from operation of bars 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. The accounting policy for revenue recognition is disclosed in note 3 to the consolidated financial statements. For the year ended 31 March 2019, revenue of the Group amounted to HK\$150,340,000, which is set out in the consolidated statement of profit or loss and other comprehensive income and note 4 to the consolidated financial statements.</p>	<p>Our procedures in relation to revenue recognition included:</p> <ul style="list-style-type: none"><li>• Obtaining an understanding of the Group's revenue recognition policy;</li><li>• Obtaining an understanding of the revenue business processes, and testing the design and implementation of key information technology controls over the Group's point of sales system for capturing and recording of revenue transactions;</li><li>• Verifying revenue transactions of the Group by tracing revenue recognised to daily sales reports and reconciliations to cash receipts and credit card settlements, on a sample basis;</li><li>• Applying regression analysis technique to investigate any unusual patterns of revenue of the Group, and obtaining and assessing management's explanations for any unusual fluctuations in revenue; and</li><li>• Analysing monthly revenue of each bar and assessing the reasonableness of management's explanations for any unusual fluctuations.</li></ul>

## OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.





# INDEPENDENT AUDITOR'S REPORT

## RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

# INDEPENDENT AUDITOR'S REPORT

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

*(Continued)*

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Chu, Johnny Chun Yin.

### **Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

25 June 2019



# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	NOTES	2019 HK\$'000	2018 HK\$'000
Revenue	4	150,340	134,251
Other income	5	2,109	2,359
Cost of inventories sold		(33,713)	(32,058)
Staff costs		(44,728)	(40,425)
Depreciation of property, plant and equipment		(8,345)	(6,347)
Property rentals and related expenses		(29,826)	(26,537)
Other operating expenses		(25,691)	(23,435)
Finance costs	6	(30)	(42)
Profit before taxation	7	10,116	7,766
Taxation	10	(1,545)	(1,229)
Profit and total comprehensive income for the year		8,571	6,537
Profit and total comprehensive income for the year attributable to:			
Owners of the Company		7,298	5,698
Non-controlling interests		1,273	839
		8,571	6,537
		<b>HK cents</b>	<b>HK cents</b>
Earnings per share			
Basic	12	0.85	0.66

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2019

	NOTES	2019 HK\$'000	2018 HK\$'000
Non-current assets			
Property, plant and equipment	13	19,828	20,112
Rental deposits	15	5,584	3,068
		<b>25,412</b>	23,180
Current assets			
Inventories	14	1,941	1,435
Trade and other receivables	15	6,433	7,991
Tax recoverable		187	1,037
Bank balances and cash	16	50,277	48,826
		<b>58,838</b>	59,289
Current liabilities			
Trade and other payables	17	8,218	9,573
Obligations under finance leases – amount due within one year	18	306	297
		<b>8,524</b>	9,870
Net current assets		<b>50,314</b>	49,419
Total assets less current liabilities		<b>75,726</b>	72,599
Non-current liability			
Obligations under finance leases – amount due over one year	18	477	783
Net assets		<b>75,249</b>	71,816
Share capital and reserves			
Share capital	19	8,600	8,600
Reserves		59,679	56,638
		<b>68,279</b>	65,238
Non-controlling interests		<b>6,970</b>	6,578
Total equity		<b>75,249</b>	71,816

The consolidated financial statements on pages 58 to 93 were approved and authorised for issue by the Board of Directors on 25 June 2019 and are signed on its behalf by:

**TSE YING SIN EVA**  
DIRECTOR

**CHAN TSZ TUNG**  
DIRECTOR

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

	Attributable to owners of the Company								
	Share capital	Share premium	Capital reserve	Special reserve	Other reserves	Retained profits	Sub-total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000 (Note a)	HK\$'000 (Note b)	HK\$'000 (Note c)	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2017	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 year	-	-	-	-	-	5,698	5,698	839	6,537
Acquisition of additional interests in subsidiaries	-	-	-	-	108	-	108	(251)	(143)
Dividends paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	(775)	(775)
Dividend (see note 11)	-	-	-	-	-	(4,730)	(4,730)	-	(4,730)
At 31 March 2018	8,600	57,060	6,065	(8,093)	(1,252)	2,858	65,238	6,578	71,816
Profit and total comprehensive income for the year	-	-	-	-	-	7,298	7,298	1,273	8,571
Acquisition of additional interests in subsidiaries	-	-	-	-	43	-	43	(63)	(20)
Dividends paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	(818)	(818)
Dividend (see note 11)	-	-	-	-	-	(4,300)	(4,300)	-	(4,300)
At 31 March 2019	8,600	57,060	6,065	(8,093)	(1,209)	5,856	68,279	6,970	75,249

Notes:

- (a) The capital reserve represents the difference between the value of the consideration paid for the acquisition of additional interest in subsidiaries and the nominal value of the issued ordinary shares of Bar Pacific Group Limited ("**Bar Pacific BVI**"), a subsidiary of Bar Pacific Group Holdings Limited (the "**Company**").
- (b) Pursuant to a group reorganisation (the "**Reorganisation**") in preparation for the listing of the Company's shares on the GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), the Company became the holding company of the companies now comprising the Group on 15 December 2016 with the issue of shares of the Company to acquire Bar Pacific BVI from the then shareholders.

