

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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8432)



2019/20 Third Quarterly Report

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

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

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

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

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

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



Corporate Information	3
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	4
Condensed Consolidated Statement of Changes in Equity	5
Notes to the Condensed Consolidated Financial Statements	6
Management Discussion and Analysis	15
Corporate Governance and Other Information	20

CONTENTS



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

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*
Sir Kwok Siu Man KR, *FCS*

COMPLIANCE OFFICER

Ms. Chan Tsz Tung

AUTHORISED REPRESENTATIVES

Ms. Tse Ying Sin Eva
Sir Kwok Siu Man KR
Mr. Leung Ping Hing (alternative to Ms. Tse Ying Sin Eva)

INDEPENDENT AUDITOR

Deloitte Touche Tohmatsu (resigned on 29 October 2019)
BDO Limited (appointed on 30 October 2019)

COMPLIANCE ADVISER

Red Solar Capital Limited (resigned on 26 June 2019)

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

Boardroom Share Registrars (HK) Limited
2103B, 21/F, 148 Electric Road
North Point
Hong Kong

PRINCIPAL BANKERS

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

COMPANY'S WEBSITE

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

LISTING INFORMATION

Place of Listing

GEM of The Stock Exchange of Hong Kong Limited

Stock Code

8432

Board Lots

10,000 shares

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 31 December 2019

	NOTES	Three months ended 31 December		Nine months ended 31 December	
		2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Revenue	3	43,724	37,533	125,100	113,586
Other income	4	851	355	2,743	1,858
Cost of inventories sold		(10,503)	(8,764)	(29,541)	(25,177)
Staff costs		(11,228)	(11,363)	(32,729)	(35,322)
Depreciation		(9,673)	(1,975)	(27,184)	(6,111)
Property rentals and related expenses		(893)	(7,523)	(3,529)	(22,104)
Other operating expenses		(7,680)	(7,632)	(19,579)	(19,717)
Finance costs	5	(1,043)	(7)	(2,892)	(23)
Profit before taxation		3,555	624	12,389	6,990
Taxation	6	(554)	(233)	(2,571)	(1,597)
Profit and total comprehensive income for the period	7	3,001	391	9,818	5,393
Profit and total comprehensive income for the period attributable to:					
Owners of the Company		2,568	18	8,575	4,481
Non-controlling interests		433	373	1,243	912
		3,001	391	9,818	5,393
		HK cents	HK cents	HK cents	HK cents
Earnings per share					
Basic and diluted	9	0.30	–	1.00	0.52

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2019

	Attributable to owners of the Company								Total HK\$'000
	Share capital	Share premium	Capital reserve	Special reserve	Other reserve	Retained profits	Total	Non- controlling interests	
	HK\$'000	HK\$'000	HK\$'000 (Note a)	HK\$'000 (Note b)	HK\$'000 (Note c)	HK\$'000	HK\$'000	HK\$'000	
At 1 April 2019 (audited)	8,600	57,060	6,065	(8,093)	(1,209)	5,856	68,279	6,970	75,249
Profit and total comprehensive income for the period	-	-	-	-	-	8,575	8,575	1,243	9,818
Dividend	-	-	-	-	-	(9,030)	(9,030)	-	(9,030)
Acquisition of additional interests in a subsidiary	-	-	-	-	-	-	-	-	-
At 31 December 2019 (unaudited)	8,600	57,060	6,065	(8,093)	(1,209)	5,401	67,824	8,213	76,037
At 1 April 2018 (audited)	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 period	-	-	-	-	-	4,481	4,481	912	5,393
Dividend (see note 8)	-	-	-	-	-	(4,300)	(4,300)	-	(4,300)
Acquisition of additional interests in a subsidiary	-	-	-	-	43	-	43	(63)	(20)
At 31 December 2018 (unaudited)	8,600	57,060	6,065	(8,093)	(1,209)	3,039	65,462	7,427	72,889

Notes:

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and nine months ended 31 December 2019

