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

(Incorporated in the Cayman Islands with limited liability)
（於開曼群島註冊成立的有限公司）

Stock Code 股份代號：8432

年報 ANNUAL REPORT
2021/22

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

Any announcement, notice or other document of the Company will remain on the "Latest Listed Company Information" page of the website of the Stock Exchange at www.hkexnews.hk. for a minimum period of 7 days from the date of publication and on the website of 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
Ms. Chan Tsz Tung

Independent Non-Executive Directors

Mr. Chan Chun Yeung Darren
Mr. Chin Chun Wing
Mr. Tang Wing Lam David
Mr. Yung Wai Kei
(Resigned on 28 February 2022)

BOARD COMMITTEES

Audit Committee

Mr. Chan Chun Yeung Darren *(Chairman)*
(Appointed on 28 February 2022)
Mr. Chin Chun Wing
Mr. Tang Wing Lam David
Mr. Yung Wai Kei
(Resigned on 28 February 2022)

Remuneration Committee

Mr. Chin Chun Wing *(Chairman)*
Ms. Tse Ying Sin Eva
Mr. Chan Chun Yeung Darren
(Appointed on 28 February 2022)
Mr. Yung Wai Kei
(Resigned on 28 February 2022)

Nomination Committee

Ms. Tse Ying Sin Eva *(Chairlady)*
Mr. Chan Chun Yeung Darren
(Appointed on 28 February 2022)
Mr. Chin Chun Wing
Mr. Yung Wai Kei
(Resigned on 28 February 2022)

COMPANY SECRETARY

Mr. Chow Tsz Lun
(Appointed on 28 February 2022)
Ms. Leung Ho Yee
(Resigned on 28 February 2022)

COMPLIANCE OFFICER

Ms. Chan Tsz Tung

AUTHORISED REPRESENTATIVES

Ms. Tse Ying Sin Eva
Ms. Chan Ching Mandy (alternate to Ms. Tse Ying Sin Eva)
Mr. Chow Tsz Lun (Appointed on 28 February 2022)
Ms. Leung Ho Yee
(Ceased with effect from 28 February 2022)

INDEPENDENT AUDITOR

BDO Limited

LEGAL ADVISOR

as to Hong Kong laws

Sidley Austin

REGISTERED OFFICE

Second Floor, Century Yard
Cricket Square
P.O. Box 902
Grand Cayman, KY1-1103
Cayman Islands

CORPORATE INFORMATION

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

Tricor Services (Cayman Islands) Limited
Second Floor, Century Yard
Cricket Square
P.O. Box 902
Grand Cayman, KY1-1103
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Industrial and Commercial Bank of China 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

CHAIRLADY'S STATEMENT

Dear shareholders,

On behalf of the Board, I present the annual results of Bar Pacific Group Holdings Limited and its subsidiaries (the "**Group**") for the year ended 31 March 2022 (the "**Year**").

OVERVIEW

The revenue of the Group had recovered to a significant extent during 2021, especially the forth quarter of 2021, as compared with the revenue since the spreading of the novel coronavirus (COVID-19) disease ("COVID-19" or the "Pandemic", respectively).

However, the arrival of Omicron in the fourth quarter of the financial year brought about the most difficult operating environment to the Group as well as the bars and restaurants industry in Hong Kong since the outbreak of the pandemic. The Hong Kong Government ordered compulsory shut-down of all the bars and pubs from 7 January to 18 May 2022, no revenue from operations of bars was recorded during the period.

BUSINESS PERFORMANCE

The revenue amounted to HK$95.7 million for the Year, as compared to HK$57.8 million for the year ended 31 March 2021 (the "**Previous Year**"), representing a rise of 65.6%.

Operating costs were reduced through negotiations with vendors and landlords and flexible staff scheduling. As the same time, the Group has thankfully received Government subsidies which have helped the Group maintain a stable financial position.

PROSPECT

We are confident that, the Group's performance will be getting better, assuming the pandemic is kept under control.

Going forward, we will improve our service by offer more value-added services to our customers. We will further develop our business management system and inventory management system, such as developing our mobile application. We will closely monitor the market to keep abreast of the latest market trends. Moreover, we will manage our business in a careful and agile manner to explore and seize the most suitable business opportunities to create more value for our customers and shareholders.

CONCLUDING REMARKS

During these exceptionally tough and uncertain times, I would like to take this opportunity to express my deepest gratitude to all our staff for their resilience and tremendous hard work. I would also like to express my sincere gratitude to all customers, landlords and business partners for their continued support under such difficult conditions, and fellow members of the Board for tackling the Year with such care and commitment.

Ms. Tse Ying Sin Eva
Chairlady
Hong Kong, 27 June 2022

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are a chained bar and restaurant group under the brands of "Bar Pacific", "Katachi", "Moon Ocean" and "Pacific" with locations scattered all over Hong Kong. The growth strategies of the Group focus on the expansion and upgrade of the facilities of existing bars/restaurants. As at 31 March 2022, we operated 46 bars/restaurants throughout Hong Kong. During the Year, we opened four new bars/restaurants located in Causeway Bay under the brand of "Moon Ocean", and Mong Kok, Tseung Kwan O and Sha Tin under the brand of "Katachi". Different brands focus on different target customers. "Bar Pacific" is a neighborhood bar in different districts in Hong Kong and is for customers looking for social connection and relaxation; "Pacific" is a mid-range bar in urban areas; "Moon Ocean" is a luxury bar located in Causeway Bay, and "Katachi" is a yakiniku (skewers) restaurant and bar.

FINANCIAL REVIEW

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

The revenue amounted to HK$95.1 million for the Year, as compared to HK$57.5 million for the Previous Year, representing a rise of 65.3%. The Hong Kong Government imposed the orders of compulsory shut-down of all the bars and pubs (the "**Mandatory Closure**") from 3 April to 7 May 2020, 15 July to 18 September 2020, 26 November 2020 to 28 April 2021 and 7 January to 18 May 2022. The Mandatory Closure order ceased on 28 April 2021, bars and pubs could resume business from 29 April 2021 to 6 January 2022, which resulted in the increase in revenue during the Year as compared to that of the Previous Year.

The relevant gross profit for the Year amounted to HK$69.7 million, in comparison to HK$43.4 million for the Previous Year, representing an increase of 60.6%. During the Year, higher discounts were offered and more promotion events were held with the purpose to enhance the sales performance. As a result of such discounts and promotion events, the gross profit margin for the Year slightly decreased to 73.3% (Previous Year: 75.5%).

Revenue from properties investment

The revenue increased by 92.9% to HK$677,000 for the Year as compared to HK$351,000 for the Previous Year.

Other income

For the Year, other income amounted to HK$23.0 million, as compared to HK$38.3 million for the Previous Year, representing a significant decrease of 40.0%. Such decrease was mainly due to the reduction of the subsidies received by the Group under the Catering Business (Social Distancing) Subsidy Scheme launched by the Food and Environmental Hygiene Department of the Hong Kong Government, which amounted to approximately HK$20.0 million for the Year (Previous Year: HK$35.7 million), representing a decrease of 44.0%.

Staff costs

Staff costs represent wages, salaries, bonuses, retirement benefit costs and other allowances paid or payable to all Directors and staff of the Group, which amounted to HK$35.6 million for the Year, as compared to HK$32.7 million for the Previous Year, representing an increase of 8.8%. Staff costs increased since we resumed business after the cessation of Mandatory Closure on 28 April 2021.

FINANCIAL REVIEW *(Continued)*

Depreciation of property, plant and equipment

Depreciation represents depreciation charges on its property, plant and equipment, including, leasehold improvements, computer equipment, furniture and fixtures and motor vehicles. Our depreciation charges decreased to approximately HK$8.8 million for the Year from approximately HK$10.0 million for the Previous Year, representing a decrease of approximately 12.0%. Such decrease was primarily attributed to the impairment made during the Previous Year. As a result of the impairment assessment performed by the Group on certain cash-generating units ("**CGUs**") which were underperforming or loss-making, the relevant impairment losses of approximately HK$6,955,000 were recognised on the Group's property, plant and equipment for the Previous Year.

Depreciation of right-of-use assets

The depreciation charges on the right-of-use assets amounted to HK$26.1 million for the Year, in comparison to HK$31.5 million for the Previous Year, representing a decrease of 17.3% which was primarily attributed to the impairment made during the Previous Year. As a result of the impairment assessment performed by the Group on the CGUs which were underperforming or loss-making, the relevant impairment losses of approximately HK$17,013,000 were recognised on the Group's right-of-use assets for the Previous Year.

Property rentals and related expenses

Operating lease payments, property management fees, government rates and other related expenses added up to HK$4.3 million, as compared to HK$3.4 million for the Previous Year, representing an increase of 26.5% due to the expansion of business during the Year. The increase in property rentals and related expenses was mainly due to the increase in number of restaurants/bars during the Year.

Other operating expenses

For the Year, other operating expenses increased by 21.8% to HK$20.4 million from HK$16.8 million for the Previous Year, which was due to the resumption of business after the cessation of Mandatory Closure.

Finance costs

Finance costs represented interest paid or payable on bank loans, lease liabilities and other borrowings, which amounted to HK$3.9 million for the Year, in comparison to HK$3.2 million for the Previous Year, representing an increase of 23.9%. The main reason for the increase in finance costs for the Year was due to the increase in finance cost on new borrowing.

Taxation

The total tax expenses for the Year amounted to approximately HK$1.6 million (2021: HK$1 million), which consisted of (i) current tax expenses of approximately HK$174,000 (2021: HK$494,000) and (ii) deferred tax expenses of approximately HK$1,386,000 (2021: HK$537,000 million).

Capital commitments

As at 31 March 2022, the Group's capital commitments were HK$1,300,000 (2021: HK$3,000,000).

Contingent liabilities

The Group did not have any contingent liabilities as at 31 March 2022 (2021: Nil).

FINANCIAL REVIEW *(Continued)*

Charges on the Group's assets

The Group pledged the following assets to secure bank borrowings and general banking facilities granted to the subsidiaries of the Company:

Assets	Net carrying amount	
	2022	2021
	HK$'000	HK$'000
Building	**4,709**	4,880
Right-of use assets – leasehold land	**46,094**	47,793
Investment properties	**24,154**	22,430
	74,957	75,103

Dividend

The Board has resolved not to recommend the payment of a final dividend for the Year (2021: Nil).

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.

Employee and remuneration policy

As at 31 March 2022, the Group had 337 employees (2021: 349 employees). Total staff costs (including Directors' remuneration) were approximately HK$35.6 million for the Year (2021: 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 adopted a share option scheme on 17 December 2016 to provide incentives to the directors, employees and eligible participants of the Group. Since its adoption, no options have been granted or agreed to be granted, and therefore, there were no outstanding options as at 31 March 2022 (2021: Nil).

Significant investment

There was no significant investment by the Group with a value at 5% or more of the Group's total assets as at 31 March 2022, nor was there any plan authorised by the Board for other material investment or additions of capital assets during the year ended 31 March 2022.

Material acquisition or disposal

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

Significant event after year end

The Mandatory Closure order ceased on 18 May 2022, hence bars and pubs were allowed to resume business from 19 May 2022.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

	As at 31 March	
	2022	2021
Cash and cash equivalents	**HK$2.1 million**	HK$3.5 million
Bank borrowings	**HK$58.0 million**	HK$52.7 million
Unutilised banking facilities	**HK$4.8 million**	HK$8.4 million
Gearing ratio	**911%**	430%

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

The Group's primary sources of funds were cash inflows from operating activities and bank borrowings.

The gearing ratio is calculated by dividing the net debt by the total equity.

As at 31 March 2022 with maturity ranging from 60 days to 7 years, the Group had total bank borrowings of approximately HK$57,954,000 (31 March 2021: HK$52,680,000). The interest rate is charged based on floating rate.

FOREIGN CURRENCY

During the Year, 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.

PROSPECT

Looking ahead, the Group will ride on its raised profile upon its listing and maintain its core business of bar operation and its existing branding strategy, targeting the mass market, to increase its 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 11 January 2017 (the "**Listing Date**") to the date of this report (the "**Reporting Date**"), we have opened fourteen new shops and are planning to open three new shops to further expand our network within 2022.

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 will strive to generate the highest possible returns for the shareholders of the Company upon the business resumes normal.

EXECUTIVE DIRECTORS

Ms. Tse Ying Sin Eva (謝熒倩) ("Ms. Tse"), aged 50, is the Chairlady, the Chief Executive Officer, an Executive Director and a director of each of Bar Pacific Group Limited, Hacienda International Corporation Limited (希斯達國際有限公司), Tank Success International Limited (騰昇國際有限公司) ("**Tank Success**") and Bar Pacific Entertainment Limited (太平洋娛樂有限公司), all being operating subsidiaries of the Company. She is also the chairlady of the Nomination Committee and a member of the Remuneration Committee.

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

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

Ms. Tse is the mother of Ms. Chan Tsz Tung, an Executive Director. For Ms. Tse's interests in the Shares within the meaning of Part XV of the SFO, please refer to the paragraph headed "Disclosure of Interests" in the Directors' Report on pages 30 to 32 of this Annual Report.

Ms. Chan Ching Mandy (陳靜) ("Ms. C Chan"), age 49, was appointed as Executive Director on 12 October 2020. Ms. C Chan joined the Group as the general manager of Tank Success in September 2020 and has primarily been responsible for the Group's human resources matters. From 1987 to 1990, Ms. C Chan worked in Le Saunda Holdings Limited (a company listed on the Stock Exchange, stock code: 738) and her last position held was shop manager. From 1990 to 2004, Ms. C Chan worked in Mirabell International Holdings Limited (a company formerly listed on the Stock Exchange, stock code: 1179) and her last position held was senior shop manager, in-charge of the management of shops of a district. From 2004, Ms. C Chan started her owned business and later on worked as an assistant to her brother Mr. Chan Wai in relation to the management of his private business. Ms. C Chan has over 20 years of experience in retails industry in Hong Kong.

Ms. C Chan is one of the two protectors of the Bar Pacific Trust (the other protector is her brother, Mr. Chan Wai). For Ms. C Chan's interests in the Shares within the meaning of Part XV of the SFO, please refer to the paragraph headed "Disclosure of Interests" in the Directors' Report on pages 30 to 32 of this Annual Report.

Ms. Chan Tsz Tung (陳枳曈) ("Ms. TT Chan"), age 29, was appointed as Executive Director on 29 December 2018 and is the Compliance Officer. Ms. TT Chan joined the Group as the marketing director of Tank Success, a wholly-owned subsidiary of the Company in 2015 and has primarily been responsible for the Group's marketing activities. Ms. TT Chan obtained a bachelor's degree of science in hotel management from The Hong Kong Polytechnic University in 2015.

Ms. TT Chan is a daughter of Ms. Tse, the Chairlady, the Chief Executive Officer and an Executive Director. For Ms. TT Chan's interests in the Shares within the meaning of Part XV of the SFO, please refer to the paragraph headed "Disclosure of Interests" in the Directors' Report on pages 30 to 32 of this Annual Report.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Chun Yeung Darren (陳振洋) ("Mr. Chan"), aged 40. was appointed as an INED on 7 July 2021 and was subsequently appointed as the chairman of the Audit Committee and a member of each of the Remunerative Committee and Nomination Committee on 28 February 2022. Mr. Chan has over 15 years of professional experience in accounting and finance. He is a fellow member of Hong Kong Institute of Certified Public Accountants, The Hong Kong Chartered Governance Institute (formerly The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute. He graduated from the University of British Columbia with a bachelor of commerce degree and the Hong Kong Polytechnic University with a master of corporate governance degree. Mr. Chan worked for our company between 2014 to 2018 as executive director, company secretary and authorised representative. He was responsible for the successful GEM board listing for our company with Hong Kong Stock Exchange in 2017. Mr. Chan has also held senior management positions in two other listed companies in Hong Kong.

Mr. Chin Chun Wing (錢雋永) ("Mr. Chin"), aged 43, was appointed as an independent non-executive director on 17 December 2016, he is also the chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee respectively. Mr. Chin completed secondary education in Hong Kong in 1995. From August 2006 to August 2009, Mr. Chin served as a director of Grand Bar & Lounge, where he founded and managed the operation. In addition, Mr. Chin founded the Hong Kong Bartending School in 2007, and later introduced different courses to the industry for further education. Since 2012, Mr. Chin has participated in various advisory structures of the government and the region as a member of public office, providing advice to the industry and expressing opinions to the government. Mr. Chin will officially become the Chairman of the Hong Kong Bar Association in 2021. He has served as the Chairman of the Quality Bar Label Organizing Committee and the jury member of the Hong Kong Cocktail Festival organized by the HKTB. Mr. Chin has 20 years of extensive experience in the Hong Kong bar industry.

Mr. Tang Wing Lam David (鄧榮林) ("Mr. Tang"), aged 65, was appointed as an INED on 17 December 2016 and is a member of the Audit Committee. Mr. Tang obtained a diploma in Sociology from Hong Kong Baptist College in June 1983. Mr. Tang obtained a master's degree of Arts in Management Systems from the University of Hull in the UK in December 1988. Mr. Tang subsequently obtained a bachelor's degree of laws from the University of Wolverhampton in the UK in October 1994 and a Postgraduate Certificate in Laws from the City University of Hong Kong in August 1996. Mr. Tang obtained a Doctor of Philosophy in Business Administration from Tarlac State University in the Philippines in January 2019. Mr. Tang is currently a practising solicitor in Hong Kong. Mr. Tang joined Fung, Wong & Ha as a trainee solicitor from 1996 to 1998. From April 1999 to March 2016, Mr. Tang worked in Fung, Wong, Ng & Lam, Solicitors & Notaries as consultant. Since April 2016, Mr. Tang became a limited liability partner of Fung, Wong, Ng & Lam LLP Solicitors (formerly known as "Fung, Wong, Ng & Lam, Solicitors & Notaries"). Mr. Tang has over 25 years of legal experience in Hong Kong.