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

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2019

	2019 HK\$'000	2018 HK\$'000
<b>OPERATING ACTIVITIES</b>		
Profit before taxation	10,116	7,766
Adjustments for:		
Depreciation of property, plant and equipment	8,345	6,347
Loss on disposal/write off of property, plant and equipment	331	123
Interest expenses	30	42
Interest income	(161)	(185)
Operating cash flows before movements in working capital	18,661	14,093
Increase in trade and other receivables and rental deposits	(958)	(737)
Increase in inventories	(506)	(183)
(Decrease) increase in trade and other payables	(1,355)	1,968
Cash generated from operations	15,842	15,141
Hong Kong Profits Tax paid	(1,523)	(1,397)
Hong Kong Profits Tax refunded	828	248
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>15,147</b>	13,992
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(8,474)	(17,831)
Interest income	161	185
Proceeds from disposal of property, plant and equipment	82	6
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(8,231)</b>	(17,640)
<b>FINANCING ACTIVITIES</b>		
Dividend paid	(4,300)	(4,730)
Dividends paid to non-controlling shareholders of subsidiaries	(818)	(775)
Principal payments for obligations under finance leases	(297)	(468)
Interest paid	(30)	(42)
Acquisition of additional interests in subsidiaries	(20)	(143)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(5,465)</b>	(6,158)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,451</b>	(9,806)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>48,826</b>	58,632
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, representing bank balances and cash</b>	<b>50,277</b>	48,826

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

## 1. GENERAL AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

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. The addresses of the Company’s registered office and principal place of business are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and Room D2, 11/F, Phase 2, Hang Fung Industrial Building, 2G Hok Yuen Street, Hunghom, Kowloon, Hong Kong, respectively. The Company’s immediate holding company and ultimate holding company are Moment to Moment Company Limited and Harneys Trustees Limited, respectively, both companies are incorporated in the British Virgin Islands (“**BVI**”).

The principal activity of the Company and its subsidiaries (collectively referred to as the “**Group**”) is operation of chain of bars in Hong Kong under brands “Bar Pacific” and “Pacific”.

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

## 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

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 in the current year:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
Hong Kong (International Financial Reporting Interpretations Committee) Interpretation (“HK(IFRIC) – Int”) 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 “Financial Instruments” with HKFRS 4 “Insurance Contracts”
Amendments to Hong Kong Accounting Standard (“HKAS”) 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

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

### 2.1 HKFRS 15 “Revenue from Contracts with Customers”

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 “Revenue”, HKAS 11 “Construction Contracts” and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 and HKAS 11 and the related interpretations.

The Group recognises revenue from operation of bars. 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 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. The Group has performed an assessment on the impact of the adoption of HKFRS 15 and concluded that the application of HKFRS 15 has no material impact on the timing and amount of revenue recognised in current year or the retained profits as at 1 April 2018.

Information about the Group’s performance obligations and accounting policies resulting from application of HKFRS 15 are disclosed in notes 4 and 3 respectively.

### 2.2 HKFRS 9 “Financial Instruments” and the related amendments

In the current year, the Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses (“ECL”) for financial assets and (3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening retained profits, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 “Financial Instruments: Recognition and Measurement”.

Accounting policies resulting from application of HKFRS 9 are disclosed in note 3.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

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

### 2.2 HKFRS 9 “Financial Instruments” and the related amendments (Continued)

#### Classification and measurement of financial assets and financial liabilities

The application of HKFRS 9 on 1 April 2018 has had no material impact on the classification and measurement of the Group’s financial instruments. All financial assets and financial liabilities continue to be measured on the same bases as were previously measured under HKAS 39.

#### Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables. To measure the ECL, trade receivables have been assessed individually and/or collectively using a provision matrix with appropriate grouping. Based on assessment by the management of the Group, the management of the Group considers the ECL for trade receivables are insignificant at 1 April 2018.

Loss allowances for other financial assets at amortised cost mainly comprise of other receivables and bank balances, are assessed on 12-month ECL (“12m ECL”) basis and there had been no significant increase in credit risk since initial recognition.

#### New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 16	Leases <sup>1</sup>
HKFRS 17	Insurance Contracts <sup>3</sup>
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments <sup>1</sup>
Amendments to HKFRS 3	Definition of a Business <sup>4</sup>
Amendments to HKFRS 9	Prepayment Features with Negative Compensation <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendments to HKAS 1 and HKAS 8	Definition of Material <sup>5</sup>
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement <sup>1</sup>
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2019.

<sup>2</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2021.

<sup>4</sup> Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2020.

Except for the new HKFRS mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

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

### HKFRS 16 “Leases”

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 “Leases” and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2019, the Group has non-cancellable operating lease commitments of HK\$42,037,000 as disclosed in note 23. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid of HK\$8,189,000 as rights under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount to right-of-use assets.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) – Int 4 “Determining whether an Arrangement contains a Lease” and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17 and HK(IFRIC) – Int 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group intends to elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained profits without restating comparative information.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

## 3. SIGNIFICANT ACCOUNTING POLICIES

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 the GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The principal accounting policies adopted are set out below.

### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial information of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

### Changes in the Group's interest in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in other reserves and attributed to owners of the Company.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

## 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### **Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in note 2)**

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

### **Revenue from bar operations**

The Group recognises revenue from bar operations. Revenue from operation of bars 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.

### **Sponsorship income**

Sponsorship income is recognised over time using the output method.

#### *Output method*

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group’s performance in transferring control of goods or services.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

## 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### Revenue recognition (prior to 1 April 2018)

Revenue is measured at fair value of the consideration received or receivable. It represents amounts receivable from operation of bars and net of discounts, if any.

Revenue from bar operations is recognised at the point of sales to customers.

Sponsorship income is recognised when the relevant services have been rendered and the amount can be measured reliably.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time apportionment basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

### Property, plant and equipment

Property, plant and equipment held for use in the operation of the bars, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

### Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on a first-in, first-out method. Net realisable value is the estimated selling price for inventories less all costs necessary to make the sale.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

## 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instruments. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 since 1 April 2018. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

### Financial assets

*Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 2)*

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold the financial assets in order to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Financial instruments (Continued)

#### Financial assets (Continued)

*Impairment of financial assets (upon application of HKFRS 9 with transitions in accordance with note 2)*

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables and bank balances). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually and/or collectively using a provision matrix with appropriate grouping.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Financial instruments (Continued)

#### Financial assets (Continued)

*Impairment of financial assets (upon application of HKFRS 9 with transitions in accordance with note 2) (Continued)*

(i) Significant increase in credit risk (Continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrowers financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

## 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### Financial instruments *(Continued)*

#### Financial assets *(Continued)*

*Impairment of financial assets (upon application of HKFRS 9 with transitions in accordance with note 2) (Continued)*

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the basis:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, where the corresponding adjustment is recognised through a loss allowance account.

#### *Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 April 2018)*

The Group's financial assets are classified as loans and receivables. The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

## 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### Financial instruments *(Continued)*

#### Financial assets *(Continued)*

*Impairment of financial assets (before application of HKFRS 9 on 1 April 2018)*

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimate future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date of the impairment loss is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

#### Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset, the difference between the asset's carrying amount and the consideration received and receivable is recognised in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

## 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### **Financial instruments** *(Continued)*

#### **Financial liabilities and equity instruments**

##### *Classification as debt or equity*

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

##### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of a group entity after deducting all of its liabilities. Equity instruments issued by the group entities are recognised at the proceeds received, net of direct issue costs.

##### *Financial liabilities at amortised cost*

Financial liabilities including trade and other payables are subsequently measured at amortised cost, using the effective interest method.

#### **Derecognition of financial liabilities**

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

#### **Impairment**

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of tangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

## 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from “profit before taxation” because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary differences arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

### Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

#### The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Retirement benefits costs

Payments to defined contribution retirement benefits schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

### Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave and sick leave) after deducting any amount already paid.

## 4. REVENUE AND SEGMENT INFORMATION

Revenue represents amounts receivable from operation of bars in provision of beverages and light refreshments to its customers, net of any discounts, and is recognised at a point in time.

### A. For the year ended 31 March 2019

#### i. Disaggregation of revenue from contracts with customers

Segments	Operation of bars HK\$'000
Operation of bars	
Beverages	136,804
Light refreshments	8,101
Electronic dart machines	5,160
Others	275
	<hr/>
	150,340
	<hr/>
Timing of revenue recognition	
A point in time	150,340

#### ii. Performance obligations for contracts with customers

The Group recognises revenue from operation of bars. 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 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 obtain substantially all of the remaining benefits of the goods and services. Payment of the transaction price is due immediately at the point the customer purchases the goods and services.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

## 4. REVENUE AND SEGMENT INFORMATION (Continued)

### B. For the year ended 31 March 2018

An analysis of the Group's revenue for the year is as follows:

	HK\$'000
Operation of bars	134,251

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 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 set out in note 3.

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 years.

## 5. OTHER INCOME

	2019 HK\$'000	2018 HK\$'000
Sponsorship income	1,054	1,198
Interest income	161	185
Others	894	976
	<b>2,109</b>	2,359

## 6. FINANCE COSTS

	2019 HK\$'000	2018 HK\$'000
Interests on obligations under finance leases	30	42

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

## 7. PROFIT BEFORE TAXATION

	2019 HK\$'000	2018 HK\$'000
Profit before taxation has been arrived at after charging:		
Directors' remuneration ( <i>note 8</i> )	2,176	1,812
Other staff's salaries and other benefits	40,785	36,910
Other staff's retirement benefits scheme contributions	1,767	1,703
<b>Total staff costs</b>	<b>44,728</b>	40,425
Depreciation of property, plant and equipment		
– owned assets	8,040	6,042
– assets under finance leases	305	305
	<b>8,345</b>	6,347
Operating lease payments for rented premises		
– basic rents	28,124	24,873
– contingent rents	–	42
	<b>28,124</b>	24,915
Auditor's remuneration	1,050	950
Loss on disposal/write off of property, plant and equipment	331	123

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

## 8. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Details of the emoluments paid or payable to the directors of the Company during the year were as follows:

	Year ended 31 March 2019			
	Fees HK\$'000	Salaries and other benefits HK\$'000	Retirement benefits scheme contributions HK\$'000	Total HK\$'000
Executive directors				
Tse Ying Sin Eva ("Ms. Tse")	–	741	18	759
Chan Darren Chun-Yeung <sup>#</sup>	–	874	14	888
Chan Tsz Tung*	–	150	4	154
Independent non-executive directors				
Tang Wing Lam David	125	–	–	125
Chin Chun Wing	125	–	–	125
Yung Wai Kei	125	–	–	125
	<b>375</b>	<b>1,765</b>	<b>36</b>	<b>2,176</b>

	Year ended 31 March 2018			
	Fees HK\$'000	Salaries and other benefits HK\$'000	Retirement benefits scheme contributions HK\$'000	Total HK\$'000
Executive directors				
Tse Ying Sin Eva ("Ms. Tse")	–	660	18	678
Chan Darren Chun-Yeung	–	756	18	774
Independent non-executive directors				
Tang Wing Lam David	120	–	–	120
Chin Chun Wing	120	–	–	120
Yung Wai Kei	120	–	–	120
	<b>360</b>	<b>1,416</b>	<b>36</b>	<b>1,812</b>

<sup>#</sup> Chan Darren Chun-Yeung resigned on 31 December 2018.

<sup>\*</sup> Chan Tsz Tung was appointed on 31 December 2018.

Note: Ms. Tse is also the Chief Executive of the Company and her emoluments above includes those for services rendered by her as Chief Executive.

During both years, no emoluments were paid by the Group to the directors of the Company or the five highest paid individuals, as set out in note 9, as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors, have waived any emoluments during both years.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

## 9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included two directors (2018: two directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining three (2018: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2019 HK\$'000	2018 HK\$'000
Salaries, allowances and benefits in kind	1,328	1,316
Performance related bonuses ( <i>note</i> )	1,225	92
Retirement benefits scheme contributions	54	54
	<b>2,607</b>	1,462

The number of the highest paid employees who are not the directors of the Company has their remuneration falling within the following band:

	2019 Number of employees	2018 Number of employees
Nil to HK\$1,000,000	3	3

*Note:* The performance based bonus is discretionary determined with reference to the Group's financial results.

## 10. TAXATION

	2019 HK\$'000	2018 HK\$'000
The taxation charge comprises:		
Hong Kong Profits Tax		
– Current year	1,546	1,228
– (Over)underprovision in prior years	(1)	1
	<b>1,545</b>	1,229

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

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. 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%.

Accordingly, starting from the current year, the Hong Kong Profits Tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

## 10. TAXATION (Continued)

Taxation charge for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2019 HK\$'000	2018 HK\$'000
Profit before taxation	10,116	7,766
Tax charge at the applicable income tax rate at 16.5%	1,669	1,281
Tax effect of expenses not deductible for tax purposes	87	61
Tax effect of income not taxable for tax purposes	(27)	(34)
Tax effect of tax losses not recognised	454	980
Utilisation of tax losses previously not recognised	(446)	(167)
(Over)underprovision in prior years	(1)	1
Tax reduction	(489)	(462)
Income tax at concessionary rate	(165)	–
Others	463	(431)
Taxation charge for the year	1,545	1,229

As at 31 March 2019, the Group has unused tax losses of HK\$9,881,000 (2018: HK\$9,832,000) available for offset against future profit. No deferred tax asset has been recognised in respect of such unused tax loss due to unpredictability of future profit streams.

During the year ended 31 March 2019, the subsidiaries of the Group were entitled to a tax reduction of 75% (2018: 75%) of Hong Kong Profits Tax subject of a ceiling of HK\$20,000 (2018: HK\$30,000) of each subsidiary.

## 11. DIVIDEND

Dividend recognised as distribution during the year:

	2019 HK\$'000	2018 HK\$'000
2019 interim dividend of HK 0.50 cents (2018: interim dividend of HK 0.55 cents) per share	4,300	4,730

The Board has recommended the payment of a final dividend of HK0.50 cents (2018: nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

## 12. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	2019 HK\$'000	2018 HK\$'000
Profit for the year attributable to owners of the Company for the purpose of calculating basic earnings per share	7,298	5,698
	2019 '000	2018 '000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	860,000	860,000

No diluted earnings per share is presented as there were no potential ordinary shares in issue in both years.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

## 13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Computer equipment HK\$'000	Furniture and fixtures HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>COST</b>					
At 1 April 2017	19,665	2,720	17,943	1,577	41,905
Additions	9,049	1,007	7,775	–	17,831
Disposal/write off	(2,461)	(118)	(354)	–	(2,933)
At 31 March 2018	26,253	3,609	25,364	1,577	56,803
Additions	5,275	375	2,824	–	8,474
Disposal/write off	(12,368)	(258)	(10,427)	–	(23,053)
At 31 March 2019	19,160	3,726	17,761	1,577	42,224
<b>ACCUMULATED DEPRECIATION</b>					
At 1 April 2017	15,803	493	15,275	1,577	33,148
Provided for the year	3,997	696	1,654	–	6,347
Eliminated on disposal/ write off	(2,460)	(50)	(294)	–	(2,804)
At 31 March 2018	17,340	1,139	16,635	1,577	36,691
Provided for the year	5,247	727	2,371	–	8,345
Eliminated on disposal/ write off	(12,339)	(156)	(10,145)	–	(22,640)
At 31 March 2019	10,248	1,710	8,861	1,577	22,396
<b>CARRYING VALUE</b>					
At 31 March 2019	8,912	2,016	8,900	–	19,828
At 31 March 2018	8,913	2,470	8,729	–	20,112

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives at the following rates per annum:

Computer equipment	20%
Furniture and fixtures	20%
Motor vehicles	20%

Leasehold improvements are depreciated over 3 years or the term of the lease whichever is shorter.