1. GENERAL

The Company is a public limited company incorporated in the Cayman Islands and its shares in issue are listed on the GEM. 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. At the date of this report, the Company's immediate holding company and ultimate holding company are Moment to Moment Company Limited ("**Moment to Moment**") and Harneys Trustees Limited ("**Harneys**"), respectively, both incorporated in the British Virgin Islands. The Company acts as an investment company and the principal activity of its subsidiaries is operation of chain of bars in Hong Kong under brands "Bar Pacific" and "Pacific". The condensed consolidated financial statements of the Company and its subsidiaries (collectively the "**Group**") for the nine months ended 31 December 2019 (the "**Condensed Consolidated Financial Statements**") are presented in Hong Kong dollars ("**HK\$**") which is also the same as the functional currency of the Company.

The Condensed Consolidated Financial Statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") as well as with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

2. PRINCIPAL ACCOUNTING POLICIES

The Condensed Consolidated Financial Statements have been prepared on the historical cost basis.

Other than changes in accounting policies, resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**"), the accounting policies and methods of computation used in the Condensed Consolidated Financial Statements are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2019.

The Condensed Consolidated Financial Statements have not been reviewed or audited by the Company's independent auditors, but have been reviewed by the audit committee of the board of Directors (the "**Board**" and the "**Audit Committee**", respectively).

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA, which are mandatorily effective for the annual period beginning on or after 1 April 2019 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKFRS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

Except as described below, the Group's application of the new and amendments to HKFRSs has had no material effect on the amounts reported in the Condensed Consolidated Financial Statements and/or disclosures set out in the Condensed Consolidated Financial Statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and nine months ended 31 December 2019

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 Leases (“HKAS 17”) and the related interpretations.

The Group has applied HKFRS 16 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 April 2019. Any difference at the date of initial application is recognised in the opening retained earnings (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, 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 to 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 elects the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to the opening retained earnings without restating comparative information.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at the inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition; and required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and nine months ended 31 December 2019

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

HKFRS 16 Leases (Continued)

As a lessee (Continued)

Right-of-use assets (Continued)

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from the commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Right-of-use assets are presented as separate line item

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment; and
- the lease payments change due to changes in market rental rates following a market rent review/an expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and nine months ended 31 December 2019

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

HKFRS 16 Leases (Continued)

As a lessee (Continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

Applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to the application of the initial recognition exemption.

Summary of effects arising from initial application of HKFRS 16

The following tables summarise the impacts of applying HKFRS 16 on the Group's consolidated statement of financial position as at 31 December 2019 and its consolidated statement of profit or loss for the current interim period for each of the line items affected.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and nine months ended 31 December 2019

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

HKFRS 16 Leases (Continued)

Summary of effects arising from initial application of HKFRS 16 (Continued)

Impact on the condensed consolidated statement of profit or loss

	Nine months ended 31 December 2019 HK\$'000 (unaudited)
Impact on profit for the period	
Increase in other income	225
Increase in depreciation expense	(20,579)
Decrease in property rentals and related expenses	21,018
Decrease in other operating expenses	113
Increase in finance costs	(2,679)
Decrease in profit for the period	(1,902)
Impact on profit per share	
Decrease in profit per share, basic (HK cents)	0.22

Impact on the condensed consolidated statement of financial position

	31 March 2019 HK\$'000	Impact on adoption of HKFRS 16 HK\$'000	1 April 2019 HK\$'000
Non-current Assets			
Property, plant and equipment	794	(794)	–
Right-of-use assets	–	52,769	52,769
Rental deposits	752	(752)	–
Current Assets			
Right-of-use assets	–	11,564	11,564
Current Liabilities			
Trade and other payables	594	(594)	–
Lease liabilities	–	10,342	10,342
Obligations under finance leases	306	(306)	–
Non-current Liabilities			
Lease liabilities	–	53,822	53,822
Obligations under finance leases	477	(477)	–

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and nine months ended 31 December 2019

3. REVENUE AND SEGMENT INFORMATION

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

Operating segments are determined by reference to the reports and financial information reviewed by the Directors and the officers responsible for finance and accounting matters, being the chief operating decision maker (the “CODM”) of the Group, for assessment of performance and allocation of resources. The Group has only a single operating segment which is operation of a chain of bars in Hong Kong.