SENIOR MANAGEMENT

Ms. Pan Mui Lie (范美麗) ("Ms. Pan"), aged 45, joined the Group in August 2003 and left after working for about 10 years and subsequently re-joined the Group in October 2015 as chief operation manager. Ms. Pan is currently the chief operation manager of the Group, responsible for overseeing the day-to-day operation; assessing the performance of frontline staff and formulating training standard and guidance to frontline staff of the Group. From August 2003 to March 2013, Ms. Pan worked in Tank Success as district manager. Ms. Pan has over 15 years of experience in the food and beverage industry.

Mr. Au Siu Lun (區兆倫) ("Mr. Au"), aged 44, joined the Group in April 2005 as shop manager, responsible for the daily operation of the shops, handling enquiries and complaints of customers, coordinating staff, providing training for staff and planning and executing sales proposal of the bars. Mr. Au has around 15 years of experience in the bar industry. Currently, Mr. Au is one of the district managers of the Group.

Ms. Chan Ting (陳婷), aged 33, joined the Group as a part-time waitress in April 2009, and worked as a full-time waitress in July 2009, responsible for daily operation of the shops. Ms. Chan Ting obtained a certificate in hosting and broadcasting from Communication University of China in January 2008. Since September 2011, Ms. Chan Ting has been appointed as a district manager of the Group, responsible for the daily operation of the shops, handling enquiries and complaints of customers, coordinating staff, providing training for staff and planning and executing sales proposal of the bars. Ms. Chan Ting has more than 13 years of experience in the bar industry.

Ms. Poon Suet Hung (潘雪紅) ("Ms. Poon"), aged 44, joined the Group in January 2007 as a waitress responsible for the daily operation of the shops, handling enquiries and complaints of customers, coordinating staff, providing training for staff and planning and executing sales proposal of the bars. Ms. Poon has around 15 years of experience in the food and beverage industry. Currently, Ms. Poon is one of the district managers of the Group.

Mr. Chow Tsz Lun (周子倫) ("Mr. Chow"), aged 36, joined the Group in February 2022 as financial controller and company secretary. Mr. Chow holds a bachelor's degree of arts from Hong Kong Baptist University and a graduate diploma in law recognized by the Solicitors Regulation Authority in United Kingdom. He is currently a member of the Hong Kong Institute of Certified Public Accountants and The Institute of Internal Auditors. Mr. Chow has over 10 years of experience in auditing, accounting and financial management. He worked in Ernst & Young and his last position was assurance manager. Subsequently he worked as finance managers and head of finance in various listed entities.

Ms. Leung Ching Ming (梁靜明) ("Ms. Leung"), aged 39, joined the Group in March 2014 as an operation clerk. Ms. Leung obtained a Certificate in Food Hygiene for Hygiene Supervisor from the Hong Kong Productivity Council in July 2006. In January 2011, Ms. Leung obtained the Level 2 Award in Food Safety in Catering from the Chartered Institute of Environmental Health. Ms. Leung obtained a Basic Food Hygiene Certificate for Hygiene Managers in March 2011 from the School of Continuing and Professional Education of the City University of Hong Kong in Hong Kong. From March 2006 to May 2008, Ms. Leung worked in Baab Limited as server, senior server and supervisor, and as a Manager Candidate from August 2008 to April 2009. From May 2009 to December 2009, Ms. Leung worked in Pizza Box as associate manager. Ms. Leung returned to Baab Limited and performed various roles, including supervisor, assistant manager, restaurant manager and area manager during the period between December 2009 and September 2013. Afterwards, Ms. Leung joined the Group in March 2014. Currently, Ms. Leung is the operation manager of the Group.

Mr. Wong Wui Tak (黃滙德) ("Mr. Wong"), aged 32, has been appointed as finance manager of the Group with effect from April 2021. He joined the Group in October 2019 and is primarily responsible for the management of the Group's financial and accounting. Mr. Wong has more than 7 years of accounting, auditing and internal control experience through his accountant or auditor positions with several Certified Public Accountant firms in Hong Kong. Mr. Wong obtained a bachelor's degree of Business Administration from the City University of Hong Kong in 2013, majoring in Human Resource Management.

COMPLIANCE OFFICER

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

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

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

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

CORPORATE GOVERNANCE PRACTICES

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

During the Year and up to the Reporting Date, the Company has adopted and complied with all applicable code provisions as set out in the CG Code as contained in Appendix 15 to the GEM Listing Rules with the exception that the roles of the Chairlady and the Chief Executive Officer have not been segregated as required by code provision A.2.1 (which was renumbered as code provision C.2.1 since 1 January 2022) of the CG Code. The Company is of the view that it is in the best interest of the Company that Ms. Tse, with her profound expertise in bar and restaurant businesses, shall continue in her dual capacity as the Chairlady and the Chief Executive Officer. Nevertheless, the Company will look for suitable candidates and will make necessary arrangement pursuant to the relevant requirement under A.2.1 of CG Code as and when necessary.

BOARD OF DIRECTORS

A. Responsibilities

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

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

BOARD OF DIRECTORS *(Continued)*

B. Composition

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

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

Executive Directors

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

INEDs

Mr. Chan Chun Yeung Darren (Appointed on 7 July 2021)
Mr. Chin Chun Wing
Mr. Tang Wing Lam David
Mr. Yung Wai Kei (Resigned on 28 February 2022)

The biographical details of each of the Directors are set out in the section headed "Profile of Directors and Senior Management" of this Annual Report. An updated list of the Directors, including the Executive Directors and the INEDs, identifying their roles and functions is also maintained on the respective websites of the Stock Exchange and the Company.

Ms. Tse is the mother of Ms. TT Chan. Ms. C Chan is one of the two protectors of the Bar Pacific Trust (the other protector is her brother, Mr. Chan Wai). For the details of the Bar Pacific Trust, please refer to the paragraph headed "Disclosure of Interests" in the Directors' Report. Save as disclosed, there was no financial, business, family or other material relationship among the Directors for the Year.

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

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

The Company has received a written annual confirmation of independence in writing from each of the INEDs pursuant to Rule 5.09 of the GEM Listing Rules. Based on such confirmation and as the Company is not aware of the occurrence of any event that would impair the independence of the INEDs, the Company considers that all the INEDs are independent and have met the independence guidelines as set out in Rule 5.09 of the GEM Listing Rules up to the Reporting Date.

BOARD OF DIRECTORS *(Continued)*

B. Composition *(Continued)*

During the Year, the Chairlady, being an Executive Director, had held at least one meeting with the INEDs without the presence of other Executive Directors.

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

Appointment, Re-Election and Removal of Directors

In compliance with the GEM Listing Rules and in accordance with the Articles of Association, (i) all INEDs should be appointed for specific terms, (ii) at each annual general meeting ("**AGM**"), one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director should be subject to retirement by rotation at least once every three years and are eligible for re-election, (iii) any Director appointed by the Board to fill a casual vacancy in the Board shall hold office only until the next following general meeting of the Company and shall be subject to re-election at such meeting, and (iv) the Directors to retire by rotation shall include (so far as necessary to ascertain the number of directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

Ms. Tse, being an Executive Director, has entered into a service agreement with the Company for a term of three years commencing on the Listing Date which has been renewed for a further three-year term upon its expiry. Each of Ms. TT Chan and Ms. C Chan, being an Executive Director, has entered into a service agreement with the Company for a term of three years commencing 31 December 2018 and 12 October 2020, respectively. Such service agreements may be terminated by not less than three months' notice served by either party on the other.

Mr. Tang and Mr. Chin have entered into appointment letters with the Company for a term of three years commencing from the Listing Date which has been renewed for a further three-year term upon its expiry. Mr. Chan has entered into an appointment letter with the Company for a term of three years commencing from his appointment date on 7 July 2021. Such appointment letters may be terminated by not less than three months' notice served by either party on the other.

None of the Directors has a service agreement or letter of appointment with the Company or any of its subsidiaries other than the agreements/letters of appointment expiring or determinable by the Company within one year without the payment of compensation (other than statutory compensation).

DIRECTORS' INDUCTION AND CONTINUING PROFESSIONAL DEVELOPMENT

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

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

All Directors confirmed that they have complied with the code provision A.6.5 (which was renumbered as code provision C.1.4 since 1 January 2022) of the CG Code. According to the training records maintained by the Company, the Directors received the following trainings regarding roles, function and duties of a director of a listed company or professional skills in compliance with the requirement of the CG Code on continuous professional development during the Year:

Name of Directors	Type of training
Ms. Tse	A, B
Ms. C Chan	A, B
Ms. TT Chan	A, B
Mr. Chan (Appointed on 7 July 2021)	A, B
Mr. Chin	A, B
Mr. Tang	A, B
Mr. Yung (Resigned on 28 February 2022)	A, B

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

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

MEETINGS OF BOARD AND DIRECTORS' ATTENDANCE RECORDS

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

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

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

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

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

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

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

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

	Number of meeting(s) attended/eligible to attend				
Name of Directors	**Board Meeting**	**Audit Committee**	**Nomination Committee**	**Remuneration Committee**	**AGM**
Number of meeting held	6	4	2	2	1
Executive Directors					
Ms. Tse *(Note 1)*	0/6	–	0/2	0/2	0/1
Ms. C Chan	4/4	–	–	–	1/1
Ms. TT Chan	4/4	–	–	–	1/1
INEDs					
Mr. Chan (Appointed with effect from 7 July 2021)	4/4	3/3	–	–	1/1
Mr. Chin	6/6	4/4	2/2	2/2	1/1
Mr. Tang	6/6	4/4	–	–	1/1
Mr. Yung (Resigned with effect from 28 February 2022)	6/6	4/4	2/2	2/2	–

Notes:

1. Notwithstanding that Ms. Tse was unable to attend the meetings due to health reasons, she had advised thee other directors and senior management of Company on various business matters and was involved in the management decision making for the Group during the Year.

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

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

The Board held a meeting on 27 June 2022 and, amongst other matters, considered and approved the audited Financial Statements.

DIVIDEND POLICY

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

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

(a) the Company's actual and expected financial performance;

(b) retained earnings and distributable reserves of the Company and each of the members of the Group;

(c) the Group's working capital requirements, capital expenditure requirements and future expansion plans;

(d) the Group's liquidity position;

(e) general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Group; and

(f) other factors that the Board may considered relevant.

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

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

BOARD COMMITTEES

The Board has established three Board committees, namely the Audit Committee, the Remuneration Committee, and the Nomination Committee to oversee particular aspects of the Company's affairs. The Board committees are provided with sufficient resources to discharge their duties and upon reasonable request, members of the Board committees are able to seek independent professional advice in appropriate circumstance at the Company's expenses.

BOARD COMMITTEES *(Continued)*

Remuneration Committee

The Company established the Remuneration Committee on 17 December 2016 pursuant to a resolution in compliance with Rule 5.34 of the GEM Listing Rules. The Remuneration Committee has adopted the approach under code provision B.1.2(c)(ii) (which was renumbered as code provision E.1.2(c)(ii) since 1 January 2022) of the CG Code to make recommendations to the Board on remuneration packages of the Directors and the senior management. The written terms of reference of the Remuneration Committee are published on the respective websites of the Stock Exchange and the Company. The primary duties of the Remuneration Committee are to make recommendation to the Board on the overall remuneration policy, structure and packages relating to all Directors, senior management and general staff of the Group and ensure that none of the Directors or any of their associates determine their own remuneration. During the Year, the Remuneration Committee consisted of three members, namely Mr. Chin, Ms. Tse, Mr. Yung (ceased with effect from 28 February 2022) and Mr. Chan (appointed with effect from 28 February 2022). Mr. Chin is the chairman of the Remuneration Committee. On 28 February 2022, Mr. Yung resigned as the INED and Mr. Chan has been appointed as the member of the Remuneration Committee.

For the Year, the Remuneration Committee held two meetings in which it had reviewed and recommended to the Board for consideration certain remuneration-related matters of the Directors and senior management. The remuneration of Directors was determined by their experience, responsibility, workload and the time devoted to the Group. Executive Directors and employees also participate in bonus arrangements which was determined in accordance with the performance of the Group and the individual's performance. The attendance record of meetings during the Year is set on page 17. Details of the Directors' remuneration are set out in note 11 to the Financial Statements.

Details of the amount of Directors' remuneration are set out in note 11 to the consolidated financial statements. The remuneration paid to the senior management of the Company (exclusive of Directors) for the year ended 31 March 2022 was within the range below;

Range of Remuneration	No. of Person
Nil to HKD1,000,000	7

Biographical details of the members of our senior management are set out in the section headed "Profile of Directors and Senior Management – Senior Management" from page 11 to page 12 of this Annual Report.

Nomination Committee

The Company established the Nomination Committee on 17 December 2016 with written terms of reference in compliance with code provision A.5.2 of the CG Code. The written terms of reference of the Nomination Committee are published on the respective websites of the Stock Exchange and the Company. The nomination committee schedules to hold at least one meeting a year. The primary duties of the Nomination Committee are to review the structure, size and composition of the Board annually; identify individuals suitably qualified to become Board members; assess the independence of INEDs; and make recommendations to the Board on relevant matters relating to appointment or reappointment of Directors. During the Year, the Nomination Committee consists of three members, namely Ms. Tse, Mr. Chin and Mr. Yung. Ms. Tse is the chairlady of the Nomination Committee. On 28 February 2022, Mr. Yung resigned as the INED and Mr. Chan has been appointed as the member of the Nomination Committee.

BOARD COMMITTEES *(Continued)*

Nomination Committee *(Continued)*

During the Year, the Nomination Committee held two meetings. It had, among others, assessed the independence of the INEDs and recommended to the Board for consideration the re-appointment of the retiring Directors at the 2022 AGM and discussed the matters relating to the procedure of nomination of director candidate by Shareholders, Directors' evaluation and succession plan etc. The attendance record of meetings during the Year is set on page 17.

Board Diversity Policy

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

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

Procedures and Process of Nomination of Directors

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

i. The Nomination Committee will, giving due consideration to the current composition and size of the Board, develop a list of desirable skills, perspectives and experience at the outset to focus the search effort;

ii. The Nomination Committee may consult any source it considers appropriate in identifying or selecting suitable candidates, such as referrals from existing Directors, advertising, recommendations from a third-party agency firm and proposals from the Shareholders with due consideration given to the criteria which include but are not limited to:

   (a) diversity in the aspects, amongst others, of gender, age, cultural and educational background, professional experience, skills, knowledge and length of service;

   (b) commitment for responsibilities of the Board in respect of available time and relevant interest;

   (c) qualifications, both accomplishment and experience in the relevant industries in which the Group's business is involved;

   (d) independence of INEDs;

   (e) reputation for integrity;

   (f) potential contributions that the individual can bring to the Board; and

   (g) plan(s) in place for the orderly succession of the Board.

BOARD COMMITTEES *(Continued)*

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

iii. The Nomination Committee may adopt any process it considers appropriate in evaluating the suitability of the candidates, such as interviews, background checks, presentations and third-party reference checks;

iv. The Nomination Committee will consider a broad range of candidates who are in and outside of the Board's circle of contacts;

v. Upon considering a candidate suitable for the directorship, the Nomination Committee will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment;

vi. The Nomination Committee will provide the relevant information of the selected candidate to the Remuneration Committee for consideration of the remuneration package of such selected candidate;

vii. The Nomination Committee will thereafter make the recommendation to the Board in relation to the proposed appointment, and where a non-executive Director is considered, the Remuneration Committee will make the recommendation to the Board on the policy and structure for the remuneration;

viii. The Board may arrange for the selected candidate to be interviewed by the members of the Board, who are not members of the Nomination Committee and the Board will thereafter deliberate and decide the appointment as the case may be; and

ix. All appointment of Directors will be confirmed by the filing of the consent to act as Director of the relevant Director (or any other similar filings requiring the relevant Director to acknowledge or accept the appointment as Director, as the case may be) with the relevant regulatory authorities, if required.

Audit Committee

The Company established the Audit Committee pursuant to a resolution of the Directors passed on 17 December 2016 in compliance with Rule 5.28 of the GEM Listing Rules. Written terms of reference in compliance with code provision C.3.3 (which was renumbered as code provision D.3.3 since 1 January 2022) of the CG Code has been adopted. Such written terms of reference were revised on 31 December 2018. The written terms of reference of the Audit Committee are published on the respective websites of the Stock Exchange and the Company. Among other things, the primary duties of the Audit Committee are to make recommendations to the Board on appointment or reappointment and removal of Independent Auditors; review financial statements of the Company and judgments in respect of financial reporting; and oversee the effectiveness of the procedures of the internal control of our Group. During the year, the Audit Committee consists of all the INEDs, namely Mr. Chan, Mr. Chin, Mr. Tang and Mr. Yung. Mr. Yung is the chairman of the Audit Committee. On 28 February 2022, Mr. Yang resigned as the INED and ceased to be the chairman of Audit Committee and Mr. Chan has been appointed as the chairman of the Audit Committee.