As at 31 March 2019, the carrying value of property, plant and equipment includes an amount of HK\$794,000 (2018: HK\$1,099,000) in respect of assets held under finance leases.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

## 14. INVENTORIES

	2019 HK\$'000	2018 HK\$'000
Beverages and other items for bar operations	1,941	1,435

## 15. TRADE AND OTHER RECEIVABLES

	2019 HK\$'000	2018 HK\$'000
Trade receivables	725	426
Other receivables	98	325
Prepayments	1,670	2,201
Rental deposits	8,189	6,818
Utilities deposits	1,335	1,289
	<b>12,017</b>	11,059
Less: Rental deposits receivable over one year shown under non-current assets	<b>(5,584)</b>	(3,068)
	<b>6,433</b>	7,991

As at 31 March 2019 and 1 April 2018, trade receivables from contracts with customers amounted to HK\$725,000 and HK\$426,000 respectively.

The Group's sales are mainly on cash or credit card settlement. As at 31 March 2019 and 2018, the Group's trade receivables mainly represents credit card sales receivable from financial institutions. None of the Group's trade receivables was individually and/or collectively using a provision matrix with appropriate grouping 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.

## 16. BANK BALANCES AND CASH

Bank balances carry interest at prevailing market rates and are denominated in HK\$.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

## 17. TRADE AND OTHER PAYABLES

	2019 HK\$'000	2018 HK\$'000
Trade payables	3,852	3,411
Salary accruals and payables	1,619	1,444
Other accruals and payables	2,747	4,718
	<b>8,218</b>	9,573

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:

	2019 HK\$'000	2018 HK\$'000
0 to 30 days	2,993	2,854
31 to 60 days	715	529
61 to 90 days	140	19
91 to 120 days	–	5
Over 120 days	4	4
	<b>3,852</b>	3,411

## 18. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Amount payable under finance leases				
– within one year	327	327	306	297
– in more than one year but not more than two years	284	327	271	306
– in more than two years but not more than five years	210	494	206	477
	<b>821</b>	1,148	<b>783</b>	1,080
Less: Future finance charges	<b>(38)</b>	(68)		
Present value of lease obligations	<b>783</b>	1,080		
Less: Amount due within one year shown under current liabilities			<b>(306)</b>	(297)
Amount due after one year			<b>477</b>	783

The Group had entered into lease agreements for a term of five years to acquire certain property, plant and equipment. The directors of the Company considers that the carrying amount of obligations under finance leases approximate to its fair value. As at 31 March 2019, the effective interest rates on finance lease are ranging from 0% to 3.75% (2018: 0% to 3.75%) per annum.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

## 19. SHARE CAPITAL

	Number of shares	Share capital HK\$
Ordinary shares of HK\$0.01 each		
<b>Authorised:</b>		
At 1 April 2017, 31 March 2018 and 31 March 2019	10,000,000,000	100,000,000
<b>Issued and fully paid:</b>		
At 1 April 2017, 31 March 2018 and 31 March 2019	860,000,000	8,600,000

## 20. SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed on 17 December 2016, a share option 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 since adoption of the scheme.

## 21. RETIREMENT BENEFITS SCHEME

The Group operates a Mandatory Provident Fund Scheme (the “**MPF Scheme**”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance. Under the MPF Scheme, the employees are required to contribute 5% of their monthly salaries or up to a maximum of HK\$1,500 and they can choose to make additional contributions. The employer’s monthly contributions are calculated at 5% of the employee’s monthly salaries or up to a maximum of HK\$1,500 (the “**mandatory contributions**”). The employees are entitled to 100% of the employer’s mandatory contributions upon their retirement at the age of 65, death or total incapacity.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

## 22. RELATED PARTY TRANSACTIONS

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

Related party	Relationship of related party	Nature of transaction	2019 HK\$'000	2018 HK\$'000
Landmark Western 2 Limited	Company controlled by a close family member of a substantial shareholder of the Company	Sales of alcohol	28	8

(b) The remuneration paid or payable to the key management personnel which are the executive directors during the year is set out below. Their remuneration was determined with reference to the performance of the individuals and market trends.

	2019 HK\$'000	2018 HK\$'000
Fees, salaries and other benefits	1,765	1,416
Retirement benefits scheme contributions	36	36
	<b>1,801</b>	1,452

## 23. OPERATING LEASE COMMITMENTS

The Group had future aggregate minimum lease payables under non-cancellable operating leases in respect of office and bars as follows:

	2019 HK\$'000	2018 HK\$'000
Within one year	22,229	20,225
After one year but within five years	19,808	14,016
	<b>42,037</b>	34,241

Leases are negotiated for terms of one to four years (2018: one to four years).