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

No geographical information is shown as the revenue and results 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 during the current interim period.

4. OTHER INCOME

	Three months ended 31 December		Nine months ended 31 December	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Sponsorship income	318	50	1,538	1,054
Interest income – bank deposit	45	23	195	129
Interest income – rental deposit	83	–	225	–
Others	405	282	785	675
	851	355	2,743	1,858

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and nine months ended 31 December 2019

5. FINANCE COSTS

	Three months ended 31 December		Nine months ended 31 December	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Interests on obligations under finance leases	–	7	–	23
Interest on lease liabilities	924	–	2,696	–
Interest on bank borrowings	119	–	196	–
	1,043	7	2,892	23

6. TAXATION

	Three months ended 31 December		Nine months ended 31 December	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
The taxation charge comprises:				
Hong Kong Profits Tax				
– Current period	554	233	2,571	1,597

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and nine months ended 31 December 2019

7. PROFIT FOR THE PERIOD

	Three months ended 31 December		Nine months ended 31 December	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Profit for the period has been arrived at after charging:				
Directors' remuneration	443	475	1,391	1,696
Other staff's salaries and other benefits	10,296	10,546	29,907	32,433
Other staff's retirements benefits scheme contributions	489	342	1,431	1,193
Total staff costs	11,228	11,363	32,729	35,322
Depreciation of property, plant and equipment				
– Owned assets	2,341	1,899	6,605	5,883
– Assets under finance lease	–	76	–	228
Depreciation on right-of-use assets	7,332	–	20,579	–
	9,673	1,975	27,184	6,111
Operating lease payments	358	7,041	2,048	20,846
Auditor's remuneration	200	230	600	730
Loss on disposal of property, plant and equipment	3	18	25	294

8. DIVIDENDS

On 14 November 2019, the Board declared the payment of an interim dividend of HK0.55 cent per share for the six months ended 30 September 2019 (For the six months ended 30 September 2018: HK0.5 cent per share) in an aggregate amount of HK\$4,730,000 (For the six months ended 30 September 2018: HK\$4,300,000). The dividend was paid on 11 December 2019.

The Board has resolved not to declare the payment of any interim dividend for the nine months ended 31 December 2019 (2018: nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and nine months ended 31 December 2019

9. EARNINGS PER SHARE

	Three months ended 31 December		Nine months ended 31 December	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Earnings for the period attributable to owners of the Company for the purpose of calculating basic earnings (loss) per share	2,568	18	8,575	4,481
	'000	'000	'000	'000
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	860,000	860,000	860,000	860,000
Basic earnings per share (HK cents)	0.30	–	1.00	0.52

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are a chained bar group offering beverages and light refreshments under the brand “Bar Pacific” and “Pacific” in Hong Kong. The main focuses of the Group’s growth strategies lie in its networks expansion and upgrading existing shops’ facilities. During the nine months ended 31 December 2019 (the “**Period**”), the Group focused on its network expansion and has opened one new shop and two new shops in the third and fourth quarters of 2019, respectively. As at 31 December 2019 and the date of this report (the “**Reporting Date**”), we operated 40 shops throughout Hong Kong.

PROSPECTS

Looking ahead, the Group will ride on its raised profile upon its listing on GEM on 11 January 2017 (the “**Listing Date**”) and maintain its core business of bar operation and its existing branding strategy, targeting the mass market, to increase market share in Hong Kong. With the existing client base garnered over the years, there is a superiority to leverage on its extensive network in Hong Kong. During the period from the Listing Date to the Reporting Date, we opened nine new shops and will open three new shops to further expand our network.