During the Year, the Audit Committee has reviewed and ensured the independence and objectivity of the Independent Auditors, BDO. Details of the fees paid or payable to BDO for the Year are set out under the paragraph headed "Independent Auditor's Remuneration" on page 23 in this Annual Report.

During the Year, four Audit Committee meetings were held and the attendance record of meeting during the Year is set on page 17.

BOARD COMMITTEES *(Continued)*

Audit Committee *(Continued)*

The Audit Committee performed the following works during the Year:

(a) reviewed the Group's draft annual audited financial statements for the Year, the draft unaudited quarterly financial statement for the three months ended 30 June 2021, the interim financial statements for the six months ended 30 September 2021 and the third quarterly financial statement for the nine months ended 31 December 2021 including the accounting principles and accounting standards adopted with recommendations for presentation to the Board for its consideration and approval;

(b) reviewed the changes in accounting standards and assessed their potential impacts on the Group's financial statements;

(c) reviewed the Group's internal control system and related matters; and

(d) considered and made recommendations on the re-appointment of the Independent Auditors, and the terms of engagement.

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

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

The Financial Statements have been reviewed by the Audit Committee at a meeting held on 27 June 2022. The Audit Committee is of the opinion that such Financial Statements comply with applicable accounting standards and the GEM Listing Rules and that adequate disclosure has been made. The chairman and all other members of the Audit Committee attended such meeting.

Corporate Governance Functions

The Audit Committee is responsible for performing the corporate governance functions as set out in code provision D.3.1 (which was renumbered as code provision A.2.1 since 1 January 2022) of the CG Code, which include but are not limited to:

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

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Particulars of the Directors' remuneration for the Year are set out in Note 11 to the Financial Statements.

Pursuant to code provision B.1.5 (which was renumbered as code provision E.1.5 since 1 January 2022) of the CG Code, the remuneration of the members of the senior management (other than the Directors) whose particulars are contained in the section headed "Profile of Directors and Senior Management" in this Annual Report for the Year by band is set out below:

Remuneration band (in HK$)	Number of individuals
Nil to 1,000,000	5

INDEPENDENT AUDITOR'S REMUNERATION

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

	HK$'000
2022 annual audit – Audit services	880
Non-audit services	160
Total	1,040

The nature of the non-audit services provided by BDO during the Year was the interim review.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of the Financial Statements. The Directors were not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

INTERNAL CONTROLS AND RISK MANAGEMENT

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

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

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

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

INTERNAL CONTROLS AND RISK MANAGEMENT *(Continued)*

Pursuant to C.2.1 (which was renumbered as code provision D.2.1 since 1 January 2022) of the CG Code, the Group engages independent professional advisor to conduct an annual review of the effectiveness of the Group's risk management and internal control system in various material aspects including financial, operational and compliance controls. The risk management report and internal control report are submitted and reviewed by the Audit Committee at least once a year. Summary of findings and recommendations are discussed at the Audit Committee meeting with a view to improve the Group's operations.

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

SHAREHOLDERS' RIGHT

Procedures for Shareholders to Convene an EGM

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

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

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

Procedures for Putting Forward Proposals at a General Meeting

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

Procedures for Directing Shareholders' Enquiries to the Board

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

Shareholders may also make enquiries with the Board at the general meetings of the Company.

COMMUNICATION WITH THE SHAREHOLDERS

The Company believes that maintaining a high level of transparency is a key to enhancing investor relations. It is committed to a policy of open and timely disclosure of corporate information to its Shareholders and investor public.

The Company updates its Shareholders on its latest business developments and financial performance through its announcements, circulars, annual and interim reports as well as AGMs and EGMs that may be convened. The corporate website of the Company has provided an effective communication platform to the public and the Shareholders.

CONSTITUTIONAL DOCUMENTS

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

A consolidated version of the Company's constitutional documents is available on the respective websites of the Stock Exchange and the Company.

DIRECTORS' SECURITIES TRANSACTIONS

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

DISCLOSURE OF INSIDE INFORMATION

The Group acknowledges its responsibilities under the SFO and the GEM Listing Rules and the overriding principle that inside information should be announced promptly. The procedures and internal controls for the handling and dissemination of inside information are as follows:

- the Group conducts its affairs with close regard to the disclosure requirement under the GEM Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission of Hong Kong in June 2012;

- the Group has implemented and disclosed its policy on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, public announcements and the Company's website;

- the Group has strictly prohibited unauthorised use of confidential or inside information; and

- the Group has established and implemented procedures for responding to external enquiries about the Group's affairs, so that only the Executive Directors, the Company Secretary and the financial officer of the Company are authorised to communicate with parties outside the Group.

COMPANY SECRETARY

The Company Secretary supports the Board by ensuring that reliable and relevant flow of information is maintained amongst members of the Board and that all procedures have been adhered to in accordance with applicable laws, rules and regulations.

Ms. Chan Hau Lai ("**Ms. HL Chan**") and Ms. Leung Ho Yee ("**Ms. Leung**") were nominated by Boardroom Corporate Services (HK) Limited ("**Boardroom**") as the Company Secretaries on 27 January 2021 and 11 November 2021, respectively pursuant to an engagement letter entered into between the Company and Boardroom. Ms. HL Chan and Ms. Leung resigned as the Company Secretaries with effect from 11 November 2021 and 28 February 2022, respectively, and upon Ms. Leung's above resignation, Mr. Chow has been appointed as the Company Secretary.

Ms. HL Chan, Ms. Leung and Mr. Chow have complied with the relevant professional training during the Year in compliance with Rule 5.15 of the GEM Listing Rules.

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

PRINCIPAL ACTIVITIES

The Company is an investment holding company and the principal activities of its subsidiaries are (i) the operation of chain of bar and restaurants in Hong Kong under brands "Bar Pacific", "Katachi", "Moon Ocean", "Pacific" and (ii) properties investment in Hong Kong. Details of the Company's principal subsidiaries are set out in note 34 to the Financial Statements.

BUSINESS REVIEW

A review of the business of the Group during the Year and a discussion on the Group's future business development during the Year, the material factors underlying its financial performance are set out in the section headed "Chairlady's Statement" on page 5 and section headed "Management Discussion and Analysis" on pages 6 to 9 of this Annual Report. An analysis of the Group's performance during the Year using financial key performance indicators is provided in the "Financial Summary" on page 136 of this annual report.

Save as disclosed in note 36 to the Financial Statements, No important events affecting the Group occurred since the end of the Year.

In addition, discussions on the Group's ESG practices, relationships with its key stakeholders and compliance with relevant laws and regulations which have a significant impact on the Group are contained in the section headed "Environmental, Social and Governance Report" on pages 41 to 61 and the section headed "Corporate Governance Report" on pages 13 to 26 of this Annual Report.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations, businesses and prospects would be affected by a number of risks and uncertainties, including market risk, credit risk and impairment assessment, and liquidity risk. The risk management objectives and policies of the Group are set out in note 32 to the Financial Statements.

In addition, the Directors have acknowledged that the Group is exposed to certain principal risks in relation to the Group's operation that could have impact on the Group. The Group monitors the risks on an ongoing basis. Some of the principal risks that may materially affect our business include:

- There is no guarantee that certain licences which are vital to operating our business could be acquired or renewed;
- Liquor licences are held by our employees and we may have to suspend or cease the sale of liquor in our shops if the relevant employee who hold the relevant liquor licences fails to transfer the licences in a timely manner;
- Our Group may not be able to find commercially favourable locations for our new business or renew property leases for our existing shops on terms that are agreeable to us;
- We depend on our major suppliers for the timely, stable and adequate supply of beverages;
- Increase in liquor and or/or labour costs may adversely affect our operation and financial performances;

- Our operations depend on key personnel and our business may suffer if we are unable to retain or replace them; and

- Our operations face possible suspension of operation caused by COVID-19 pandemic and related anti-epidemic measures implemented by the Government of Hong Kong Special Administrative Region.

RESULTS AND DIVIDENDS

The results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 71 of this Annual Report.

No interim dividend was paid for six months ended 30 September 2021 (2020: Nil).

The Board has resolved not to recommend the payment of a final dividend for the Year (2021: Nil).

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

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Monday, 8 August 2022 to Thursday, 11 August 2022 (both days inclusive), during which period no transfer of Shares will be registered, for ascertaining Shareholders' entitlement to attend the forthcoming 2022 AGM which will be held on Friday, 12 August 2022. In order to qualify for attending and voting at the 2022 AGM, non-registered Shareholders must lodge all duly completed transfer forms accompanied by the relevant share certificates with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited (the "**Hong Kong Branch Share Registrar**") for registration no later than 4:30 p.m. on Friday, 5 August 2021. The address of the Hong Kong Branch Share Registrar is Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

FINANCIAL SUMMARY

A summary of the published results and the assets and liabilities of the Group for the last five financial years, as set out on page 136 of this Annual Report, are extracted from this Annual Report and the Prospectus.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the Year are set out in note 14 to the Financial Statements.

DISTRIBUTABLE RESERVES

As at 31 March 2022, the Company's reserves available for distribution to the Shareholders amounted to Nil (as at 31 March 2021: HK$13 million) as calculated in accordance with statutory provisions applicable in the Cayman Islands.

PRE-EMPTIVE RIGHT

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

SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in note 24 to the Financial Statements.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive Directors:

Ms. Tse Ying Sin Eva
Ms. Chan Ching Mandy
Ms. Chan Tsz Tung

INEDs:

Mr. Chan Chun Yeung Darren (Appointed on 7 July 2021)
Mr. Chin Chun Wing
Mr. Tang Wing Lam David
Mr. Yung Wai Kei (Resigned on 28 February 2022)

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

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

Accordingly, Mr. Chin and Mr. Tang will retire from office as Director at the 2022 AGM and, being eligible, will offer himself for re-election by virtue of article 54(2) of Articles of Association.

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

Profile of the Directors and senior management of the Group as at the Reporting Date are set out on pages 10 to 12.

No Directors being proposed for re-election at the 2022 AGM has any service contract with the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DISCLOSURE OF INTERESTS

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

As at 31 March 2022, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions in which they are taken or deemed to have under such provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register required to be kept; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange were as follows:

Interests in the Company

Long position in the Shares

Name of Director	Capacity/Nature of interest	Number of issued Shares held	Approximate percentage of issued share capital in the Company
Ms. Tse *(Note 1)*	Beneficiary of a trust	431,543,700	50.18%
	Beneficial owner	12,094	0.00%
Ms. TT Chan *(Note 1)*	Beneficiary of a trust	431,543,700	50.18%
Ms. C Chan *(Note 2)*	Interest of controlled corporation	431,543,700	50.18%

Notes:

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

2. Pursuant to a deed of settlement dated 25 March 2014 in respect of the Bar Pacific Trust, Ms. C 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. C Chan) and the settlor (i.e. Ms. Tse) of the Bar Pacific Trust. Ms. C Chan is deemed to be interested in the Shares held by Moment to Moment under the SFO.

3. 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 March 2022.

DISCLOSURE OF INTERESTS *(Continued)*

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

Interests in associated corporation of the Company

Long position in the shares of the associated corporation

Name of Directors	Name of associated corporation	Capacity/nature of interest	Number of shares held	Percentage of shareholding
Ms. Tse	Moment to Moment	Beneficiary of a trust	1	100%
Ms. C Chan	Moment to Moment	Interest of a controlled corporation	1	100%
Ms. TT Chan	Moment to Moment	Beneficiary of a trust	1	100%

Save as disclosed above and so far as the Directors are aware, as at 31 March 2022, none of the Directors and the chief executives of the Company had any interests or short positions in any Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the Register, or were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange.

DISCLOSURE OF INTERESTS *(Continued)*

(B) Substantial Shareholders' and other persons' interests and short positions in Shares and underlying Shares of the Company

So far as the Directors are aware of, as at 31 March 2022, the following persons/entities other than a Director or the chief executive of the Company had interests or short positions in the Shares and underlying Shares, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the Register required to be kept under section 336 of the SFO (the "**Substantial Shareholders' Register**"), or who were directly or indirectly interested in 5% or more of the issued voting Shares:

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 *(Note 3)*
Moment to Moment *(Note 1)*	Beneficial owner	431,543,700	50.18%
Harneys *(Note 1)*	Trustee (other than a bare trustee)	431,543,700	50.18%
Ms. Chan Tsz Kiu Teresa ("**Ms. TK Chan**") *(Note 1)*	Beneficiary of a trust	431,543,700	50.18%
Mr. Chan Wai *(Note 2)*	Beneficiary of a trust Beneficial owner	431,543,700 24,925,038	50.18% 2.90%

Notes:

1. 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. TK 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. C 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. C Chan) and the settlor (i.e. Ms. Tse) of the Bar Pacific Trust. Each of Harneys, Ms. Tse, Ms. TK Chan and Ms. C Chan is deemed to be interested in the Shares held by Moment to Moment under the SFO.

2. On 7 June 2018, Mr. Chan Wai and Ms. TT Chan became the beneficiaries of Bar Pacific Trust. Hence, both Mr. Chan Wai and Ms. TT Chan are also deemed to be interested in the 431,543,700 Shares held by Moment to Moment under the SFO. Mr. Chan Wai directly held 24,925,038 Shares.

3. 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 March 2022.

Save as disclosed above, as at 31 March 2022, 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.

SHARE OPTION SCHEME

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

No share option has been granted since the Adoption Date and therefore, there was no share option outstanding as at 31 March 2022 and no share option was granted, exercised or cancelled or lapsed during the Year.

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

1. Purpose of the Scheme

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

2. Participants of the Scheme

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

   a) Any employee (whether full-time or part-time, including any executive director but excluding any non-executive director) of the Company, any of its subsidiaries ("**Subsidiaries**") or any entity ("**Invested Entity**") in which the Group holds an equity interest ("**Eligible Employee**");

   b) Any non-executive Directors (including INEDs) of the Company, any Subsidiaries or any Invested Entity;

   c) Any supplier of goods or services to any member of the Group or any Invested Entity;

   d) Any customer of any member of the Group or any Invested Entity;

   e) Any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;

   f) Any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;

   g) Any adviser (professional or otherwise) or consultant to any area of Business or business development of any member of the Group or any Invested Entity; and

   h) Any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the growth of the Group.

SHARE OPTION SCHEME *(Continued)*

3. Total number of Shares available for issue

a) The maximum number of Shares which may be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option scheme of the Group shall not exceed 30% of the issued share capital of the Company from time to time.

b) The total number of Shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Scheme and any other share option scheme of our Group) to be granted under the Share Option Scheme and any other share option scheme of our Group must not in aggregate exceed 10.0% of the Shares in issue on the day on which dealings in the Shares first commence on GEM (i.e. not exceeding 86,000,000 Shares). No option has been granted under the Scheme since the Listing Date and up to 31 March 2022. Accordingly, the number of Shares available for issue upon exercise of options that may be granted under the Scheme is 86,000,000, representing 10.0% of the Shares in issue as the Reporting Date.

4. Maximum entitlement of each participant

(i) Subject to 4.(ii)(b) below, the total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1.0% of the issued share capital of the Company for the time being ("**Individual Limit**"). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to the Shareholders and the Shareholders' approval in general meeting of the Company with such participant and his close associates (or his associates, if such participant is a connected person) abstaining from voting. The number and terms (including the exercise price) of options to be granted to such participant must be fixed before Shareholders' approval and the date of board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under note (1) to Rule 23.03(9) of the GEM Listing Rules.

(ii) (a) Without prejudice to (ii)(b) below, any grant of options under the Share Option Scheme to a director, chief executive or Substantial Shareholder of our Company or any of their respective associates (as defined under the GEM Listing Rules) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who or whose associate is the proposed grantee of the options).

(b) Without prejudice to (ii)(a) above, where any grant of options to a substantial Shareholder or an independent non-executive Director or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

i. representing in aggregate over 0.1% of the Shares in issue; and

ii. having an aggregate value, based on the closing price of the Shares at the date of each grant of each offer of the grant of options, in excess of HK$5 million;

SHARE OPTION SCHEME *(Continued)*

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

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

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

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

7. Remaining life of the Scheme

   The Scheme will remain in force for a period of 10 years commencing on 17 December 2016 which the Scheme was adopted. As at the date of this Annual Report, the remaining life of the Scheme is approximately 4.5 years.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

EQUITY-LINKED AGREEMENTS

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

RELATED PARTY TRANSACTIONS

The significant related party transactions entered into by the Group during the Year are set out in note 28 to the Financial Statements.

None of the related party transactions constituted a connected transaction or continuing connected transaction (as defined in the GEM Listing Rules) that was required to be disclosed under the GEM Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

EMOLUMENT POLICY AND DIRECTORS' REMUNERATION

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

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

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

Details of the Directors' remuneration and the five highest paid individuals in the Group during the Year are set out in Note 11 to the Financial Statements.

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

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, subject to relevant laws, every Director shall be indemnified out of the assets of the Company against all losses and liabilities which the Directors may sustain or incur in or about the execution of his/her office or otherwise in relation thereto. In addition, the Company is arranging appropriate directors' liability insurance coverage for the directors of the Group.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

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

MAJOR CUSTOMERS AND SUPPLIERS

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

During the Year, the aggregate purchases attributable to the Group's five largest suppliers accounted for approximately 74.22% of the Group's total purchases while the purchases attributable to the Group's largest supplier accounted for approximately 21.25% of the Group's total purchases.

