

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

2020/21
Third Quarterly Report



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

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*This 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.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Tse Ying Sin Eva
(Chairlady and Chief Executive Officer)
Ms. Chan Ching Mandy (appointed on 12 October 2020)
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* (resigned on 27 January 2021)
Ms. Chan Hau Lai, *ACG ACS* (appointed on 27 January 2021)

COMPLIANCE OFFICER

Ms. Chan Tsz Tung

AUTHORISED REPRESENTATIVES

Ms. Tse Ying Sin Eva
Sir Kwok Siu Man KR (resigned on 27 January 2021)
Mr. Leung Ping Hing (alternate to Ms. Tse Ying Sin Eva)
Ms. Chan Hau Lai (appointed on 27 January 2021)

INDEPENDENT AUDITORS

BDO 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

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 2020

	NOTES	Three months ended 31 December		Nine months ended 31 December	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Revenue	3	19,362	43,724	57,713	125,100
Other income	4	11,552	851	28,346	2,743
Rent concession related to COVID-19		952	–	1,761	–
Cost of inventories sold		(4,766)	(10,503)	(13,472)	(29,541)
Staff costs		(8,105)	(11,228)	(27,860)	(32,729)
Depreciation of property, plant and equipment		(2,529)	(2,341)	(7,257)	(6,605)
Depreciation of right-of-use assets		(8,113)	(7,332)	(23,336)	(20,579)
Property rentals and related expenses		(1,080)	(893)	(2,530)	(3,529)
Other operating expenses		(4,426)	(7,680)	(15,055)	(19,579)
Finance costs	5	(1,021)	(1,043)	(2,572)	(2,892)
(Loss)/profit before taxation		1,826	3,555	(4,262)	12,389
Taxation	6	–	(554)	–	(2,571)
(Loss)/profit and total comprehensive income for the period	7	1,826	3,001	(4,262)	9,818
(Loss)/profit and total comprehensive income for the period attributable to:					
Owners of the Company		1,475	2,568	(4,382)	8,575
Non-controlling interests		351	433	120	1,243
		1,826	3,001	(4,262)	9,818
		HK cents	HK cents	HK cents	HK cents
(Loss)/earnings per share					
Basic and diluted	9	0.17	0.30	(0.51)	1.00

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2020

	Attributable to owners of the Company								
	Share capital	Share premium	Capital reserve	Special reserve	Other reserve	Retained profits	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 2020 (audited)	8,600	57,060	6,065	(8,093)	(1,347)	1,255	63,540	7,036	70,576
(Loss)/profit and total comprehensive income for the period	-	-	-	-	-	(4,382)	(4,382)	120	(4,262)
Dividend (see note 8)	-	-	-	-	-	(4,730)	(4,730)	-	(4,730)
At 31 December 2020 (unaudited)	8,600	57,060	6,065	(8,093)	(1,347)	(7,857)	54,428	7,156	61,584
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

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 (the "**Shares**", the "**Listing**" and the "**Reorganisation**", respectively) on the GEM, 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 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and nine months ended 31 December 2020

1. GENERAL

The Company is a public limited company incorporated in the Cayman Islands and the Shares 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 "**Reporting Date**"), 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 companies are incorporated in the British Virgin Islands.

The Company and its subsidiaries (the "**Group**") are principally engaged in the operation of chain of bars in Hong Kong under brands "Bar Pacific" and "Pacific" and property investment in Hong Kong. The condensed consolidated financial statements of the Group for the nine months ended 31 December 2020 (the "**Period**" and the "**Condensed Consolidated Financial Statements**", respectively) 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.

Significant events and transactions in the current interim period

To combat the spread of the 2019 Novel Coronavirus Pandemic (the "**COVID-19**" or the "**Pandemic**") in Hong Kong, the Hong Kong Government had imposed orders for the compulsory shut-down of all the bars and pubs in Hong Kong for the period from 3 April 2020 to 7 May 2020, 15 July 2020 to 18 September 2020 and 26 November 2020 to the Reporting Date (collectively, the "**Mandatory Closure Periods**"). As a result, no revenue from operations of bars was recorded during the Mandatory Closure Periods.