USE OF PROCEEDS

The Company’s shares (the “**Shares**”) in issue were successfully listed on GEM on the Listing Date by way of placing 215,000,000 Shares at HK\$0.29 each (the “**Placing**”). The net proceeds from the Placing (the “**Net Proceeds**”) were about HK\$45.2 million after deduction of listing related expenses. During the Period, a portion of the Net Proceeds was utilised and a summary of the use of the Net Proceeds is set out in the table below:

	Proposed amount to be used HK\$ (million)	Proposed amount used up to 31 December 2019 HK\$ (million)	Approximate actual amount utilized up to 31 December 2019 HK\$ (million)	Changes and explanation
Expand our brand	35.5	34.0	27.3	The expansion plan was delayed as the Group could not find suitable shops for expansion. The Group opened one new shop and another two shops in the third and fourth quarters of 2019, respectively. The Group expects to open one new shop before the end of the first quarter of 2020.
Continue to upgrade our shop facilities	3.4	3.4	3.4	As the proposed amount was used up, the Group will continue the refurbishment on existing shops with internal generated capital.
Continue our promotion and marketing activities	3.5	3.5	3.5	As the proposed amount was used up, the Group will continue marketing and promotion activities with internal generated capital.
Total	42.4	40.9	34.2	

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Our revenue increased from approximately HK\$113.6 million for the nine months ended 31 December 2018 (the “**Previous Period**”) to approximately HK\$125.1 million for the Period, representing a growth of approximately 10.1%. Such growth was primarily attributable to the opening of three new shops and the general increase in the performance of existing shops.

Cost of inventories, gross profit and gross profit margin

Cost of inventories sold mainly consists of the cost of beverages and light refreshments sold. Our cost of inventories sold increased from approximately HK\$25.2 million for the Previous Period to approximately HK\$29.5 million for the Period.

Gross profit for the Period amounted to HK\$95.6 million, representing an increase of approximately HK\$7.2 million or 8.1% as compared with that of approximately HK\$88.4 million for the Previous Period. Such increase was in line with the increase in revenue for the Period.

The gross profit margin for the Period remained stable at approximately 76.4% (2018: 77.8%).

Other income

Our other income increased from approximately HK\$1.9 million for the Previous Period to approximately HK\$2.7 million for the Period, representing an increase of approximately 42.1%. Such increase was primarily attributable to the increases in sundry income and sponsorship income.

Staff costs

Our staff costs comprise salaries and benefits, including wages, salaries, bonuses, retirement benefit costs and other allowances to all our staff, including our Directors, as well as head office and shop staff. Our staff costs decreased from approximately HK\$35.3 million for the Previous Period to approximately HK\$32.7 million for the Period, representing a decrease of approximately 7.37%. Such decrease was primarily attributable to the absence of a one-off special bonus in the Period.

Depreciation

Depreciation represents depreciation charges on its property, plant and equipment, and right-of-use assets. Our depreciation charges increased from approximately HK\$6.1 million for the Previous Period to approximately HK\$27.2 million for the Period, representing an increase of approximately 346%. Such increase was primarily attributable to the opening of three new shops, the Group’s adoption of HKFRS 16 “Leases” and the depreciation of right-of-use assets.

Property rentals and related expenses

Our property rentals and related expenses consist of operating lease payments, property management fee and government rate on our shops, storage and office premises. Our property rentals and related expenses decreased from approximately HK\$22.1 million for the Previous Period to approximately HK\$3.5 million for the Period, representing a decrease of approximately 84.2%. Such decrease was mainly due to the effect of the Group’s adoption of HKFRS 16 “Leases” and the measurement of rental expenses as right-of-use assets.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW *(Continued)*

Other operating expenses

Our other operating expenses remained stable recording approximately HK\$19.6 million for the Period, as compared to those of the Previous Period.

Finance costs

Finance costs for the Period amounted to approximately HK\$2.9 million, representing an increase of 126 times. Such increase was mainly due to the Group's adoption of HKFRS 16 "Leases" and the interest arising from the lease liabilities.

Taxation

Our taxation increased from approximately HK\$1.6 million for the Previous Period to approximately HK\$2.6 million for the Period, representing an increase of approximately 62.5%. Such increase was mainly attributable to the increase of operating profit for the Period.

Profit for the Period

As a result of the above, the Group recorded a profit of approximately HK\$9.8 million for the Period, as compared to the profit of approximately HK\$5.4 million recorded for the Previous Period, representing an increase of approximately 81.5%.