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

MANAGEMENT CONTRACTS

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

INDEPENDENT AUDITORS

The Financial Statements have been audited by Messrs. BDO Limited ("**BDO**"), the Independent Auditors, which will retire and being eligible, offer themselves for re-appointment. A resolution will be proposed at the 2022 AGM to re-appoint BDO as the Independent Auditors until the conclusion of the next AGM and to authorize the Board to fix their remuneration.

CHANGE IN THE INDEPENDENT AUDITORS FOR THE PAST THREE YEARS

The Company has appointed Deloitte Touche Tohmatsu ("**Deloitte**") as the Independent Auditors since the Listing Date. Deloitte resigned as the Independent Auditors with effect from 30 October 2019. On the same date, BDO was appointed as the Independent Auditors.

SUFFICIENCY OF PUBLIC FLOAT

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

NON-COMPETITION UNDERTAKING

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

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

The Company received from each of the Covenantors an annual confirmation in June 2022 on each of their compliance of the non-competition undertaking under the Deed of Non-competition. The INEDs have reviewed the compliance of each of these undertakings and evaluated the effectiveness of the implementation of the Deed of Non-competition, and were satisfied that each of the Covenantors has complied with their undertaking during the Year.

DIRECTORS' INTERESTS IN SIGNIFICANT TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save for those disclosed under Note 28 to the Financial Statements, during the Year, there was no transaction, arrangement or contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or a connected entity of that Director has or had, directly or indirectly, a material interest.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the paragraphs headed "Directors' and chief executives' interests and short position in Shares, underlying Shares and debentures of the Company and its associated corporations" on page 30 in this Annual Report, at no time during the Year and as at the end of the Year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors and chief executive (including their respective spouse and children under 18 years of age) to acquire benefits by means of the acquisition of shares or underlying Shares in, or debentures of, the Company or any of its associated corporation.

CORPORATE GOVERNANCE

The principal corporate governance practices as adopted by the Company are set out in the section headed "CORPORATE GOVERNANCE REPORT" from pages 13 to 26 of this Annual Report.

SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER

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

Date of facilities	Nature of facilities	Aggregate Amount	Life of the facilities	Specific performance obligation
12 June 2019	Term loan facility, revolving loan facility and combined facility	HK$20,000,000	No fixed term but subject to review and will continue up to and including 15 May 2022	*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*
3 June 2021	Term loan facility	HK$4,000,000	– ditto –	*Note*

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 circumstances which would give rise to a disclosure obligation under Rules 17.22 to 17.24 of the GEM Listing Rules as at 31 March 2022.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

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

ENVIRONMENTAL POLICIES AND PERFORMANCES

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

The ESG Report is set out on pages 41 to 61 of this Annual Report.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND BUSINESS PARTNERS

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

DEBENTURES

The Company did not issue any debentures during the Year.

RESERVES

Details of the movement in the reserves of the Group and the Company during the Year are set out in the consolidated statement of changes in equity and in note 35 to the Financial Statements, respectively.

AUDIT COMMITTEE

The Audit Committee together with the management and Independent Auditors have reviewed the accounting principles and policies adopted by the Group, discussed internal controls and financial reporting matters and the audited Financial Statements. Members of the Audit Committee are of the opinion that the audited Financial Statements, the annual results announcement of the Company for the Year and this annual report have been prepared in compliance with the applicable accounting standards, the GEM Listing Rules and the relevant statutory provisions and that adequate disclosure has been made.

RELIEF OF TAXATION

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

If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in or exercising of any rights in relation to the Shares, they are advised to consult their professional advisers.

CHANGE IN DIRECTORS' INFORMATION

Save as disclosed in the section headed "Profile of Directors and Senior Management", there was no other change in Directors' biographical details which is required to be disclosed pursuant to Rule 13.51B(1) of the GEM Listing Rules since the date of the interim report of the Company for the six months ended 30 September 2021 up to the Reporting Date.

On 28 February 2022, Mr. Yung resigned as an independent non-executive Director, the chairman of Audit Committee and a member of each of the Nomination Committee and Remuneration Committee. On the same date, Mr. Chan was appointed as the chairman of Audit Committee and a member of each of the Nomination Committee and Remuneration Committee.

EVENTS AFTER THE END OF THE YEAR

Save as disclosed in note 36 to the Financial Statements, the Directors are not aware of any event having a significant effect on the Group after the end of the Year and up to the date of this Annual Report.

On behalf of the Board

Tse Ying Sin Eva
Chairlady

27 June 2022

APPROACH

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

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

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

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

1. To achieve environmental sustainability

2. To respect human rights and social culture

3. To engage with stakeholders

4. To support our employees

5. To sustain local communities

ABOUT THIS ESG REPORT

Bar Pacific is pleased to present its Environmental, Social and Governance ("**ESG**") Report. The content contained herein focuses on providing an overview of the ESG performance of our major operations in Hong Kong for the financial year ended 31 March 2022 (the "**Financial Year**" or "**FY2021/22**"). This also facilitates the Group to conduct thorough performance review and evaluation to enhance the overall performance results in the future.

Scope of the ESG Report

The scope of this ESG report covers the period from 1 April 2021 to 31 March 2022. This ESG Report makes relevant disclosures in accordance with the requirements of the "Environmental, Social and Governance Reporting Guide" set out in Appendix 20 to the GEM Listing Rules issued by the Hong Kong Stock Exchange and complies with the "comply or explain" provisions therein. This report summarises the ESG implementation of all the subsidiaries including bar outlets, restaurants and the Headquarter under Bar Pacific Group Holdings Limited which helps to evaluate the ESG performance of the Group's business operations in Hong Kong. The two ESG subject areas, namely Environmental and Social, are disclosed separately, highlighting the impacts of the operations of the Group during the Financial Year.

Reporting Principle of the ESG Report

This ESG report follows the requirements of the ESG Reporting Guide in Appendix 20 to the GEM Listing Rules issued by the Hong Kong Stock Exchange, covering the reporting principles of materiality, quantification and consistency, details of which are set out below:

Materiality

In addition to internal factors, such as the Group's corporate value, strategy and core competence, the Group also attaches importance to communication with the internal and external stakeholders, and consider the ESG strategies of other competitors in the industry, so as to achieve sustainable development. The Group has identified the following categories that have or may have a significant impact on the Group's ESG performance: (please also refer to the section headed Materiality Assessment)

- The bar industry and food and beverage industry in Hong Kong;
- The global bar market;
- Present or future environment and society in which the Group locates and operates;
- Financial and Operational performance of the Group; and
- Evaluation, decision and action of the Group's stakeholders.

Quantitative

The key performance indicators (the "**KPIs**") disclosed in this ESG report are supported by quantitative data and measurable standards. The source of all applicable data, calculation tools, methods, references and conversion factors applied are disclosed in emission data present in this ESG report.

ABOUT THIS ESG REPORT *(Continued)*

Reporting Principle of the ESG Report *(Continued)*

Consistency

For comparative purposes of ESG performance from year to year, the Group adopts consistent approaches for data collection, calculation and reporting, where reasonable, across all financial years, and records significant changes in detail for the relevant components. The intensity of the relevant performance indicator data in the ESG report are calculated based on the number of premises including bar outlets, restaurants and the Headquarter of the Group, unless otherwise indicated. In preparing this ESG report, the Group has referred to certain global, local and industrial standards or best practices, including the ESG Reporting Guide of the Hong Kong Stock Exchange and applicable Hong Kong Accounting and Financial Reporting Standards.

Feedback

As the Group attaches great importance to the concerns of each stakeholder, we welcome any advice and suggestions that may enhance the Group's ESG performance. The Group is open to and values all advice and suggestions received, in order to uphold the common interests of the Group and all stakeholders. Stakeholders are welcome to provide such advice and suggestions to the Group's Customer Hotline at 2356 1126 or send email to info@barpacific.com.hk.

ABOUT BAR PACIFIC

Our Business

Bar Pacific was listed on the GEM of the Hong Kong Stock Exchange with the stock code of 8432. The Group operates chained bars mainly offering beverages and light refreshment under the brand "Bar Pacific" and "Moon Ocean". The Group also starts operating chained restaurants offering Japanese cuisine beverage and food under the brand "Katachi" starting from the Financial Year. With the competitive advantage of devoting ourselves to quality control, risk management and personnel development, the Group enjoys a competitive edge in the bar industry in Hong Kong.

Our Vision

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

Our Mission

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

Board of Directors ("the Board")

As at the date of this ESG Report, the Board of the Group comprises:

Executive Directors	Independent Non-executive Directors
Ms. Tse Ying Sin Eva *(Chairlady and Chief Executive Officer)*	Mr. Tang Wing Lam David
Ms. Chan Tsz Tung	Mr. Chin Chun Wing
Ms. Chan Ching Mandy	Mr. Chan Chun Yeung Darren *(Newly appointed on 7 July 2021)*

BOARD STATEMENT

The Group understands the importance of efficient ESG governance to corporate sustainability. To enhance corporate governance and support the Board's oversight and systematic management of the ESG issues, the Group has stepped forward for enhancing the diversity within the Board, in which half of the appointed directors of the Board were women, and all directors were from various backgrounds, so that a balance of skills, experience and diversity in perspectives are achieved. An ESG management framework is developed to ensure the effective implementation of relevant ESG policies in its operations. The Board of the Group is primarily responsible for supervising ESG governance matters of the Group. The board also requires the management of the group to report ESG-related matters and provide follow-up developments in a timely manner.

The Board is responsible for:

- appointing key personnel in charge of the Group's ESG matters;
- approving ESG strategies, action plans and targets;
- approving the resources required to implement ESG-related measures;
- reviewing and monitoring of ESG risks management and internal control systems;
- monitoring the progress and performance of ESG strategies; and
- reviewing and approving the annual ESG reports.

The Management is responsible for:

- identifying and assessing ESG-related risks and opportunities and report to the Board;
- developing ESG strategies, action plans, targets and arranging works accordingly;
- ensuring appropriate and effective ESG risk management and internal control systems are in place;
- reporting to the Board on the progress and performance of ESG work; and
- reviewing and submitting annual ESG report to the Board for approval.

Functional Departments are responsible for:

- coordinate and implement specific ESG policies and measures;
- report to the management on ESG work regularly;
- collecting information and data in relation to ESG performance of the Group; and
- preparing annual ESG reports and reporting to the management.

BOARD STATEMENT *(Continued)*

The Board will continue to observe the ESG-related work and keep up on the latest ESG disclosure requirements of the Hong Kong Stock Exchange. The Board will also ensure close collaboration between all departments to achieve the goal of operational compliance, shoulder on social responsibility and develop clearer ESG objectives and targets for the Group in the future to strive for better performances and better align with stakeholders' expectations.

OUR STAKEHOLDERS

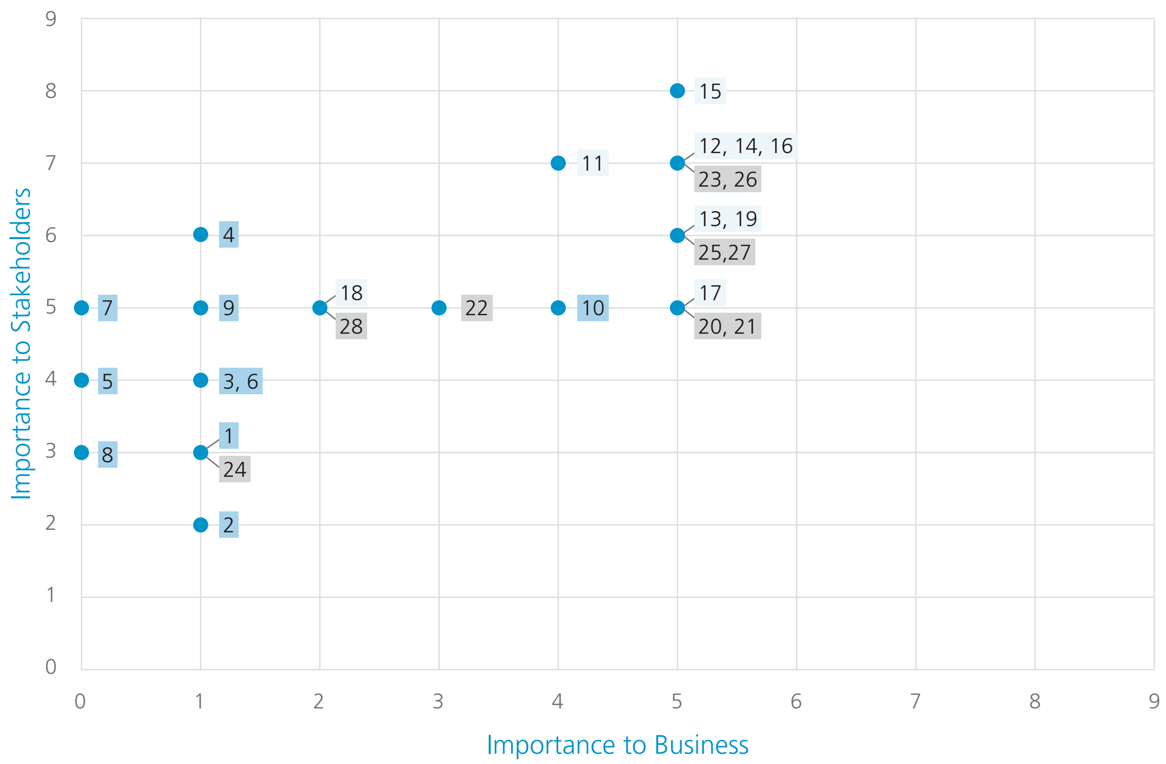
The Group seeks every opportunity to understand our stakeholders in order to guarantee the regular improvement of our services. We strongly believe that our stakeholders play a crucial role in sustaining the success of our business in the challenging market.

Stakeholders	Issues concerned	Communication and feedbacks
The Hong Kong Stock Exchange	Compliance with Listing Rules, and timely and accurate announcements	Meetings, training, roadshows, workshops, programs, website updates and announcements
The Government	Compliance with laws and regulations, prevention of tax evasion, joint anti-epidemic, and social welfare	Interaction and visits, government inspections, tax returns, and other information
Suppliers	Payment schedule, demand stability	Business communication, purchase agreement, site visits
Shareholders/ Investors	Corporate governance system, business strategies and performance, and investment returns	Organizing and participating in seminars, shareholders' meetings, issuing of financial reports or operation reports to investors, media and analysts
Media and Public	Corporate governance, environmental protection, and human rights	Publishing newsletters on the corporate website
Customers	Product quality, reasonable prices, service value, labour protection and work safety	Site visits, and after-sales services
Employees	Rights and benefits, employee remuneration, training and development, working hours, joint anti-epidemic and work environment	Union activities, trainings, interviews with employees, employee handbooks, internal memos and employee suggestion boxes
Community	Community environment, employment and community development, and social welfare	Community activities, voluntary activities of employees, community welfare subsidies, entrepreneurship program and donations

MATERIALITY

During the Financial Year, the Group has undertaken its materiality assessment exercise, which involved conducting surveys with both its internal and external stakeholders including the management, employees and suppliers to identify the most significant ESG issues towards the Group's business. With reference to the reporting scope and the consideration towards the corporate business characteristics, the Group has identified related material topics and is detailed in the following diagram:

ESG Materiality Matrix



No.	ESG Topics	*No.*	ESG Topics	*No.*	ESG Topics
Environmental Issues		**Social Issues**		**Operational Issues**	
1	Greenhouse gas emission/ global warming	*11*	Anti-COVID-19 epidemic	*20*	Supply chain management
2	Exhaust air emission	*12*	Employee rights and welfare	*21*	Customers' satisfaction
3	Energy consumption	*13*	Inclusion, equal opportunities and anti-discrimination	*22*	Customers' privacy
4	Water consumption	*14*	Talent attraction and retention	*23*	Product quality (food & beverage)
5	Hazardous waste/sewage	*15*	Occupational health and safety	*24*	Intellectual property
6	Non-hazardous waste/sewage	*16*	Training and development	*25*	Economic performance
7	Paper consumption	*17*	Preventive measures for child and forced labour	*26*	Operational compliance
8	Climate change	*18*	Environmental protection	*27*	Corporate governance
9	Compliance with environmental laws and regulations	*19*	Community investment and engagement	*28*	Anti-corruption
10	Use of bottles for operation of bars				

Based on the stakeholder engagement, the Group has identified the material ESG topics covering issues from the social and operational aspect. In particular, more importance has been put towards social issues that is most related to the Group's business which concerns occupational health and safety. The results of materiality assessment prioritised the opinion of stakeholders and allow the Group to focus on the material aspects for actions, achievements, and reporting. The Group presents below the relevant and required disclosure.

Looking forward, the Group will maintain communication with various stakeholders and collect respective opinions through different channels more extensively for making substantive analysis. At the same time, the Group will also revise the reporting principles of materiality, quantification, and consistency in order to better align with the expectations of stakeholders and reporting requirements regarding the content of the ESG Report and presentation of the information when necessary.

Section A: Environmental

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

A1 – Emissions

Air pollution Emission

As the Group's operations mainly focus on providing beverage, light refreshment and food to customers, no material emissions of air pollutants, which include nitrogen oxides ("**NO_x**"), sulphur oxides ("**SO_x**") and particulate matters ("**PM**"), etc., were identified during the Financial Year.