The above lease commitments represent basic rents only and do not include contingent rents payable in respect of certain bars leased by the Group. In general, these contingent rents are calculated based on the relevant bars' turnover pursuant to the terms and conditions as set out in the respective rental agreements. It is not possible to reliably estimate in advance the amount of such contingent rent payable.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

## 24. NON-CONTROLLING INTERESTS

As at 31 March 2019, the Group comprises 24 subsidiaries (2018: 24 subsidiaries) which in aggregate have a material non-controlling interest balance, however each of them are individually not material.

## 25. CAPITAL RISK MANAGEMENT

The directors of the Company manages the Group's capital to ensure that it will be able to continue as a going concern while maximising the return to owners through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged during the year.

The capital structure of the Group consists of net debt, net of cash and cash equivalents and equity attributable to owners of the Company, comprising share capital, share premium, retained profits and other reserves as disclosed in the consolidated financial statements.

The directors of the Company reviews the capital structure regularly. As part of this review, the directors of the Company considers the cost of capital and the risks associated with each class of capital, and will balance its overall capital structure through the payment of dividends, new share issues as well as raising of borrowings.

## 26. FINANCIAL INSTRUMENTS

### Categories of financial instruments

	2019 HK\$'000	2018 HK\$'000
<b>Financial assets</b>		
Financial assets at amortised cost	51,100	–
Loans and receivables (including cash and cash equivalents)	–	49,577
<b>Financial liabilities</b>		
Amortised cost	4,095	4,785

### Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, bank balances and cash and trade and other payables. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (interest rate risk), credit risk and impairment assessment, and liquidity risk. The policies on how to mitigate these risks are set out below. The directors of the Company manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

#### Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances. The Group currently does not have any interest rate hedging policy. The management of the Group monitors the Group's exposure on ongoing basis and will consider hedging interest rate risk should the need arises.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of prevailing market interest rates arising from the Group's bank balances.

No sensitivity analysis on interest rate risk is presented as the directors of the Company consider the interest rate fluctuation on variable-rate bank balances is not significant.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

## 26. FINANCIAL INSTRUMENTS *(Continued)*

### **Financial risk management objectives and policies** *(Continued)*

#### **Credit risk and impairment assessment**

The Group's credit risk is primarily attributable to trade and other receivables and bank balances as at 31 March 2019 and 2018.

As at 31 March 2019 and 2018, the maximum exposure to credit risk of the Group which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

#### *Trade receivables arising from contracts with customers*

Trade receivables are assessed individually and/or collectively using a provision matrix with appropriate grouping for impairment allowance based on the historical credit losses experience, adjusted for factors that are specific to the debtors and certain forward-looking information. The trade receivables are due from financial institutions with no history of default and have good credit ratings assigned, as such the directors of the Company consider that the Group's credit risk on trade receivables is minimal.

#### *Other receivables*

The management of the Group assessed the recoverability of other receivables based on historical settlement records, past experience, and also available reasonable and supportive forward-looking information under ECL model upon application of HKFRS 9. The management of the Group believes that there is no material credit risk inherent in the Group's outstanding balance of other receivables.

#### *Bank balances*

The credit risks on bank balances are limited because the counterparties are banks/financial institutions with high credit ratings assigned by international credit-rating agencies. No loss allowance provision for bank balances was recognised upon application of HKFRS 9. The Group has limited exposure to any single financial institution.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group had concentration of credit risk on trade receivables as 100% (2018: 100%) of the total trade receivables were due from financial institutions which are the Group's largest debtors as at 31 March 2019 and 2018.

#### **Liquidity risk**

The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding in the short and longer term.

All of the Group's financial liabilities except for its obligations under finance leases, are carried at amounts not materially different from their contractual undiscounted cash flows as all the financial liabilities are with maturities within one year or repayable on demand at the end of each reporting period. The Group's remaining contractual maturity for its obligations under finance leases is set out in note 18 to the consolidated financial statements.

#### **Fair value measurements of financial instruments**

The directors of the Company considers that the carrying amounts of financial assets and liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values at the end of each reporting period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

## 27. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the Group's consolidated statement of cash flows from financing activities.

### Reconciliation of liabilities arising from financing activities

	Consideration payable for acquisition of additional interests in subsidiaries HK\$'000	Dividend payable HK\$'000	Obligations under finance leases HK\$'000	Total HK\$'000
At 1 April 2017	–	–	1,548	1,548
Financing cash flows	(143)	(5,505)	(510)	(6,158)
Non-cash changes				
Consideration for acquisition of additional interests in subsidiaries	143	–	–	143
Dividend declared	–	4,730	–	4,730
Dividend declared to non-controlling shareholders of subsidiaries	–	775	–	775
Interest expenses	–	–	42	42
	143	5,505	42	5,690
At 31 March 2018 and 1 April 2018	–	–	1,080	1,080
Financing cash flows	(20)	(5,118)	(327)	(5,465)
Non-cash changes				
Consideration for acquisition of additional interests in subsidiaries	20	–	–	20
Dividend declared	–	4,300	–	4,300
Dividend declared to non-controlling shareholders of subsidiaries	–	818	–	818
Interest expenses	–	–	30	30
	20	5,118	30	5,168
At 31 March 2019	–	–	783	783