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.

Dividend

The Board has declared the payment of an interim dividend of HK0.55 cent per Share for the six months ended 30 September 2019 (2018: HK0.5 cent), totalling HK\$4,730,000 (2018: HK\$4,300,000).

The Board has resolved not to declare the payment of an interim dividend for the nine months ended 31 December 2019 (2018: nil).

Contingent liabilities

As at 31 December 2019, the Group did not have any significant contingent liabilities.

Capital commitments

As at 31 December 2019, the Group did not have any significant capital commitments (2018: Nil).

Charges on the Group's assets

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

Significant investments

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW *(Continued)*

Material acquisition or disposal

On 23 July 2019, HTS Development Limited (“**HTS**”), a wholly-owned subsidiary of the Company, entered into an agreement (the “**Agreement**”) with the shareholders of Smart Express Development Limited (“**Smart Express**” and the “**Vendors**”, respectively), pursuant to which the Vendors had agreed to sell all the issued shares of Smart Express and the Shareholder’s Loan (as defined in the Agreement), and HTS had agreed to acquire the same for a consideration of HK\$50,000,000 and subject to the terms and conditions contained in the Agreement.

The main asset of Smart Express is the shops located on the Ground floor, Yau Shing Building, Nos. 501/503 and 507/511 Castle Peak Road, Kwai Chung, New Territories, Hong Kong, which are currently subject to a mortgage and leased out for rental income.

Save for the above, there was no material acquisition or disposal of subsidiaries, associate and joint venture during the Period.

Subsequent event after the Period

On 15 January 2020, the Group entered into a tenancy agreement in respect of a premises for a term of 6 years from 1 April 2020 to 31 March 2026 (both days inclusive). In accordance with HKFRS 16 “Leases”, the Company recognises the value of the right-of-use assets on its consolidated statement of financial position in connection with the lease of the premises under the tenancy agreement with effect from the beginning of its accounting period on 1 April 2019. Accordingly, the lease transaction under the tenancy agreement is regarded as an acquisition of assets by the Company for the purpose of the GEM Listing Rules.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

	As at	
	31 December 2019 (unaudited)	31 March 2019 (audited)
Cash and cash equivalents	HK\$17.1 million	HK\$50.3 million
Unutilised banking facilities	HK\$16.6 million	Nil
Gearing ratio	17.6%	0%

The Directors are of the view that at the date hereof, the Group’s financial resources are sufficient to support its business and operations.

The Group’s primary sources of funds were cash inflows from operating activities and bank borrowings and, after the Listing, the Net Proceeds.

The gearing ratio is calculated by dividing total debts by total equity, and total debts are defined to include payables incurred not in the ordinary course of business.

As at 31 December 2019, the Group had total bank borrowings of approximately HK\$13,400,000 (2018: Nil). The interest rate is charged based on floating rate.

MANAGEMENT DISCUSSION AND ANALYSIS

FOREIGN CURRENCY

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

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

EMPLOYEE INFORMATION

As at 31 December 2019, the Group had approximately 360 employees (as at 31 December 2018: 350). Total staff costs (including Directors' remuneration) were approximately HK\$32.7 million for the Period (the Previous Period: HK\$35.3 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 has adopted a share option scheme to provide incentives to the directors, employees and eligible or participants of the Group.

DISCLOSURE OF INTERESTS

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

As at 31 December 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 Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO"), which were required to be notified to the Company and the Stock Exchange: (a) pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions in which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein (the "Register"); or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors), to be notified to the Company and the Stock Exchange were as follows:

Interests in the Company

Long position in the Shares

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

Notes:

- 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, the trustee of the Bar Pacific Trust, of which Ms. Tse, the chairlady of the Board (the "**Chairlady**") and the chief executive officer of the Company (the "**CEO**"), her daughter 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.
- The percentage of shareholding interest in the Company shown in the table above are calculated on the basis of 860,000,000 Shares in issue as at 31 December 2019.