Greenhouse Gas Emissions

Greenhouse gas (the "**GHG**") emissions are the main culprits of global warming. The Group's major GHG emission source was attributable to the electricity consumption[1] and town gas consumption[2], which accounted for 99% of the total GHG emissions of the Group. The other indirect emission sources namely electricity used for processing fresh water[3] and sewage[4] by government departments and paper waste disposed at landfills accounted for the remaining 1% of the GHG emissions.

During the Financial Year, the total GHG emissions of the Group amounted to approximately 1,047 tonnes (FY2020/21: 641[5] tonnes), with a significant increase of approximately 63% compared to the financial year ended 31 March 2021 (the "**Previous Financial Year**" or "**FY2020/21**"). Correspondingly, the GHG emission intensity amounted to approximately 22 tonnes per premises[6] (FY2020/21: 15 tonnes per bar outlet), with a notable increase of approximately 47% compared to the Previous Financial Year.

1 The latest carbon emission factors announced in the Sustainability Report 2020/21 issued by CLP Holdings Limited and HK Electric Investments Limited were 0.39 $kgCO_2e/kWh$ and 0.71 $kgCO_2e/kWh$ respectively.

2 Town gas consumption is attributed to the new restaurants opened during the Financial Year. The latest carbon emission factors announced in the Environmental, Social and Governance Report 2021 issued by The Hong Kong and China Gas Company Limited (Towngas) was 0.588 $kgCO_2e/kWh$.

3 The latest unit electricity consumption factor of freshwater processing announced in the Annual Report 2020/21 issued by Hong Kong Water Supply Department was 0.596 kWh/m^3.

4 The latest unit electricity consumption factor of sewage processing announced in the Sustainability Report 2020/21 issued by Hong Kong Drainage Services Department was 0.29 kWh/m^3.

5 Adjustment has been made on the total weight of greenhouse gas for the year ended 31 March 2021 in this ESG Report when compared with the same figures in the Previous Financial Year's ESG report. This is due to the estimation method of the greenhouse gas has been updated.

6 As of the year ended 31 March 2022, the Group operated 47 bar outlets and restaurants and with 1 Headquarter in Hong Kong (collectively, the "**premise**") (FY2020/21: 44 bar outlets).

Section A: Environmental *(Continued)*

A1 – Emissions *(Continued)*

Greenhouse Gas Emissions *(Continued)*

During the Financial Year, the total greenhouse gas emission from electricity consumption increased from 633[7] tonnes to 940[8] tonnes, which had an increase of 48% comparing to the last Financial Year. This was mainly due to the resumption of operations of bar outlets as per the effective social distancing orders (i.e. 29 April 2021 to 6 January 2022, which the Group operates for 253 days) (FY2020/21: operated 175 days), before the compulsory shut-down of all the bars and pubs in Hong Kong from the outbreak of the 5th wave of COVID-19 in Hong Kong (i.e. starting from 7 January 2022). In this regard, the operation of our bar outlets and restaurants have resumed 50% of the seating capacity after 29 April 2021. The operation has further relaxed to 75% of the normal seating capacity of the premises on 24 June 2021 before the compulsory shut-down of all the bars and pubs in Hong Kong which led to the suspended operation. The restaurants under the Group also shortened operating hours starting from 7 January 2022, which the catering business should cease selling or suppling food or drink dining-in for consumption on the premises and only sell or supply food or drink for takeaway and delivery services since 7 January 2022 for 83 days in the Financial Year. Consequently, the business operation has led to an increase in electricity consumption. Besides, as the Group has newly opened restaurants during the Financial Year, approximately 9% of its Scope 2 emissions was attributed from Towngas consumption in which resulted in 94 tonnes of GHG emissions.

As the business operation of the bar outlets restaurants of the Group was greatly affected by the tightened social distancing policies by the Government of Hong Kong Special Administrative Region ("**HKSAR**") during FY2020/21 and that the Group was able to resume operations with only limited compulsory closure of bar outlets (i.e. 1 to 28 April 2021 and 7 January 2022 to 31 March 2022, and subsequently resume operations on 19 May 2022) during the Financial Year in comparison, the GHG emissions has increased accordingly.

In the light of reducing GHG emissions, the Group embraced in advocating green practices in our day-to-day operations. The Group reduced the consumptions of electricity, water and paper as much as possible. Reminders were posted next to the switches, encouraging employees to switch off all idle electronic appliances. A collection box was placed next to the printer for collecting single-side-printed paper for reuse. On top of that, the Group also encourages our employees to use of public transportation, reduce unnecessary business trips and promote the use of tele-conference or video conference instead in order to reduce the accompanied carbon footprint, as a result, the Group does not purchase any vehicles for business purpose.

Given that the GHG emissions of the Group is highly subjected to the operation of the Group, fluctuations may be resulted as per the changes in the Group's business performance. Nevertheless, the Group aims to continue its adoption in environmentally friendly measures and practices in order to reduce the GHG emissions as much as possible, and avoid any unnecessary resource consumption, so that the environmental impact from the operation of the Group can be minimized.

7 The electricity consumption data for FY2020/21 has been updated as a more precise estimation method is adopted.

8 Due to the limitation of complexity, for some period in which some bar outlets and restaurants under the Group could not provide the relevant electricity bills, estimation of electricity usage had been made based on its average electricity usage during the Financial Year.

Section A: Environmental *(Continued)*

A1 – Emissions *(Continued)*

Waste Management

The Group's operations of bar outlets, serving customers with beverage, light refreshment and food, no hazardous waste, is produced.

With decreasing availability of suitable land for landfill and increasing environmental impacts of waste disposal, waste reduction has always been one of the objectives of the Group. The non-hazardous wastes produced by the Group were mainly the paper waste, wine bottles and edible oil leftovers. During the Financial Year, the total paper waste produced amounted to approximately 443 kg (FY2020/21: 317 kg), with a notable increase of approximately 40% compared to the Previous Financial Year. The corresponding non-hazardous waste intensity was approximately 1.3 kg per employee (FY2020/21: 0.9 kg per employee), with an increase of 44% from the Previous Financial Year, with regards of our 337 employees for the Financial Year (FY2020/21: 349 employees). This is due to the resumption of operations of the bar outlets and restaurants of the Group as per the effective social distancing orders, hence resulted to the inevitable increase in the amount of paper waste produced as per the necessary paper work required.

The Group encouraged double-sided printing, and so, single-side-printed paper was collected for reuse purpose. We advocated a paperless work environment by attempting to switch from printed documents to electronic documents. E-clearing in our bar outlets' operations was in place in which paper sheets were saved by the e-clearing practice. On top of these, toners from our printers were also recycled to further cut down our waste production. We will continue to strive for every means to whittle down the consumption of paper, and thus, the paper waste produced.

Besides, the wine bottles and edible oil leftovers were sold to a qualified recycler from time to time when necessary for recycling purpose or further processing. We also set up microwaves in the office, which encourage employees to bring their own lunch and reduce ordering of takeaway food, to reduce the use of disposable consumables, such as paper cups, paper plates, plastic bags and disposable cutlery, etc. to reduce the unnecessary wastes from generated.

Although the paper consumption of the Group largely depends on its business operations and performance, the Group is committed to lower its paper consumption and limit unnecessary paper usage as much as possible. Moving on, the Group will continue to implement its resource saving practices and promote the usage of electronic documents, and strives for reducing its paper consumption as much as possible in the future.

Section A: Environmental *(Continued)*

A2 – Use of Resources

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

Energy Consumption[9]

During the Financial Year, the total electricity consumption amounted to approximately 2,037 MWh (FY2020/21: 1,425[10] MWh), with a notable increase of 43% compared with the Previous Financial Year. Correspondingly, the intensity was approximately 42 MWh per premises (FY2020/21: 32 MWh per bar outlet), with an increment of approximately 31% compared with the Previous Financial Year, with a total of 48 bar premises within the Financial Year. This was mainly due to the resumption of operations of the bar outlets and restaurants of the Group as per the effective social distancing orders, in which resulted in the corresponding increase in electricity usage.

The electricity consumed by the Group was the largest contributor to the GHG footprint, compared to other resource consumption. To reduce the Group's carbon footprints as well as its energy consumption, the Group has implemented numbers of energy saving measures, for instance, posted some energy conservation reminders in place, regularly clean the air conditioner's filter and turn off the unnecessary electrical equipment after work and continued to upgrade the office hardware into one with more energy efficient options e.g. LED lightings in our office, bar outlets and restaurants and by using the equipment with high energy-efficient labels.

Although the electricity consumption of the Group highly depends on its business operations and performance, the Group is committed to lower its energy consumption as much as possible. Looking forward, the Group will continue to implement its resource saving practices and promote the idea of saving energy and natural resources. The Group aims to avoid unnecessary wastages and strives to reduce its energy consumption as much as possible in the future for lowering the environmental footprint of its operation.

9 Due to the limitation of complexity, for some period in which some bar outlets and restaurants under the Group could not provide the relevant electricity bills, estimation of electricity usage had been made based on its average electricity usage during the Financial Year.

10 The figures for electricity consumption of FY2020/21 have been updated as per the adoption of a more precise data collection methodology.

Section A: Environmental *(Continued)*

A2 – Use of Resources *(Continued)*

Water Consumption[11]

Water consumption is essential for the operations of the Group in offering beverage to customers. Yet, the Group still encourages the reduction of unnecessary water consumption. As processing fresh water and sewage both involved electricity usage, reducing water consumption is key to reduce the adverse impact on the environment of the Group. During the Financial Year, the water consumption of the Group was approximately 16,606 m^3 (FY2020/21: 11,263 m^3), with an increase of approximately 47% compared with Previous Financial Year. The corresponding intensity was approximately 346 m^3 per premises (FY2020/21: 256 m^3 per bar outlet), showing an increase of 35% from the Previous Financial Year. This was mainly due to the resumption of operations of the bar outlets and restaurants of the Group as per the effective social distancing orders, in which resulted in the corresponding increase in water usage.

The Group has continuously provided trainings to its employees to spread the importance of water conservation, to build up a good habit of water usage and to enhance employees' environmental awareness. Apart from posting water saving reminders next to the water taps, the Group encouraged its employees to do the washing in bulk to further reduce unnecessary water consumption. As the Group sourced water from the government departments, there was no water supply issue to be identified during the Financial Year.

Although the water consumption of the Group is largely depending on its business operations and performance, the Group is committed to lower its water consumption as much as possible. Looking forward, the Group will continue to implement its resource saving practices and promote the idea of saving water usage and natural resources. The Group aims to avoid unnecessary wastages and strives to reduce its water consumption as much as possible in the future for lowering the environmental footprint of its operation.

Packaging Materials

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

[11] Due to the limitation of complexity, for some period in which some bar outlets and restaurants could not provide the relevant water bills, estimation of water usage had been made based on its average water usage during the Financial Year.

Section A: Environmental *(Continued)*

A3 – The Environment and Natural Resources

The Group's business activities have relatively low impact on the environment and natural resources, but as a socially responsible company, protecting nature and the environment formed an important part of the Group's corporate culture, the Group believes that corporate development should not come at the expense of the environment. Therefore, we have adopted environmental-friendly practices in various aspects as aforementioned.

Although the prolonged influence of the COVID-19 epidemic has continued to cause a certain level of impacts on our operation, it did not affect the Group's determination towards sustainable development. With the aforementioned environmental measures and continuously increase our employees' awareness on environmental protection to require employees to pay attention to their own behaviour and be responsible for the environment and encourage employees to pass on environmental protection messages to each other, the Group strongly believes that it can further reduce the impact of the Group and employees on the environment and natural resources. During the Financial Year, the Group strictly followed and paid attention to the updates of the environmental protection laws, regulations and requirements of the Government of HKSAR, there was no material non-compliance issue regarding relevant laws and regulations for the Financial Year on environment and natural resources aspect.

A4 – Climate Change

The Group recognizes the threat of climate change with the increasing amount of heat-trapping greenhouse gases from human activities such as carbon dioxide, in which accelerated the greenhouse effect.

Given the global trend and the need to establish a more sustainable and lower-carbon economy, and the fact that the changing climate potentially brings the Group with uncertainties over different time periods in terms of physical risks and transition risks, the Group understands integrating climate considerations into its decision-making process is important to adapt and develop an effective action plan for its operation.

As the Group's main business centers on providing food and beverages services from its bar outlets and restaurants, the weather could be one prominent factor that affect its business operations. Since the rising temperature from climate change affects weather patterns and climate conditions in both short and long term, physical risks such as a higher frequency and intensity of bad weather events like heavy rainstorms and typhoon hinder the operations of the bar outlets and restaurants from temporary impacting the outings of the public and shop closures. Moreover, these events also threaten the safety of its employee working at the locations and may also hamper the goods and services provided by the value chain from the disrupted logistic services or operations caused by the storms. In this regard, the Group has stipulated a work guidance for its employees working at bar outlets and at office under bad weather events to ensure their safety and minimize the potential risk of injuries from bad weather.

Given the extensive impacts of climate change, the strategy of the Group leverages on the depth of its expertise and insights to climate-related opportunities and to manage climate risk. In addition to managing risk across our business operations, the Group continues to adopt best practices to identify and mitigate significant climate-related issues impacting or which may impact the Group, reduce its own carbon footprint and integrate resiliency into its business operations.

Section B: Social

B1 – Employment

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

Our Employees

As of the year ended 31 March 2022, the Group consisted of 337 employees (FY2020/21: 349 employees), of which 44% were full-time employees and 56% were part-time employees. Since the main business activity of the Group was operating bar outlets and restaurants in Hong Kong, all of our employees were employed and working in the area of Hong Kong.

Our employees' male-to-female ratio was approximately 1:1.4 (FY2020/21: 1:1.6). The Group believes that maintaining a diverse and inclusive workforce with due respect given to our employees is critical for running a sustainable and successful business. The detailed compositions of our employees are as follows:

By Gender		By Years of Service		By Age Group	
Male	42%	<1 year	29%	18–25	48%
	(FY2020/21: 39%)		(FY2020/21: 13%)		(FY2020/21: 52%)
Female	58%	1–3 years	44%	26–35	34%
	(FY2020/21: 61%)		(FY2020/21: 64%)		(FY2020/21: 35%)
		3–5 years	15%	36–45	12%
			(FY2020/21: 14%)		(FY2020/21: 10%)
		5–10 years	10%	46–55	5%
			(FY2020/21: 7%)		(FY2020/21: 3%)
		>10 years	2%	56–65	1%
			(FY2020/21: 2%)		(FY2020/21: 0%)

Employee Benefits

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

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

Section B: Social *(Continued)*

B1 – Employment *(Continued)*

Employee Benefits *(Continued)*

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

Harmonious Workspace

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

For recruitment and dismissal process, the Group will follow the internal HR Management Policy. For recruitment, equal opportunities are provided to all applicants with regards of the considerations of their experience, knowledge and skills only. For dismissal, the employees with improper behaviour or breaching of contract terms and code of conduct will be terminated. Compensations are provided when applicable.

In case any staff member feels that he/she has been harassed, discriminated or treated inappropriately, the relevant staff will immediately report to the Supervisors, Assistant Managers or Managers, who will investigate thoroughly and confidentially, and take the follow-up actions if necessary. The management will also take this matter in a serious manner, and the Group will continue to strive for a harmonious workplace for our employees.

As rewarded by the above mature HR management policies and in view of the industry norm, the Group recorded a healthy monthly average turnover rate of approximately 5.8% (FY2020/21: 6.9%). The monthly average turnover rate by gender was approximately 8.0% and 4.2% for male and female respectively, while by age group was 6.0% (18–25), 6.9% (26–35), 2.3% (36–45), and 0% (46–55) and 0% (56–65) respectively. Since all employees are from Hong Kong, the monthly average turnover rate by geographical region was also 5.8%.

Work-life Balance of Employees

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

In addition, the Group regularly organizes various kinds of company activities, such as annual dinner, Christmas party, birthday party, etc., in the previous financial years, to provide our staff a chance to relax in the work environment as well as build a stronger bond with the Group. As per the improved situation of the COVID-19 epidemic during the first half of the Financial Year, the Group was able to hold a few employee activities.

Section B: Social *(Continued)*

B2 – Health and Safety

The Group considers the health and safety of the employees as one of the highest priorities for operation of the Group. The Group is committed to provide a safe work environment for its employees. Not only does the Group aim at meeting, and has during the Financial Year met, the minimum occupational health and safety standards required by law, but also exceeding them. In every bar outlet, there is a Hygiene Supervisor monitoring the hygiene quality of the bar outlet, all Hygiene Supervisors have joined the training courses held on behalf of Food and Environmental Hygiene Department and been awarded the Certificate in Food Hygiene for Hygiene Supervisor. The daily monitoring and the irregular surprise checks performed by the District Manager ensure a clean and tidy work environment for employees. Similar hygiene quality monitoring procedures are conducted for the restaurants operates under the Group. Irregular and surprise checks are conducted by the Group and the Food Environmental Hygiene Department to the bars and restaurants to ensure the hygiene and safety standards are fulfilled under the laws of Hong Kong.

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

Besides, the Group understands that preventive measures are way more important than reactive measures. Therefore, irregular emergency trainings are provided in the bar outlets and restaurants for our staff to familiar with the treatments and reactions in case any incidents happen. Moreover, sufficient fire equipment, such as fire extinguishers and fire hose reels, and first-aid boxes are placed in both office area, all bar outlets and restaurants to deal with emergencies. To further protect the safety and welfare of our employees, all of our employees are covered by group medical insurance and Employees' Compensation Insurance. In case of work injury, our employees are entitled to sick leave and/or reimbursements of medical expenses by the insurance company under the group medical insurance as well as the Employees Compensation Insurance, so that they can receive the necessary medical assistance and have adequate rest for recovery.