On the other hand, the Hong Kong Government has announced some financial measures and supports for corporates to overcome the negative impact arising from the Pandemic and certain lessors have provided rent concessions to the Group which were COVID-19-related.

As such, the financial positions and performance of the Group were affected in different aspects. Further information of the financial impact was disclosed in relevant notes to the Condensed Consolidated Financial Statements.

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 2020.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and nine months ended 31 December 2020

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of new and amendments to HKFRSs

In the current 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 2020 for the preparation of the Condensed Consolidated Financial Statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

In addition, the Group has early applied the Amendment to HKFRS 16 "COVID-19-related Rent Concessions".

Except as described below, the 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.

2.1 Impacts and accounting policies on early application of Amendment to HKFRS 16 "COVID-19-Related Rent Concessions"

2.1.1 Accounting policies Leases

COVID-19-Related Rent Concessions

Rent concessions relating to lease contracts that occurred as a direct consequence of the COVID-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 "Leases" if the changes were not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

2.1.2 Transition and summary of effects

The Group has early applied the amendment in the current interim period. The application has no impact to the opening retained profits at 1 April 2020. The rent concessions amounted to HK\$1,761,000 has been credited to "Other income" in the profit or loss for the current period.

3. REVENUE AND SEGMENT INFORMATION

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

During the period from 1 April 2019 to 31 October 2019, the Group only has one reportable segment, i.e. operation of bars. On 31 October 2019, the Group completed an acquisition of a subsidiary, Smart Express Development Limited ("Smart Express"). The principal activity Smart Express is property investment and the Group commenced a reportable segment, i.e. property investment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and nine months ended 31 December 2020

3. REVENUE AND SEGMENT INFORMATION (Continued)

Business segment

The following is an analysis of the Group's revenue and results by operating and reportable segments for the nine months ended 31 December 2020:

	Operation of bars HK\$'000 (unaudited)	Property investment HK\$'000 (unaudited)	Inter-segment elimination HK\$'000 (unaudited)	Consolidated HK\$'000 (unaudited)
Revenue				
Revenue from external customers	57,454	259	–	57,713
Revenue from inter-segment	–	706	(706)	–
Reportable segment revenue	57,454	965	(706)	57,713
Reportable segment results	(3,112)	133	–	(2,979)
Unallocated:				
Corporate and other unallocated expenses				(6)
Depreciation of property, plant and equipment				(257)
Depreciation of right-of-use assets				(418)
Interest income				50
Interest income from rental deposits				2
Finance costs				(654)
Loss before income tax				(4,262)

Other information

	Operation of bars HK\$'000 (unaudited)	Property investment HK\$'000 (unaudited)	Unallocated HK\$'000 (unaudited)	Consolidated HK\$'000 (unaudited)
Interest income	–	–	50	50
Interest income from rental deposits	191	–	2	193
Interest expense	1,918	–	654	2,572
Purchase of property, plant and equipment	8,943	–	–	8,943
Addition of right-of-use assets	33,735	–	–	33,735
Depreciation of property, plant and equipment	7,000	–	257	7,257
Depreciation of right-of-use assets	22,918	–	418	23,336

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and nine months ended 31 December 2020

3. REVENUE AND SEGMENT INFORMATION (Continued)

Geographical information

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

Information about major customers

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

Disaggregation of revenue

	Nine months ended 31 December	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Revenue from contracts with customers under HKFRS 15		
Operation of bars		
Sales of beverages and light refreshments	55,506	120,578
Electronic dart machines	1,948	4,522
	57,454	125,100
Revenue from other sources		
Property investment		
Rental income from investment properties	259	–
	57,713	125,100
Revenue from contracts with customers under HKFRS 15		
Disaggregated revenue information for the year		
By time of revenue		
A point in time	57,454	125,100

Performance obligations for contracts with customers

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

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 who has the ability to direct the use of the goods and services obtains substantially all of the remaining benefits of the goods and services. Payment of the transaction price is due immediately at the point the customer purchases the goods and services.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and nine months ended 31 December 2020