Interests in associated corporation of the Company

Long position in the shares of the associated corporation

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

Save as disclosed above and so far as the Directors are aware of, as at 31 December 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 or 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DISCLOSURE OF INTERESTS *(Continued)*

(B) Substantial shareholders' and other persons' interests and short positions in the Shares and underlying Shares

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

Long position in the Shares

Name 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 Beneficial owner	431,543,700 19,645,038	50.18% 2.28%
Ms. Chan Ching Mandy ("Ms. M Chan") <i>(Note 1)</i>	Interest of a 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 in (A) 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 19,645,038 Shares.
- The percentage of shareholding interest in the Company shown in the table above are calculated on the basis of 860,000,000 Shares in issue as at 31 December 2019.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DISCLOSURE OF INTERESTS *(Continued)*

(B) **Substantial shareholders' and other persons' interests and short positions in the Shares and underlying Shares** *(Continued)*

Save as disclosed above, as at 31 December 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.

COMPETING INTERESTS

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

CORPORATE GOVERNANCE PRACTICES

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

During the Period, the Company has adopted and complied with all applicable code provisions as set out in the Corporate Governance Code as contained in Appendix 15 to the GEM Listing Rules (the "**CG Code**") with the exception that the roles of the Chairlady and the CEO 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 the bar business, shall continue in her dual capacity as the Chairlady and the CEO. 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.

DIRECTORS' SECURITIES TRANSACTIONS

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

INTERESTS OF COMPLIANCE ADVISER

As at 25 June 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 concerning the fees receivable by the Compliance Adviser for acting in such capacity, neither the Compliance Adviser, its directors, employees nor close associates (as defined under the GEM Listing Rules) had any interests in the securities of the Company or any member of the Group (including options or rights to subscribe for such securities), which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules. The Compliance Adviser resigned on 26 June 2019.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

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

SHARE OPTION SCHEME

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

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

DISCLOSURES UNDER RULES 17.22 TO 17.24 OF THE GEM LISTING RULES

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

Date of facilities	Nature of facilities	Aggregate amount	Life of the facilities	Specific performance obligation
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
30 August 2019	Term loan facility	HK\$10,000,000	– ditto –	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 (iv) the Tangible Net Worth (as defined in the relevant facility letters) of the Company will be maintained at a minimum level of HK\$30 million at all times.

Except for disclosed above, the Group had no other circumstances which would give rise to a disclosure obligation under Rules 17.22 to 17.24 of the GEM Listing Rules as at 31 December 2019 and the Reporting Date.

SUBSEQUENT EVENT AFTER THE PERIOD

On 15 January 2020, the Group entered into a tenancy agreement in respect of a premises for a term of 6 years from 1 April 2020 to 31 March 2026 (both days inclusive). In accordance with HKFRS 16 "Leases", the Company recognises the value of the right-of-use assets on its consolidated statement of financial position in connection with the lease of the premises under the tenancy agreement with effect from the beginning of its accounting period on 1 April 2019. Accordingly, the lease transaction under the tenancy agreement is regarded as an acquisition of assets by the Company for the purpose of the GEM Listing Rules.

AUDIT COMMITTEE

The financial information in this quarterly report has not been audited by the independent auditors of the Company. 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 provisions C.3.3 and C.3.7 of the CG Code have been adopted. Among other things, the primary duties of the Audit Committee are to make recommendations to the Board on the appointment or reappointment and removal of external auditor; review financial statements of the Company and provide advice and comments in respect of financial reporting; and oversee the effectiveness of the procedures of the internal control of the Group.

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

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the nine months ended 31 December 2019 and this quarterly report and is of the view that such statements and report have been prepared in compliance with the applicable accounting standards, the GEM Listing Rules and other applicable legal requirements, and that adequate disclosure has been made.

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

Hong Kong, 12 February 2020

As at the date of this quarterly report, the executive Directors are Ms. Tse Ying Sin Eva (Chairlady and Chief Executive Officer) and Ms. Chan Tsz Tung; and the independent non-executive Directors are Mr. Tang Wing Lam David, Mr. Chin Chun Wing and Mr. Yung Wai Kei.