During the Financial Year, there were 15 cases (FY2020/21: 3 cases) of work injury reported, with approximately 258 working days lost (FY2020/21: 6 working days lost). Moreover, no case of work-related fatalities is record in the Financial Year (FY2020/21: Nil, FY2019/20: Nil).

In order to minimize occupational hazard and work injuries, the Group promises to put continuous effort into promoting our employees' awareness of workplace safety. As aforementioned, our employees are of our Group's top priority, so we pledge to monitor workplace safety closely and prevent any work injury or accident by all practicable means.

For all serious work injury, the Group submit the Notice by Employer of the Death of an Employee or of an Accident to an employee resulting in death or incapacity (Form 2) under Employees' Compensation Ordinance to the Commissioner for Labour within 14 days of the accident in the case of injury. The Group also strictly complied with others relevant health and safety laws and regulations, such as the local fire services regulations, to provide a safe work environment to its employees of the bar outlets and restaurants by protecting them from occupational hazards.

Section B: Social *(Continued)*

B2 – Health and Safety *(Continued)*

In order to protect the health and safety of our employees during the continuous outbreak of COVID-19 epidemic, the Group has provided our employees with suitable anti-epidemic supplies, such as masks, gloves, alcohol hand rub, etc., set up quarantine areas for employees that are suspected of being infected with COVID-19, restricted only customer/person who has received at least one dose of COVID-19 vaccinations according to the latest regulations set out by the Government of HKSAR as at March 2022, and use the "LeaveHomeSafe" mobile application to scan the QR code is allowed to enter the bar outlet and maintain social distancing to reduce the probability of employees being infected. The Group also requires its employees to be vaccinated. During the Financial Year, there was 50 employees being infected by the coronavirus. Apart from the requirement for COVID-19 vaccination by the Government of HKSAR, the Group also pays much attention to the health of all employees, thus the Group has arranged vaccination for seasonal influenza vaccination by providing subsidies to the employees in need.

B3 – Development and Training

The Group provided a wide variety of training to its staff to encourage positive behavior of the employees, and to equip employees with the work-related skills. Standardized operation manuals and trainings are provided to newly joined employees and the existing staff from time to time. In general, induction training is provided to all newly joined staff to be familiar with the office's, bar outlet's and restaurants' daily operations. Regular trainings and briefings are also provided to the existing staff to update on any new industry regulations and the Group's new marketing events. Meanwhile, our senior management has also attended training on topics such as cybersecurity and trading suspension rule, so as to equip themselves with the latest knowledge in pursuit of better corporate governance.

During the Financial Year, 218 of our employees (FY2020/21: 349 employees) attended trainings including both induction trainings and regular trainings, in which approximately 65% of our employees are trained, with a trained male-to-female ratio as approximately 1:1.1 (FY2020/21: 1:1.6) and a total of 436 hours (FY2020/21: 456 hours) of training for an average of 2 hours per trained employee (FY2020/21: 2 hour per trained employee). The percentage of trained employees by gender was 47% and 53% for male and female respectively, while by employment level was 78%, 12% and 10% for frontline staff, middle management and senior management respectively. On the other hand, the average training hours by gender was 1.4 hours for male and 1.2 hours for female, while the average training hours by employment level was 1.2 hours for frontline staff and 2 hours for both middle management and senior management respectively.

Moving forward, the Group will continue to observe the latest trends in the industry and government policies, so as to equip its staff with the necessary skills and knowledge accordingly and keep up with the standards.

Section B: Social *(Continued)*

B4 – Labour Standards

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

During the Financial Year, there was no material non-compliance with applicable laws and regulations in relation to labour standards noticed. The Group strictly complied with the relevant laws and regulations in relation to labour standards.

Communication with Employees

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

B5 – Supply Chain Management

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

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

The suppliers are encouraged to demonstrate their corporate social responsibilities by complying with corporate social responsibility codes as well as business ethics, with respect to workplace operations, marketing activities, social contacts and environmental responsibilities. High standards of morality which include prohibition of provision and acceptance of bribes and/or other unfair benefits are adopted by the Group. Moreover, the Group also takes into account if suppliers comply with relevant environmental laws, so that the products and services provided meet the environmental standards of the regulations and the Group. In the future, the Group may explore green procurement practices as far as possible to further its commitment in lowering the environmental impact from its operations.

Section B: Social *(Continued)*

B5 – Supply Chain Management *(Continued)*

As of 31 March 2022, the Group had a total of 54 (FY2020/21: 34) major suppliers which were all located in Hong Kong, supplying food and beverages to the Group. The Group will continue to implement the aforementioned measures strictly, so that the Group can uphold the standard of our supply chain.

B6 – Product Responsibility

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

Quality Assurance

To guarantee the beverage product and food quality, the Group's procurement policy is to select only the suppliers from its approved supplier list, in order to ensure that they have passed selection procedures with required standards. Annual assessment on suppliers will also be conducted to monitor the quality of products regularly. The Bar Managers, Restaurant Managers and Operation Team are responsible to check the outer appearance of the beverage products and food products regularly for identifying if there is any abnormality upon delivery to the bar outlets, restaurants and Headquarter, respectively. Any beverage products which show signs of abnormality are returned to the supplier for replacement or refund. The Group's inventory mainly comprises of beverages. The Bar Managers, Restaurant Managers and Operation Team are also responsible for inventory management, ensuring the turnover rate of beverage and food is shorter than the beverage shelf life. The Group places huge importance on the quality of food and beverage so as to protect our customers from any potential health and safety issue.

In addition, our advertisements are mainly based on word-of-mouth. It helps provide our customers with confidence towards our actual product and service.

Customers' Complaint Handling Procedures

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

During the Financial Year, there were 3 cases of (FY2020/21: 0 case) customer complaints recorded, of which all matters were fully resolved. The Group will continue to keep good relationships with our customers and uphold our current standard of customer service.

Intellectual Property Rights

The Group strives to safeguard its brands, goodwill, image and intellectual property rights. As the Group is principally engaged in operation of bar outlets and restaurants under the brands "Bar Pacific", "Pacific", "Moon Pacific" and "Katachi" in Hong Kong, the Group has registered trademarks in Hong Kong to protect its brand names. The Group has also registered the domain name of www.barpacific.com.hk. As of 31 March 2022, the Group had 5 trademark registrations in Hong Kong. The Group may take necessary legal actions if any infringement of trademarks or any misappropriation of its brand name(s) is discovered.

Section B: Social *(Continued)*

B6 – Product Responsibility *(Continued)*

Personal Data Protection

The Group is committed to providing beverage, light refreshment and food with high standards of quality and reliability, as well as protecting the personal information of its customers. Our employees are required to sign the non-disclosure agreement when they join the Group to ensure proper maintenance of confidentiality of the Group's business strategies and protect customers' data privacy. A written policy has been in place to specify the handling procedures of personal data and confidential information which is consistent with the applicable data privacy legislation including the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong) to ensure our compliance with the respective obligations and requirements. Strict controls on computer systems are in place to prohibit any unauthorized access to the confidential data. Any form of unauthorized information transfer, both directly and indirectly, to any third parties are strictly prohibited. No copy of customer's personal data should be made and taken-away from the office, bar outlets or restaurants.

Bar Outlet and Restaurant Management

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

In addition, in order to provide a safe and comfortable place to our customers, the Group has established a written policy to guide its staff to handle any violence cases or drunk customers. CCTVs are installed in every bar outlet and restaurants to monitor the operations. Video data will be stored for at least 1 month for easy retrieval if required. During the outbreak of COVID-19 epidemic, the Group strictly follows the Prevention and Control of Disease (Requirements and Directions) (Business and Premises) Regulation ("**Cap 599F**") and Prevention and Control of Disease (Prohibition on Group Gathering) Regulation ("**Cap 599G**") to implement appropriate anti-epidemic measures, such as vaccination for at least one dose of COVID-19 vaccine as in March 2022, to ensure the safety of customers and employees.

B7 – Anti-corruption

The Group prohibits all forms of bribery and corruption and strictly abides by the applicable anti-corruption laws and regulations including the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong). Our employees should not solicit or accept any advantage for themselves. In particular, the Group centralized the purchase of all beverages, so as to prevent any possible kickback arrangement between individual bar outlets and the suppliers. In addition to bribery and corruption, our employees are also strictly prohibited from engaging in any illegal acts, including extortion, fraud, money laundering, etc.

Whistleblowing policies are in place for employees to report suspected misconduct of their colleagues, subordinates, senior management or even suppliers. They are welcomed to express their concerns through face-to-face conversation, email or telephone with the Supervisors, Assistant Managers, Managers, or even the Executive Directors in serious cases. The Management will review and take follow-up actions to investigate for every single possible misconduct case. It is the Group's core values for reminding its employees to uphold their integrity and professionalism as aforementioned.

During the Financial Year, the Group complied with all applicable laws and regulations in relation to bribery, extortion, fraud and money laundering, and there was no concluded legal case regarding corrupt practices brought against the Group or its employees. In the future, the Group will consider offering anti-corruption trainings to employees if necessary, for further extending the importance of anti-corruption to reinforce the importance of integrity within the company.

The Group will continue to stay alert to potential illegal acts, so that it can address the issues accordingly with the adoption of zero-tolerance approach.

Section B: Social *(Continued)*

B8 – Community Investment

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

Since 2018, the Group had launched the Entrepreneurship Program to help business entrepreneurs in taking their first step in starting a business. We understand that renting a retail space could be expensive and we would like to help the interested parties to start up their own business by providing a retail space within our venues without any rental charges. As of 31 March 2022, the Company has assisted 1 entrepreneur to start up their stores. The Group will continue to provide such a platform in order to encourage local entrepreneurs to pursue their dreams and hopes that they could create more job opportunities to the society and bring innovative ideas to maintain the competitiveness of Hong Kong.

In this Financial Year, the Group had donated HKD13,270 in total to Big Tree Animal Sanctuary and Adoption Centre Limited for showing support to the organization for providing shelter and care for stray animals. On top of that, 146 of our employees participated in a series of local community service, such as food distribution, mask distribution and visiting underprivileged groups living in subdivided flats, amounting to approximately of 3650 hours of charitable service.

The Group hopes that through donations, charitable services and also the Entrepreneurship Program, the Group can contribute to poverty alleviation and support those in need. In the coming years, the Group will continue to allocate more resources to other aspects of community investment and promote corporate social responsibility, in a bid to contribute to the betterment of the society as a whole.

BDO

Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話：+852 2218 8288
傳真：+852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

TO THE SHAREHOLDERS OF BAR PACIFIC GROUP HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Bar Pacific Group Holdings Limited (the "**Company**") and its subsidiaries (together the "**Group**") set out on pages 67 to 135, which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 3(c) to the consolidated financial statements, which indicates that the Group incurred a net loss of HK$10,450,000 during the year ended 31 March 2022 and, as of that date, the Group's current liabilities exceeded its current assets by HK$96,107,000. In addition, as at 31 March 2022, the Group breached a convenant of its bank borrowings amounting to HK$49,357,000. As stated in Note 3(c), these conditions, along with other matters as set forth in Note 3(c) to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the "Material Uncertainty Related to Going Concern" section, we have determined the matters described below to be key audit matters to be communicated in our report.

Revenue recognition

The Group's revenue from operation of bars and restaurants amounted to approximately HK$95,056,000 for the year ended 31 March 2022. Such revenue was recognised at the point of sale to customers, which is the point of time when a customer has the ability to direct the use of the goods and services and obtain substantially all of the remaining benefits of the goods and services.

We identified revenue recognition in respect of the operation of bars and restaurants as a key audit matter, because the revenue is material to the consolidated financial statements.

Refer to Note 6 to the consolidated financial statements and accounting policy in Note 4(b) to the consolidated financial statements.

Our response:

- Obtained an understanding of and evaluated the Group's revenue recognition policy;
- Gained an understanding of, evaluated and tested the key controls over the Group's point of sales system for capturing and recording of revenue transactions;
- On a sample basis, traced revenue recognised to daily sales reports and reconciliations to cash receipts and credit card settlements; and
- Performed analytical review procedures on revenue and assessed reasonableness of management's explanations for any unusual trends or fluctuations.

Impairment of property, plant and equipment and right-of-use assets

The carrying amounts of the Group's property, plant and equipment and right-of-use assets as presented on its consolidated statement of financial position as at 31 March 2022 amounted to approximately HK$23,253,000 and HK$125,459,000, respectively are attributable to the cash-generating units ("**CGUs**") relating to operation of bars and restaurants.

Management performed impairment assessment on those CGUs that were identified to be underperforming or loss-making. Impairment losses of approximately HK$1,717,000 and HK$4,569,000 were recognised on the Group's property, plant and equipment and right-of-use assets respectively for the year ended 31 March 2022.

KEY AUDIT MATTERS *(Continued)*

Impairment of property, plant and equipment and right-of-use assets *(Continued)*

The determination of the recoverable amount of CGUs requires significant judgements made by management, in particular over those key internal inputs and external market conditions which impact expected future cash flows and the discount rates.

We identified impairment assessment of property, plant and equipment and right-of-use assets as a key audit matter because of the significant judgement and estimation uncertainty involved in the determination of recoverable amount of CGUs.

Refer to Notes 14, 15 and 25 to the consolidated financial statements, accounting policy in Note 4(g) and key sources of estimation uncertainty in Note 5 to the consolidated financial statements.

Our response:

- Reviewed and understood management's impairment assessment process, including whether there were indications of impairment and appropriateness of the method used to determine recoverable amounts of CGUs;

- Assessed appropriateness of management's identification of CGUs based on our understanding of the Group's business;

- Benchmarked and challenged key assumptions used by management to determine the recoverable amounts, including assumptions of projected results of CGUs, long-term growth rates and discount rates; and

- Reconciled input data to supporting evidence, such as historical financial information.

OTHER INFORMATION IN THE ANNUAL REPORT

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

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

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

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

(Continued)

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

BDO Limited
Certified Public Accountants
Tang Tak Wah
Practising Certificate no. P06262

Hong Kong, 27 June 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	NOTES	**2022** **HK$'000**	2021 HK$'000
Revenue	*6*	**95,733**	57,839
Other income	*7*	**23,017**	38,325
COVID-19-related rent concessions		**1,383**	2,434
Cost of inventories sold		**(25,342)**	(14,087)
Staff costs		**(35,572)**	(32,685)
Depreciation of property, plant and equipment		**(8,777)**	(9,977)
Depreciation of right-of-use assets		**(26,095)**	(31,541)
Property rentals and related expenses		**(4,293)**	(3,394)
Other operating expenses		**(20,435)**	(16,774)
Impairment loss on property, plant and equipment		**(1,717)**	(6,955)
Impairment loss on right-of-use assets		**(4,569)**	(17,013)
Fair value gain/(loss) on investment properties	*16*	**1,724**	(400)
Finance costs	*8*	**(3,947)**	(3,186)
Loss before income tax	*10*	**(8,890)**	(37,414)
Income tax expense	*9*	**(1,560)**	(1,031)
Loss and total comprehensive income for the year		**(10,450)**	(38,445)
Loss and total comprehensive income for the year attributable to:			
Owners of the Company		**(10,262)**	(36,907)
Non-controlling interests		**(188)**	(1,538)
		(10,450)	(38,445)
Loss per share			
– Basic and diluted (HK cents)	*13*	**(1.19)**	(4.29)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	NOTES	**2022** **HK$'000**	2021 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*14*	**23,253**	19,436
Right-of-use assets	*15*	**125,459**	95,104
Investment properties	*16*	**24,154**	22,430
Prepayment for acquisition of property, plant and equipment	*18*	**300**	3,000
Rental deposits	*18*	**7,657**	4,844
Deferred tax assets	*23*	**6**	936
Total non-current assets		**180,829**	145,750
Current assets			
Inventories	*17*	**2,995**	1,971
Trade and other receivables	*18*	**9,796**	9,401
Tax recoverable		**342**	291
Cash and cash equivalents	*19*	**2,077**	3,512
Total current assets		**15,210**	15,175
Total assets		**196,039**	160,925
Current liabilities			
Trade and other payables	*20*	**20,124**	10,024
Bank borrowings	*21*	**57,954**	52,680
Other borrowings	*22*	**1,900**	–
Lease liabilities	*15*	**30,391**	25,846
Tax payable		**948**	1,124
Total current liabilities		**111,317**	89,674
Net current liabilities		**(96,107)**	(74,499)
Total assets less current liabilities		**84,722**	71,251
Non-current liabilities			
Trade and other payables	*20*	**982**	872
Lease liabilities	*15*	**66,296**	42,941
Deferred tax liabilities	*23*	**493**	37
Total non-current liabilities		**67,771**	43,850
Total liabilities		**179,088**	133,524
NET ASSETS		**16,951**	27,401

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	NOTES	**2022 HK$'000**	2021 HK$'000
EQUITY			
Equity attributable to owners of the Company			
Share capital	*24*	**8,600**	8,600
Reserves		**3,041**	13,303
		11,641	21,903
Non-controlling interests	*29*	**5,310**	5,498
TOTAL EQUITY		**16,951**	27,401

The consolidated financial statements on pages 67 to 135 were approved and authorised for issue by the Board of Directors on 27 June 2022 and are signed on its behalf by:

CHAN CHING MANDY
Director

CHAN TSZ TUNG
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

	Attributable to owners of the Company								
	Share Capital HK$'000	Share premium HK$'000	Capital reserve HK$'000 *(Note a)*	Special reserve HK$'000 *(Note b)*	Other reserve HK$'000 *(Note c)*	Retained profits/ (accumulated losses) HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
As at 1 April 2020	8,600	57,060	6,065	(8,093)	(1,347)	1,255	63,540	7,036	70,576
Loss and total comprehensive income for the year	–	–	–	–	–	(36,907)	(36,907)	(1,538)	(38,445)
Dividends *(Note 12)*	–	–	–	–	–	(4,730)	(4,730)	–	(4,730)
As at 31 March 2021 and 1 April 2021	**8,600**	**57,060**	**6,065**	**(8,093)**	**(1,347)**	**(40,382)**	**21,903**	**5,498**	**27,401**
Loss and total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**(10,262)**	**(10,262)**	**(188)**	**(10,450)**
As at 31 March 2022	**8,600**	**57,060**	**6,065**	**(8,093)**	**(1,347)**	**(50,644)**	**11,641**	**5,310**	**16,951**

Notes:

(a) The capital reserve represents the difference between the value of the consideration paid for the acquisition of additional interest in subsidiaries and the nominal value of the issued ordinary shares of Bar Pacific Group Limited ("**Bar Pacific BVI**"), a subsidiary of Bar Pacific Group Holdings Limited ("**the Company**").