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

## 28. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the principal subsidiaries, all of which are indirectly held by the Company, are as follows:

Name of subsidiary	Place of incorporation	Place of operation	Paid-up share capital	Equity interest attributable to the Group		Principal activities
				2019	2018	
Hacienda International Corporation Limited	Hong Kong	Hong Kong	HK\$1,000	100%	100%	Bulk purchase of beverages for fellow subsidiaries
Tank Success International Limited	Hong Kong	Hong Kong	HK\$2	100%	100%	Recruitment and management services for fellow subsidiaries
Bar Pacific VII International Limited	Hong Kong	Hong Kong	HK\$1,000	100%	100%	Operation of a bar
Bar Pacific VIII International Limited	Hong Kong	Hong Kong	HK\$1,000	100%	100%	Operation of a bar
Bar Pacific IX International Limited	Hong Kong	Hong Kong	HK\$1,000	95%	95%	Operation of a bar
Bar Pacific XII International Limited	Hong Kong	Hong Kong	HK\$1,000	100%	100%	Operation of a bar
Bar Pacific XVI International Limited	Hong Kong	Hong Kong	HK\$1,000	95%	95%	Operation of a bar
Bar Pacific XX International Limited	Hong Kong	Hong Kong	HK\$1,000	90%	90%	Operation of a bar
Bar Pacific XXI International Limited	Hong Kong	Hong Kong	HK\$1,000	95%	95%	Operation of a bar
Bar Pacific XXVIII International Limited	Hong Kong	Hong Kong	HK\$1,000	86.5%	86.5%	Operation of a bar
Bar Pacific XXIX International Limited	Hong Kong	Hong Kong	HK\$188	86.2%	86.2%	Operation of a bar
Bar Pacific XXX International Limited	Hong Kong	Hong Kong	HK\$171,398	79.4%	79.4%	Operation of a bar
Bar Pacific XXXI International Limited	Hong Kong	Hong Kong	HK\$522,214	83.8%	83.8%	Operation of a bar

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

## 28. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Name of subsidiary	Place of incorporation	Place of operation	Paid-up share capital	Equity interest attributable to the Group		Principal activities
				2019	2018	
Bar Pacific XXXII International Limited	Hong Kong	Hong Kong	HK\$228	85.1%	85.1%	Operation of a bar
Bar Pacific XXXIII International Limited	Hong Kong	Hong Kong	HK\$579,728	85%	85%	Operation of a bar
Bar Pacific XXXVII International Limited	Hong Kong	Hong Kong	HK\$964,799	90%	90%	Operation of a bar
Bar Pacific LXIII International Limited	Hong Kong	Hong Kong	HK\$1,527,823	80%	77.4%	Operation of a bar
Bar Pacific LXVIII International Limited	Hong Kong	Hong Kong	HK\$2,280,000	60%	60%	Operation of a bar
Bar Pacific LXXI International Limited	Hong Kong	Hong Kong	HK\$1	100%	100%	Operation of a bar
Bar Pacific LXXII International Limited	Hong Kong	Hong Kong	HK\$1	100%	100%	Operation of a bar

The above table lists the subsidiaries of the Company, which, in the opinion of the directors of the Company, principally affected the results of the year or constituted a substantial portion of the assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company result in particulars of excessive length.

None of the Group's subsidiaries had issued any debt securities during the year.

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. The principal activities of these subsidiaries are summarised as follows:

Principal activities	Principal place of business	Number of subsidiaries	
		2019	2018
Operation of bars	Hong Kong	19	18
Investment holding	Hong Kong	1	1
Inactive	Hong Kong	7	4
		<b>27</b>	<b>23</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

## 29. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2019 HK\$'000	2018 HK\$'000
Non-current assets		
Investment in a subsidiary	8,483	8,483
Amounts due from subsidiaries	58,108	58,236
	<b>66,591</b>	66,719
Current asset		
Bank balances and cash	5,023	405
Net assets	<b>71,614</b>	67,124
Capital and reserves		
Share capital	8,600	8,600
Reserves (note)	63,014	58,524
	<b>71,614</b>	67,124