4. OTHER INCOME

	Three months ended 31 December		Nine months ended 31 December	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Government subsidy related to COVID-19	10,977	–	26,219	–
Sponsorship income	472	318	1,542	1,538
Interest income – bank deposit	–	45	50	195
Interest income – rental deposit	66	83	193	225
Others	37	405	342	785
	11,552	851	28,346	2,743

5. FINANCE COSTS

	Three months ended 31 December		Nine months ended 31 December	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Interest on lease liabilities	798	924	1,928	2,696
Interest on bank borrowings	223	119	644	196
	1,021	1,043	2,572	2,892

6. TAXATION

	Three months ended 31 December		Nine months ended 31 December	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
The taxation charge comprises:				
Hong Kong Profits Tax				
– Current period	–	554	–	2,571

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 2020

7. (LOSS)/PROFIT FOR THE PERIOD

	Three months ended 31 December		Nine months ended 31 December	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
(Loss)/profit before taxation has been arrived at after charging/(crediting):				
Director's remuneration	461	443	1,465	1,391
Other staff's salaries and other benefits	7,301	10,296	25,176	29,907
Other staff's retirement benefits scheme contributions	343	489	1,219	1,431
Total staff costs	8,105	11,228	27,860	32,729
Depreciation of property, plant and equipment	2,529	2,341	7,257	6,605
Depreciation on right-of-use assets	8,113	7,332	23,336	20,579
	10,642	9,673	30,593	27,184
Rent concession related to COVID-19	(952)	–	(1,761)	–
Direct operating expenses incurred for investment properties that generated rental income during the period	26	–	76	–
Operating lease payments	264	358	801	2,048
Auditor's remuneration	200	200	720	600
Loss on disposal of property, plant and equipment	336	3	389	25
Other operating expenses				
– Bank and credit card handling charge	245	361	746	1,162
– Cleaning expenses	327	754	1,002	1,847
– Electricity, water, telephone and air-conditioning	589	980	2,349	3,071
– License fees	368	569	1,550	1,577
– Repair and maintenance	410	2,179	2,113	3,676

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and nine months ended 31 December 2020

8. DIVIDENDS

The Board has resolved not to declare the payment of any interim dividend for the Period (2019: Nil).

9. (LOSS)/EARNINGS PER SHARE

	Three months ended 31 December		Nine months ended 31 December	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
(Loss)/earnings for the period attributable to owners of the Company for the purpose of calculating basic (loss)/earnings per share	1,475	2,568	(4,382)	8,575
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	860,000	860,000	860,000	860,000
Basic (loss)/earnings per share (HK cents)	0.17	0.30	(0.51)	1.00

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Period, the continuous spreading of the COVID-19 in Hong Kong resulted in the imposition by the Hong Kong Government the orders for the compulsory shut-down of all the bars and pubs in Hong Kong. Accordingly, no revenue was recorded by the Group during the Mandatory Closure Periods.

During the Period, the Group has entered into three rental contracts for new shops. We opened three new shops and closed one shop due to redevelopment of the located premises during the Period. As at 31 December 2020, we operated 42 shops throughout Hong Kong. We expect to open one more shop in the first quarter of 2021.

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 ten new shops and will open two new shops to further expand our network within 2021.

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

USE OF PROCEEDS

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, the Net Proceeds were used according to the business strategies as stated in the prospectus of the Company dated 30 December 2016. For details, please refer to the interim report of the Company dated 12 November 2020.

FINANCIAL REVIEW

Revenue and gross profit margin

Our revenue decreased from approximately HK\$125.1 million for the nine months ended 31 December 2019 (the “**Previous Period**”) to approximately HK\$57.7 million for the Period, representing a decrease of approximately 53.9%. During the Period, the continuous spreading of the Pandemic in Hong Kong resulted in the imposition of the Mandatory Closure Periods. Accordingly, no revenue was recorded by the Group during the Mandatory Closure Periods.

Gross profit from operation of bars for the Period amounted to HK\$44.2 million, representing a decrease of approximately HK\$51.4 million or 53.8% as compared with that of approximately HK\$95.6 million for the Previous Period. Such decrease was in line with the decrease in revenue for the Period.