(b) Pursuant to a group reorganisation (the "**Reorganisation**") in preparation for the listing of the Company's shares on the GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), the Company became the holding company of the companies now comprising the Group on 15 December 2016 with the issue of shares of the Company to acquire Bar Pacific BVI from the then shareholders.

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

	NOTES	2022 HK$'000	2021 HK$'000
Cash flows from operating activities			
Loss before income tax		**(8,890)**	(37,414)
Adjustments for:			
Depreciation of property, plant and equipment	10	**8,777**	9,977
Depreciation of right-of-use assets	10	**26,095**	31,541
Loss on write off of right-of-use assets	10	**–**	306
Loss on disposal/write off of property, plant and equipment	10	**7**	60
Written off of inventories	10	**179**	561
Impairment loss on property, plant and equipment	25	**1,717**	6,955
Impairment loss on right-of-use assets	25	**4,569**	17,013
COVID-19-related rent concessions	10	**(1,383)**	(2,434)
Fair value (gain)/loss on investment properties	16	**(1,724)**	400
Bank Interest income	7	**–**	(50)
Interest income from rental deposit	7	**(256)**	(251)
Government grant income	7	**(19,984)**	(35,666)
Gain on lease termination	10	**–**	(146)
Finance costs	8	**3,947**	3,186
Operating cash flows before movements in working capital		**13,054**	(5,962)
Increase in inventories		**(1,203)**	(195)
(Increase)/decrease in trade and other receivables and rental deposits		**(601)**	593
Increase in trade and other payables		**10,100**	714
Cash generated from/(used in) operations		**21,350**	(4,850)
Income tax paid		**(401)**	(149)
Net cash generated from/(used in) operating activities		**20,949**	(4,999)
Cash flows from investing activities			
Purchases of property, plant and equipment		**(11,618)**	(14,567)
Additions/modification of right-of-use assets		**(84)**	(31,600)
Interest income		**–**	50
Net cash used in investing activities		**(11,702)**	(46,117)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

	NOTE	2022 HK$'000	2021 HK$'000
Cash flows from financing activities	33		
Drawdown of bank and other borrowings		**33,356**	24,397
Repayment of bank and other borrowings		**(24,504)**	(6,977)
Interest paid		**(3,947)**	(3,186)
Repayment of principal portion of lease liabilities		**(31,133)**	(26,031)
Dividends paid		**–**	(4,730)
Government subsidy received		**17,224**	35,666
Net cash (used in)/generated from financing activities		**(9,004)**	19,139
Net increase/(decrease) in cash and cash equivalents		**243**	(31,977)
Cash and cash equivalents at beginning of year		**609**	32,586
Cash and cash equivalents at end of year	19	**852**	609

For the year ended 31 March 2022

1. GENERAL INFORMATION

Bar Pacific Group Holdings Limited (the "**Company**") is a public limited company incorporated in the Cayman Islands and its shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The addresses of the Company's registered office and principal place of business are Second Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands and Room D2, 11/F, Phase 2, Hang Fung Industrial Building, 2G Hok Yuen Street, Hunghom, Kowloon, Hong Kong, respectively.

The Company's immediate holding company and ultimate holding company are Moment to Moment Company Limited and Harneys Trustees Limited, respectively. Both companies are incorporated in the British Virgin Islands ("**BVI**").

The Company and its subsidiaries (the "**Group**") are principally engaged in operation of chain of bars and restaurants in Hong Kong under brands "Bar Pacific", "Pacific", "Moon Ocean" and "Katachi" and property investments in Hong Kong.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new or amended HKFRSs

In the current year, the Group has applied for the first time the following new or amended HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 April 2021:

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 – Interest Rate Benchmark Reform – Phase 2

The amendments provide targeted reliefs from (i) accounting for changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities as modifications, and (ii) discontinuing hedge accounting when an interest rate benchmark is replaced by an alternative benchmark rate as a result of the reform of interbank offered rates (the "**IBOR reform**").

The amendments do not have an impact on the Group's consolidated financial statement as the Group does not have contracts that are indexed to benchmark interest rates which are subject to the IBOR reform.

Based on the Group's outstanding liabilities as at 31 March 2022, the application of the amendments will not result in reclassification of the Group's liabilities.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(b) New or amended HKFRSs that have been issued but are not yet effective

The following new or amended HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

HKFRS 17	Insurance Contracts and the related Amendments[2]
Amendments to HKFRS 3	Reference to the Conceptual Framework[1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to HKAS 8	Disclosure of Accounting Estimates[2]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transation[2]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020[1]
Amendments to HKFRS 10 and HKAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

1 Effective for annual periods beginning on or after 1 January 2022

2 Effective for annual periods beginning on or after 1 January 2023

3 The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined

The Group is in the process of making an assessment of what the impact of these new or amended HKFRSs is expected to be in the period of initial application. Except as described below, the directors of the Company concluded that the adoption of these new/revised HKFRSs will have no material impact on the Group's financial statements.

Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 Income Taxes so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. Consequently, entities will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on these transactions.

The directors of the Company are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations (hereinafter collectively referred to as the "**HKFRS**") issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange ("**GEM Listing Rules**").

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out in note 4. The policies have been consistently applied to all the years presented, unless otherwise stated.

The preparation of financial statements in compliance with adopted HKFRS requires the use of certain critical accounting estimates. It also requires the Group's management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the consolidated financial statements and their effects are disclosed in note 5.

(b) Basis of measurement

The consolidated financial statements have been prepared under historical cost basis except for investment properties and leasehold land recognised as right-of-use assets which meet the definition of investment properties that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-Based Payment, leasing transactions that are within the scope of HKFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

For investment properties which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3. BASIS OF PREPARATION *(Continued)*

(c) Going concern assumption

The Group's revenue mainly generated from operation of bars. The outbreak of the COVID-19 pandemic and the related anti-epidemic measures implemented by the Government of Hong Kong Special Administrative Region ("**HKSAR**"), including temporary closure of bars and pubs, requirements on vaccination and negative rapid antigen test result of patrons, reduction in seating capacity, and limiting the operating hours and maximum number of patrons per table had significantly impacted the Group's business and operation during the year. During the year ended 31 March 2022, no revenue was generated from the Group's operation of bars for the periods from 1 April 2021 to 28 April 2021 and from 7 January 2022 to 31 March 2022, when all bars and pubs in Hong Kong were shut down under the government-imposed restrictions.

As a result of the above, the Group has incurred a net loss of HK$10,450,000 for the year ended 31 March 2022. At the end of reporting period, the Group's current liabilities exceeded its current assets by HK$96,107,000. In addition, as at 31 March 2022, the Group breached a covenant of its bank borrowings amounting to HK$49,357,000 (Note 21).

The above events and conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

On 14 June 2022, the Government of HKSAR announced that patrons are required to present proof of a negative autigant result within 24 hours before entering bars and pubs.

For the purpose of assessing the appropriateness of the use of going concern basis in preparing these consolidated financial statements, the directors of the Company have prepared a cash flow forecast covering a period of 15 months from the date of approval of these consolidated financial statements (the "Forecast"). The directors of the Company have taken into account the past performance of the Group, the latest anti-epidemic measures implemented by the Government of HKSAR, and the following plans and measures taken by management to improve the Group's liquidity and financial position in the preparation of the forecast:

(i) Subsequent to the reporting period, the Group expected to obtain subsidies of approximately HK$12,470,000 under Anti-epidemic Fund from the Government of HKSAR;

(ii) Having communicated with the bank about the breach of the covenant of its bank borrowings amounting to HK$49,357,000 (Note 21) and in discussion with the bank to maintain the existing banking loan facilities. Management expects that the Group would be able to maintain such banking loan facilities as last year. When necessary, the Group would dispose of the properties owned by the Group which are pledged as collaterals for securing the banking facilities in order to repay the Group's bank borrowings and use any remaining proceeds to finance the Group's operations; and

(iii) Where necessary, the Group would apply for additional loans under the SME Financing Guarantee Scheme that is launched by The Hong Kong Mortgage Corporation Insurance Limited ("**HKMCI Limited**") and the loans under such scheme are fully guaranteed by the Government of HKSAR and the personal guarantees from Ms. Tse Ying Sin Eva ("**Ms. Tse**"), Ms. Chan Ching Mandy and Ms. Chan Tsz Tung, the executive directors of the Company and Mr. Chan Wai ("**Mr. Chan**"), who is deemed to be interested in the shares held by the Company's substantial shareholder in accordance with the Hong Kong Securities and Future Ordinance ("**SFO**"). The Group expects that loans of approximately HK$21,100,000 which meet the application criteria of the Government of HKSAR under such scheme will be available to the Group under such scheme over the period covered by the Forecast; and

3. BASIS OF PREPARATION *(Continued)*

(c) Going concern assumption *(Continued)*

In addition to the above, Ms. Tse and Mr. Chan, who are deemed to be interested in the shares held by the Company's substantial shareholders in accordance with the SFO, have undertaken to provide financial support to the Group to enable the Group to have sufficient working capital to meet its liabilities and obligations as and when they fall due and to continue to carry on its business over the period covered by the Forecast.

Notwithstanding that there is inherent uncertainty associated with the future outcomes of the Group's plans and measures as described above, including whether the Group is able to maintain the Group's banking facilities, realise its assets to obtain additional funds and obtain additional sources of financing when needed, the directors are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the foreseeable future. Accordingly, the directors believe that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 March 2022 on a going concern basis.

Should the Group be unable to operate as a going concern, adjustments would have to be made to reduce the carrying values of the Group's assets to their net realisable amounts, to provide for further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

(d) Functional and presentation currency

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is the same as the functional currency of the Company and its subsidiaries, and all value are rounded the nearest thousands, except when otherwise indicated.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

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

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

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

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(a) Basis of consolidation *(Continued)*

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

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent ownership interest entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interest in existing subsidiaries

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

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

(b) Revenue recognition

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Revenue recognition *(Continued)*

Revenue from bar and restaurant operations

Revenue from operation of bars and restaurants is recognised at the point of sales to customers, which is the point of time when the customer has the ability to direct the use of the goods and services and obtain substantially all of the remaining benefits of the goods and services. Payment of the transaction price is due immediately at the point the customer purchases the goods and services.

Sponsorship income

Sponsorship income represented the income from beverage suppliers for promoting their brands in the Group's bars and restaurants. The amount is recognised over time using the output method.

Output method

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

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

(e) Leases

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.

For contracts entered into or modified on or after the date of initial application of HKFRS 16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group 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.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Leases *(Continued)*

The Group as a lessee *(Continued)*

Right-of-use assets (Continued)

Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities, other than adjustments to lease liabilities resulting from Covid-19-related rent concessions in which the Group applied the practical expedient.

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 is depreciated from 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.

The Group presents right-of-use assets that do not meet the definition of investment property as a separate line item on the consolidated statement of financial position. Right-of-use assets that meet the definition of investment property are presented within "investment properties".

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments ("**HKFRS 9**") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises 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, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

For the year ended 31 March 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Leases *(Continued)*

The Group as a lessee *(Continued)*

Lease liabilities (Continued)

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.

- the lease payments change due to changes in market rental rates following a market rent review/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.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

Except for Covid-19-related rent concessions in which the Group applied the practical expedient, 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.

The Group accounts for the remeasurement of lease liabilities and lease incentives from lessor by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Leases *(Continued)*

The Group as a lessee *(Continued)*

Covid-19-related rent concessions

In relation to rent concessions 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 2022; 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 if the changes are 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.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Interest and rental income which are derived from the Group's ordinary course of business are presented as revenue.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Leases *(Continued)*

The Group as a lessor *(Continued)*

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

The Group accounts for a modification to an operating leases as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

(f) Borrowing costs

Borrowing costs which are not capitalised to qualifying assets are recognised in profit or loss in the period in which they are incurred.

(g) Impairment on property, plant and equipment and right-of-use assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit ("**CGU**") to which the asset belongs.

In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Impairment on property, plant and equipment and right-of-use assets *(Continued)*

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount.

For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of CGUs.

In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro-rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

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

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

(i) Financial instruments

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Financial instruments *(Continued)*

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

(i) Financial assets

Classification and subsequent measurement of financial assets

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

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

Amortised cost and interest income

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

Impairment loss on financial assets

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Financial instruments *(Continued)*

(i) Financial assets *(Continued)*

Impairment loss on financial assets (Continued)

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

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

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

Significant increase in credit risk

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

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

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- Significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor; and
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

For the year ended 31 March 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Financial instruments *(Continued)*

(i) Financial assets *(Continued)*

Impairment loss on financial assets (Continued)

Significant increase in credit risk *(Continued)*

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

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

Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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

Credit-impaired financial assets

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Financial instruments *(Continued)*

(i) Financial assets *(Continued)*

Impairment loss on financial assets (Continued)

Write-off policy

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

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience and forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16.

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Financial instruments *(Continued)*

(i) Financial assets *(Continued)*

Impairment loss on financial assets (Continued)

Measurement and recognition of ECL *(Continued)*

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

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

Derecognition of financial asset

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

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

(ii) Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definition of a financial liability and an equity instrument.

Equity instruments

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

Financial liabilities at amortised cost

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

Derecognition of financial liabilities

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Financial instruments *(Continued)*

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contact at the higher of: (i) the amount of the loss allowance, being the ECL provision measured in accordance with the accounting policy set out in note 4(i)(i); and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the principles of HKFRS 15.

(j) Government subsidy

Government subsidy is not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the subsidy will be received.

Government subsidy is recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the subsidy is intended to compensate.

Government subsidy that is receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

(k) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks the uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Provisions for the costs to restore leased assets to their original condition, as required by the terms and conditions of the lease, are recognised at the date of inception of the lease at the directors' best estimate of the expenditure that would be required to restore the assets. Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the consolidated statement of cash flows, bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

(m) Employee benefits

(i) Retirement benefit costs

Payments to the defined contribution retirement benefit plans representing the Mandatory Provident Fund Schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

(ii) Short-term employee benefits

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

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

(n) Taxation

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(n) Taxation *(Continued)*

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

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

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(n) Taxation *(Continued)*

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognised due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

For leasing transactions in which the tax deductions are attributable to the lease liabilities and provision for decommissioning and restoration in which the tax deductions are attributable to ultimate costs incurred, the Group applies HKAS 12 requirements to the assets and the related liabilities separately. Temporary differences on initial recognition of the relevant assets and the related liabilities are not recognised due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of the assets and the related liabilities, resulting from remeasurement of the liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(o) Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control of the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependants of that person or that person's spouse or domestic partner.

(p) Dividends

Dividends payable are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at the annual general meeting.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, management of the Group is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the supply of goods or services. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the supply of goods or services.

Deferred taxation on investment properties

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment properties and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the deferred taxation on investment properties, the directors of the Company have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. The Group has not recognised any deferred tax on changes in fair value of investment properties as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Critical judgments in applying accounting policies *(Continued)*

Determination on lease term of contracts with renewal options

The Group applies judgement to determine the lease term for lease contracts in which it is a lessee that include renewal option, specifically, the leases relating to offices, bars and restaurants. The assessment of whether the Group is reasonably certain to exercise renewal options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised. Re-assessment is performed upon the occurrence of either a significant event or a significant change in circumstances that is within the control of lessee and that affects the assessment.

When assessing reasonable certainty, the Group considers all relevant facts and circumstances including economic incentives/penalties for exercising or not exercising the options. Factors considered include:

- contractual terms and conditions for the optional periods compared with market rates (e.g. whether the amount of payments in the optional periods is below the market rates);
- the extent of leasehold improvements undertaken by Group; and
- costs relating to termination of the lease (e.g. relocation costs, costs of identifying another underlying asset suitable for the Group's needs).