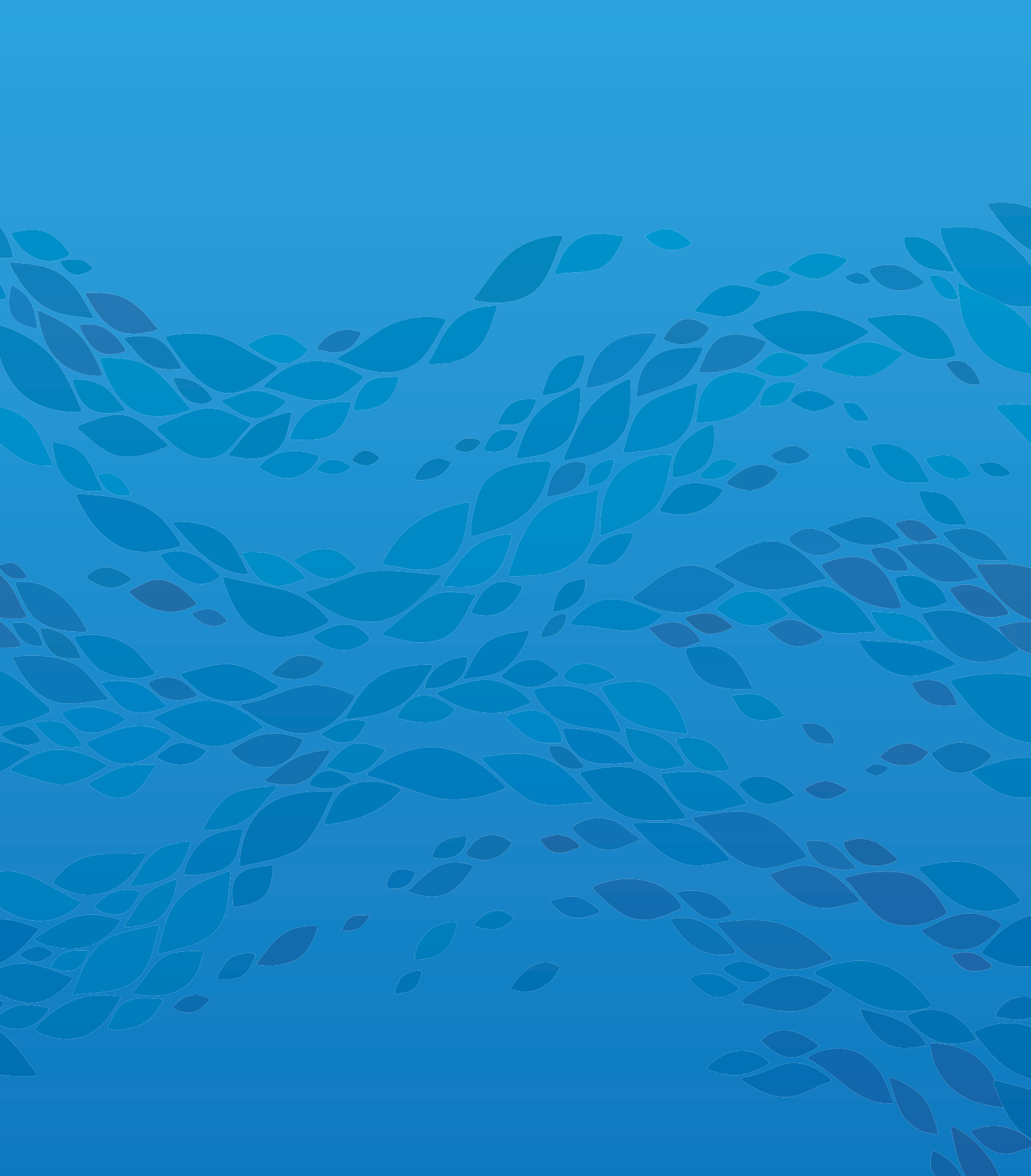
Note:

Movement in the Company's reserves are as follows:

	Share premium HK\$'000	(Accumulated losses) retained profits HK\$'000	Total HK\$'000
At 1 April 2017	57,060	(12,998)	44,062
Profit and total comprehensive income for the year	–	19,192	19,192
Dividend	–	(4,730)	(4,730)
At 31 March 2018	57,060	1,464	58,524
Profit and total comprehensive income for the year	–	8,790	8,790
Dividend	–	(4,300)	(4,300)
At 31 March 2019	57,060	5,954	63,014

# FINANCIAL SUMMARY

	Year ended 31 March				2019 HK\$'000
	2015 HK\$'000	2016 HK\$'000	2017 HK\$'000	2018 HK\$'000	
Revenue	112,373	126,145	126,212	134,251	<b>150,340</b>
Profit (loss) before taxation	14,601	18,054	(1,790)	7,766	<b>10,116</b>
Taxation	(2,772)	(2,699)	(1,590)	(1,229)	<b>(1,545)</b>
Profit (loss) for the year	11,829	15,355	(3,380)	6,537	<b>8,571</b>
Attributable to:					
Owners of the Company	7,273	9,450	(4,275)	5,698	<b>7,298</b>
Non-controlling interests	4,556	5,905	895	839	<b>1,273</b>
	11,829	15,355	(3,380)	6,537	<b>8,571</b>
	At 31 March				2019 HK\$'000
	2015 HK\$'000	2016 HK\$'000	2017 HK\$'000	2018 HK\$'000	
Assets and liabilities					
Total assets	28,539	30,713	80,080	82,469	<b>84,250</b>
Total liabilities	(17,109)	(12,372)	(9,153)	(10,653)	<b>(9,001)</b>
	11,430	18,341	70,927	71,816	<b>75,249</b>
Equity contributable to:					
Owners of the Company	5,663	11,289	64,162	65,238	<b>68,279</b>
Non-controlling interests	5,767	7,052	6,765	6,578	<b>6,970</b>
	11,430	18,341	70,927	71,816	<b>75,249</b>



**BAR PACIFIC GROUP HOLDINGS LIMITED**  
**太平洋酒吧集團控股有限公司**