The gross profit margin for the Period remained stable at approximately 76.7% (2019: 76.4%).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW *(Continued)*

Other income

Our other income increased from approximately HK\$2.7 million for the Previous Period to approximately HK\$28.3 million for the Period, representing an increase of approximately 9.5 times. Such increase was mainly due to the recognition of the subsidies received and receivable under the Catering Business (Social Distancing) Subsidy Scheme launched by the Food and Environmental Hygiene Department of the Hong Kong Government under which each of the Group's subsidiaries holding eligible light refreshments licence would be entitled to a subsidy ranging from HK\$250,000 to HK\$2,200,000 according to the gross floor area of each of the bars concerned, which amounted to approximately HK\$26.2 million.

Staff costs

Our staff costs comprise 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\$32.7 million for the Previous Period to approximately HK\$27.9 million for the Period, representing a decrease of approximately 14.7%. Such decrease was mainly due to the decreased staff costs during the Mandatory Closure Period.

Depreciation of property, plant and equipment

Our depreciation charges on property, plant and equipment increased from approximately HK\$6.6 million for the Previous Period to approximately HK\$7.3 million for the Period, representing an increase of approximately 10.6%. Such increase was primarily attributable to the opening of new shops.

Depreciation of right-of-use assets

Our depreciation charges on right-of-use assets increased by approximately 13.1% to approximately HK\$23.3 million for the Period from approximately HK\$20.6 million for the Previous Period. Such increase was primarily attributable to the new engaged lease term during the Period.

Property rentals and related expenses

Our property rentals and related expenses consist of lease payments of leases with lease term ends within 12 months of the date of commencement, property management fee and government rate on our shops, storage and office premises. Our property rentals and related expenses decreased from approximately HK\$3.5 million for the Previous Period to approximately HK\$2.5 million for the Period, representing a decrease of approximately 28.6%.

Other operating expenses

Our other operating expenses decreased from approximately HK\$19.6 million for the Previous Period to approximately HK\$15.1 million for the Period, representing a decrease of approximately 23.0%. Such decrease is mainly due to decreased in bank and credit card handling charge and shop's operating expense during the Mandatory Closure Period.

Finance costs

Finance costs for the Period amounted to approximately HK\$2.6 million, representing a decrease of 10.3%, compared to HK\$2.9 million for the Previous Period.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW *(Continued)*

Taxation

No current tax provided for the Period being no assessable profit.

Dividend

The Board has resolved not to declare the payment of any interim dividend for the Period (2019: Nil).

Contingent liabilities

As at 31 December 2020, the Group did not have any significant contingent liabilities (2019: Nil).

Capital commitments

As at 31 December 2020, the Group did not have any significant capital commitments (2019: Nil).

Charges on the Group's assets

The Group pledged property, plant and equipment – building, right-of-use assets – leasehold land and investment properties approximately HK\$76.6 million (2019: Nil) to secure bank borrowings and general banking facilities granted to the subsidiaries of the Company.

Significant investments

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

Material acquisition or disposal

On 1 September 2020, CW Property Limited and Bar Pacific XC International Limited, both wholly-owned subsidiaries of the Company, entered into agreements (the “**Agreements**”) with Success Express International Limited (the “**Vendor**”), pursuant to which the Vendor has agreed to sell the properties comprise of Shop 1 and Shop 2 on Ground Floor together with the Appurtenant A/C Room 1 and A/C Room 2 on 1st Floor Jadewater, No. 238 Aberdeen Main Road, Hong Kong for an aggregate consideration of HK\$33,000,000 and subject to the terms and conditions contained in the Agreement (the “**Acquisition**”). For details, please refer to announcements of the Company dated 18 August 2020, 27 August 2020, 2 September 2020 and 7 September 2020 and circular of the Company dated 28 September 2020.

The Acquisition was completed on 30 November 2020 in accordance with the terms and conditions of the Agreement. For details, please refer to announcement of the Company dated 30 November 2020.

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

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

	As at 31 December	
	2020 (unaudited)	2019 (unaudited)
Cash and cash equivalents	HK\$3.8 million	HK\$17.1 million
Banking borrowings	HK\$50.5 million	HK\$13.4 million
Unutilised banking facilities	HK\$11.9 million	HK\$16.6 million
Gearing ratio	82.0%	17.6%

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 2020, the Group had total bank borrowings of approximately HK\$50,500,000 (2019: HK\$13,400,000). The interest rate is charged based on floating rate.

FOREIGN CURRENCY

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

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

EMPLOYEE INFORMATION

As at 31 December 2020, the Group had approximately 360 employees (as at 31 December 2019: 360). Total staff costs (including Directors' remuneration) were approximately HK\$27.9 million for the Period (the Previous Period: HK\$32.7 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 2020, 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 1)	Beneficiary of a trust Beneficial owner	431,543,700 12,094	50.18% 0.00%
Ms. Chan Tsz Tung ("Ms. Gloria Chan") (Note 1)	Beneficiary of a trust	431,543,700	50.18%
Ms. Chan Ching Mandy ("Ms. M Chan") (Note 2)	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 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.
- 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. Ms. M Chan is 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 2020.

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%
Ms. M Chan	Moment to Moment	Interest of a controlled corporation	1	100%

CORPORATE GOVERNANCE AND OTHER INFORMATION

DISCLOSURE OF INTERESTS *(Continued)*

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

Save as disclosed above and so far as the Directors are aware of, as at 31 December 2020, 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.

(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 2020, 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:

Long position in the Shares

Name of substantial shareholders	Capacity/ Nature of interest	Number of issued Shares held	Approximate percentage of issued share capital of 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 24,925,038	50.18% 2.90%

Notes:

- Moment to Moment holds 431,543,700 Shares, representing approximately 50.18% of the issued share capital of the Company. The sole shareholder of Moment to Moment is Harneys, the trustee of the Bar Pacific Trust, of which Ms. Tse and one of her daughters, namely Ms. 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 24,925,038 Shares.
- The percentage of shareholding interest in the Company shown in the table above are calculated on the basis of 860,000,000 Shares in issue as at 31 December 2020.

Save as disclosed above, as at 31 December 2020, the Directors were not aware of any persons who/entities which had any interest or short position in the Shares or underlying Shares that would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the Substantial Shareholders' Register required to be kept under section 336 of the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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.

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 2020 and no share option was granted, exercised or cancelled or lapsed during the Period.

DISCLOSURES UNDER RULES 17.22 TO 17.24 OF THE GEM LISTING RULES

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

Date of facilities	Nature of facilities	Aggregate amount	Life of the facilities	Specific performance obligation
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 2021	Note
30 August 2019	Term loan facility	HK\$10,000,000	- ditto -	Note
3 January 2020	Term loan facility	HK\$25,800,000	- ditto -	Note
30 November 2020	Term loan facility	HK\$21,500,000	- ditto -	Note

CORPORATE GOVERNANCE AND OTHER INFORMATION

DISCLOSURES UNDER RULES 17.22 TO 17.24 OF THE GEM LISTING RULES *(Continued)*

Note:

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

Except for disclosed above, the Group had no other circumstances which would give rise to a disclosure obligation under Rules 17.22 to 17.24 of the GEM Listing Rules as at 31 December 2020 and the Reporting Date.

CHANGE IN DIRECTORS' INFORMATION

During the Period, the following changes in the composition of the Board and the information of the Directors took place:

- (i) On 12 October 2020, Ms. M Chan has been appointed as an executive Director.
- (ii) On 12 October 2020, the monthly salary of Ms. Gloria Chan has been adjusted from HK\$52,290 to HK\$20,000 upon the recommendation of the remuneration committee of the Company in view of the change of her duties and responsibilities in the Company.

Save as disclosed above, during the Period, there was no change to information which is required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 17.50(2) of the GEM Listing Rules.

AUDIT COMMITTEE

The financial information in this quarterly report has not been audited nor reviewed by the Independent Auditors. The Audit Committee has reviewed the unaudited Condensed Consolidated Financial Statements 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.

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.

By order of the Board
Bar Pacific Group Holdings Limited
Chan Ching Mandy
Executive Director

Hong Kong, 11 February 2021

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