During the year ended 31 March 2022, the exercise of the renewal options, which is detailed in Note 15(a)(i), resulted in an additional amount of HK$33,867,000 of lease liabilities recognised.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

Useful lives and residual values of property, plant and equipment

The Group's management determines the estimated useful lives and depreciation method in determining the related depreciation charges for its property, plant and equipment. This estimate is based on management's experience of the actual useful lives of property, plant and equipment of similar nature and functions and will take into account the lease term (including any renewal option) of the Group's bars. Management of the Group will accelerate the deprecation charge where the economic useful lives are shorter than previously estimated due to removal or closure of bars. Management of the Group will also write-off or write-down the carrying value of the items which are technically obsolete or non-strategic assets that have been abandoned. Actual economic useful lives may differ from estimated economic useful lives.

For the year ended 31 March 2022

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Estimation of impairment of property, plant and equipment and right-of-use assets

Assessing impairment of the property, plant and equipment and right-of-use assets requires an estimation of its recoverable amount which is the higher of value in use and fair value less costs of disposal. If there is any indication that the property, plant and equipment and right-of-use assets allocated to each individual CGU (bar or restaurant) may be impaired, such as the bar on restaurant is identified as to be under performing or loss making operated with operating loss, recoverable amount shall be estimated for such CGU. When value in use calculations are undertaken, management must estimate the expected future cash flows from the CGU and choose a suitable discount rate in order to calculate the present value to those cash flows. When fair value less costs of disposal calculations are undertaken, the fair value was estimated using relevant valuation technique and make reference to recent market comparative for similar assets adjusted for difference in condition in order to determine the fair value.

As at 31 March 2022, the carrying amount of the property, plant and equipment and right-of-use assets was approximately HK$23,253,000 (2021: HK$19,436,000) and HK$125,459,000 (2021: HK$95,104,000) respectively. Impairment loss of HK$1,717,000 (2021: HK$6,955,000) and HK$4,569,000 (2021: HK$17,013,000) respectively were recognised to write down the carrying amount of the property, plant and equipment and right-of-use assets to the recoverable amounts of the CGUs belonged respectively. Further details are included in Note 25 to the consolidated financial statements.

Fair value of investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates of market condition. In relying on the valuation report, the directors of the Company have exercised their judgement and are satisfied that the assumptions used in the valuation are reflective of the current market conditions. Changes to these assumptions would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.

As at 31 March 2022, the carrying amount of the Group's investment properties was approximately HK$24,154,000 (2021: HK$22,430,000). Further details are included in Note 16 to the consolidated financial statements.

Going concern basis

As disclosed in Note 3(c), these consolidated financial statements have been prepared on a going concern basis. The appropriateness of the going concern basis was assessed by the directors of the Company after taking into account all relevant available information about the future of the Group, including cash flow forecast of the Group covering a period of 15 months from the date of approval of these consolidated financial statements. Such forecast about the future inherently involves various assumptions and uncertainties. Actual results could differ significantly and hence render the adoption of the going concern basis not appropriate.

For the year ended 31 March 2022

6. REVENUE AND SEGMENT INFORMATION

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

The following summary describes the operations in each of the Group's reportable segments:

- Operation of bars and restaurants – sales of beverages, light refreshments and food in bars and restaurants in Hong Kong; and

- Property investment – leasing of property in Hong Kong.

Business segment

The following is an analysis of the Group's revenue and results by operating and reportable segments during the years ended 31 March 2022 and 2021:

For the year ended 31 March 2022

	Operation of bars and restaurants HK$'000	Property investment HK$'000	Inter-segment elimination HK$'000	Consolidated HK$'000
Revenue				
Revenue from external customers	95,056	677	–	95,733
Revenue from inter-segment	–	1,942	(1,942)	–
Reportable segment revenue	95,056	2,619	(1,942)	95,733
Reportable segment results	(9,363)	2,231	–	(7,132)
Unallocated:				
Corporate and other unallocated expenses				(3)
Depreciation of property, plant and equipment				(165)
Depreciation of right-of-use assets				(318)
Interest income from rental deposits				2
Finance costs				(1,274)
Loss before income tax				(8,890)

6. REVENUE AND SEGMENT INFORMATION *(Continued)*

Business segment *(Continued)*

For the year ended 31 March 2021

	Operation of bars and restaurants HK$'000	Property investment HK$'000	Inter-segment elimination HK$'000	Consolidated HK$'000
Revenue				
Revenue from external customers	57,488	351	–	57,839
Revenue from inter-segment	–	1,285	(1,285)	–
Reportable segment revenue	57,488	1,636	(1,285)	57,839
Reportable segment results	(35,395)	(238)	–	(35,633)
Unallocated:				
Corporate and other unallocated expenses				(9)
Depreciation of property, plant and equipment				(193)
Depreciation of right-of-use assets				(668)
Interest income				50
Interest income from rental deposits				3
Finance costs				(964)
Loss before income tax				(37,414)

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

Unallocated expenses comprised mainly of the expenses of the Group's headquarter which were not directly attributable to the business activities of any operating segment.

6. REVENUE AND SEGMENT INFORMATION *(Continued)*

Business segment *(Continued)*

For the year ended 31 March 2022

	Operation of bars and restaurants HK$'000	Property investment HK$'000	Unallocated HK$'000	Consolidated HK$'000
Assets				
Reportable segment assets	**168,261**	**24,197**	**3,581**	**196,039**
Liabilities				
Reportable segment liabilities	**(121,073)**	**(661)**	**(57,354)**	**(179,088)**
Reportable segment net assets	**47,188**	**23,536**	**(53,773)**	**16,951**

For the year ended 31 March 2021

	Operation of bars and restaurants HK$'000	Property investment HK$'000	Unallocated HK$'000	Consolidated HK$'000
Assets				
Reportable segment assets	134,577	22,468	3,880	160,925
Liabilities				
Reportable segment liabilities	(80,458)	(386)	(52,680)	(133,524)
Reportable segment net assets	54,119	22,082	(48,800)	27,401

Unallocated corporate assets comprised mainly of cash and cash equivalents which are held as general working capital of the Group as a whole and other corporate assets of the Group's headquarter which were not directly attributable to the business activities of any operating segment. Unallocated corporate liabilities mainly comprised of the liabilities of the Group's headquarter which were not directly attributable to the business activities of any operating segment.

For the year ended 31 March 2022

6. REVENUE AND SEGMENT INFORMATION *(Continued)*

Other information

For the year ended 31 March 2022

	Operation of bars and restaurants HK$'000	Property investment HK$'000	Unallocated HK$'000	Consolidated HK$'000
Interest income from rental deposits	**254**	**–**	**2**	**256**
Interest expense	**2,673**	**–**	**1,274**	**3,947**
Purchase of property, plant and equipment	**11,618**	**–**	**–**	**11,618**
Addition of right-of-use assets	**29,844**	**–**	**335**	**30,179**
Depreciation of property, plant and equipment	**8,612**	**–**	**165**	**8,777**
Depreciation of right-of-use assets	**25,777**	**–**	**318**	**26,095**
Impairment loss on property, plant and equipment	**1,717**	**–**	**–**	**1,717**
Impairment loss on right-of-use assets	**4,569**	**–**	**–**	**4,569**
Loss on disposal of property, plant and equipment	**7**	**–**	**–**	**7**
Fair value gain on investment properties	**–**	**1,724**	**–**	**1,724**

For the year ended 31 March 2021

	Operation of bars and restaurants HK$'000	Property investment HK$'000	Unallocated HK$'000	Consolidated HK$'000
Interest income	–	–	50	50
Interest income from rental deposits	248	–	3	251
Interest expense	2,222	–	964	3,186
Purchase of property, plant and equipment	14,567	–	–	14,567
Addition of right-of-use assets	54,859	–	–	54,859
Depreciation of property, plant and equipment	9,784	–	193	9,977
Depreciation of right-of-use assets	30,873	–	668	31,541
Impairment loss on property, plant and equipment	6,955	–	–	6,955
Impairment loss on right-of-use assets	17,013	–	–	17,013
Loss on disposal of property, plant and equipment	60	–	–	60
Fair value loss on investment properties	–	400	–	400

For the year ended 31 March 2022

6. REVENUE AND SEGMENT INFORMATION *(Continued)*

Geographical information

No geographical information is shown as the revenue and profits/losses 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 customers based is diversified and no individual customer had transactions which exceeded 10% of the Group's revenue in both years.

Disaggregation of revenue

	2022 HK$'000	2021 HK$'000
Revenue from contracts with customers under HKFRS 15		
Operation of bars and restaurants		
Sales of food, beverage and refreshment	**92,208**	55,536
Electronic dart machines	**2,848**	1,952
	95,056	57,488
Revenue from other sources		
Property investment		
Rental income from investment properties	**677**	351
	95,733	57,839

	2022 HK$'000	2021 HK$'000
By timing of revenue recognition under HKFRS 15		
A point in time	**95,056**	57,488

Performance obligations for contracts with customers under HKFRS 15

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

The Group recognises revenue from operation of bars and restaurants. The revenue of the Group is recognised at a point in time. Under the transfer-of-control approach in HKFRS 15, revenue from operation of bars and restaurants is recognised at the point of sales to customers, which is the point of time when the customer has the ability to direct the use of the goods and services and obtain substantially all of the remaining benefits of the goods and services. Payment of the transaction price is due immediately at the point the customer purchases the goods and services.

For the year ended 31 March 2022

7. OTHER INCOME

	2022 HK$'000	2021 HK$'000
Government subsidies *(Note)*	**19,984**	35,666
Sponsorship income	**1,883**	1,546
Bank interest income	**–**	50
Interest income from rental deposits	**256**	251
Others	**894**	812
	23,017	38,325

Note: For the year ended 31 March 2022, the government subsidy represent Catering Business Subsidy Schemes under Anti-epidemic Fund launched by the Government of HKSAR for each of the Group's subsidiaries which holds general restaurant, light refreshment restaurant or liquor licences (2021: light refreshment restaurant or liquor licences). These are no unfulfilled conditions and other contingencies attached to the receipts of those subsidies.

8. FINANCE COSTS

	2022 HK$'000	2021 HK$'000
Interest on bank borrowings	**1,391**	956
Interest on other borrowings	**47**	–
Interest on lease liabilities	**2,509**	2,230
	3,947	3,186

For the year ended 31 March 2022

9. INCOME TAX EXPENSE

	2022 HK$'000	2021 HK$'000
Current tax		
– Hong Kong Profits Tax	**288**	108
– (Over-)/under-provision in respect of prior years	**(114)**	386
	174	494
Deferred tax *(Note 22)*		
– Origination of temporary difference	**456**	15
– Write-down of deferred tax assets	**930**	522
	1,386	537
Income tax expense	**1,560**	1,031

Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The income tax expense for the year can be reconciled to the loss before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	2022 HK$'000	2021 HK$'000
Loss before income tax	**(8,890)**	(37,414)
Tax charge at the applicable income tax rate of 16.5%	**(1,467)**	(6,173)
Tax effect of expenses not deductible for tax purposes	**1,172**	4,041
Tax effect of income not taxable for tax purpose	**(3,298)**	(5,962)
Tax effect of tax losses not recognised	**5,390**	7,581
Tax effect of temporary differences not recognised	**(289)**	755
Utilisation of tax losses previously not recognised	**–**	(12)
(Over-)/under-provision in respect of prior years	**(114)**	386
Write-down of deferred tax assets	**930**	522
Tax reduction	**(41)**	(50)
Income tax at concessionary rate	**(109)**	(153)
Others	**(614)**	96
Income tax expense	**1,560**	1,031

During the year ended 31 March 2022 and 2021, the subsidiaries of the Company were entitled to a tax reduction of 100% (2021: 100%) of Hong Kong Profits Tax subject to a ceiling of HK$10,000 (2021: HK$10,000) of each subsidiary.

For the year ended 31 March 2022

10. LOSS BEFORE INCOME TAX

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

	2022 HK$'000	2021 HK$'000
Auditor's remuneration (included in other operating expenses)	**1,040**	1,000
Gross rental income from investment properties	**(677)**	(351)
Less: Direct operating expenses incurred for investment properties that generated rental income during the year	**73**	89
Direct operating expenses incurred for investment properties that did not generate rental income during the year	**48**	78
	(556)	(184)
Gain on lease termination	**–**	(146)
Written off of inventories	**179**	561
Cost of inventories recognised as an expense	**25,342**	14,087
Depreciation of property, plant and equipment	**8,777**	9,977
Depreciation of right-of-use assets	**26,095**	31,541
Operating lease payments (included in other operating expenses)		
– Practical expedient in respect of		
– Low-value lease expenses	**48**	28
– Short-term lease expenses	**1,204**	1,275
– Variable lease payment	**–**	5
	1,252	1,308
COVID-19-related rent concessions	**(1,383)**	(2,434)
Directors' remuneration *(Note 11(a))*	**2,099**	1,907
Other staff costs		
– Salaries and other benefits	**32,048**	29,354
– Retirement benefit scheme contribution	**1,425**	1,424
Total staff costs	**35,572**	32,685
Other operating expenses		
– Loss on disposal/write off of property, plant and equipment	**7**	60
– Loss on write off of right-of-use assets	**–**	306
– Cleaning expenses	**1,514**	1,010
– License fees	**1,722**	1,627
– Utilities	**3,175**	2,383
– Repair and maintenance	**2,949**	2,202
– Internet and cable expenses	**1,210**	1,235

11. REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' remuneration

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

For the year ended 31 March 2022

	Fees HK$'000	Salaries HK$'000	Discretionary bonus HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Executive directors					
Ms. Tse	–	724	–	18	742
Ms. Chan Ching Mandy	–	360	245	18	623
Ms. Chan Tsz Tung	–	240	–	12	252
Independent non-executive directors					
Mr. Tang Wing Lam David	132	–	–	–	132
Mr. Chin Chun Wing	132	–	–	–	132
Mr. Yung Wai Kei**	121	–	–	–	121
Mr. Chan Chun Yeung Darren*	97	–	–	–	97
	482	1,324	245	48	2,099

For the year ended 31 March 2021

	Fees HK$'000	Salaries HK$'000	Discretionary bonus HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Executive directors					
Ms. Tse	–	724	60	18	802
Ms. Chan Ching Mandy	–	182	–	9	191
Ms. Chan Tsz Tung	–	450	52	16	518
Independent non-executive directors					
Mr. Tang Wing Lam David	132	–	–	–	132
Mr. Chin Chun Wing	132	–	–	–	132
Mr. Yung Wai Kei**	132	–	–	–	132
	396	1,356	112	43	1,907

* Chan Chun Yeung Darren was appointed on 7 July 2021.

** Yung Wai Kei resigned on 28 February 2022.

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

11. REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS *(Continued)*

(b) Five highest paid individuals

The five highest paid individuals of the Group during the year included two (2021: two) directors, details of their emoluments are set out above. The emoluments of the remaining three (2021: three) individuals are as follows:

	2022 **HK$'000**	2021 HK$'000
Salaries, allowances and benefits in kind	**1,173**	1,000
Retirement benefits scheme contributions	**44**	43
	1,217	1,043

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

	2022 **Number of** **individuals**	2021 Number of individuals
Nil to HK$1,000,000	**3**	3

During the years ended 31 March 2022 and 2021, no emoluments were paid by the Group to the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors have waived any emoluments during both years.

For the year ended 31 March 2022

12. DIVIDENDS

Dividends for ordinary shareholders of the Company recognised as distribution during the year:

	2022 **HK$'000**	2021 HK$'000
Interim dividend declared and paid	**–**	–
Final dividend in respect of previous financial year, declared and paid during the year	**–**	4,730
	–	4,730

No dividend was paid or proposed for ordinary shareholders of the Company during year ended 31 March 2022, nor has any dividend since the end of the reporting period (2021: Nil).

13. LOSS PER SHARE

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

	2022 **HK$'000**	2021 HK$'000
Loss		
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	**(10,262)**	(36,907)

	2022	2021
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**860,000,000**	860,000,000

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

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Leasehold improvements HK$'000	Computer equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Total HK$'000
COST						
At 1 April 2020	1,480	24,952	2,278	20,194	1,577	50,481
Additions	4,364	10,200	124	3,530	–	18,218
Disposal/write off	–	(95)	(19)	(377)	–	(491)
At 31 March 2021 and 1 April 2021	5,844	35,057	2,383	23,347	1,577	68,208
Additions	–	9,913	432	3,973	–	14,318
Disposal/write off	–	(240)	(24)	(627)	–	(891)
At 31 March 2022	**5,844**	**44,730**	**2,791**	**26,693**	**1,577**	**81,635**
ACCUMULATED DEPRECIATION						
At 1 April 2020	22	16,168	1,480	11,618	1,577	30,865
Provided for the year	90	6,597	371	2,919	–	9,977
Eliminated on disposal/write off	–	(95)	(18)	(191)	–	(304)
At 31 March 2021 and 1 April 2021	112	22,670	1,833	14,346	1,577	40,538
Provided for the year	171	5,794	290	2,522	–	8,777
Eliminated on disposal/write off	–	(143)	(14)	(472)	–	(629)
At 31 March 2022	**283**	**28,321**	**2,109**	**16,396**	**1,577**	**48,686**
ACCUMULATED IMPAIRMENT						
At 1 April 2020	338	381	–	687	–	1,406
Provided for the year *(Note 25)*	514	3,644	110	2,687	–	6,955
Eliminated on disposal/write off	–	–	–	(127)	–	(127)
At 31 March 2021 and 1 April 2021	852	4,025	110	3,247	–	8,234
Provided for the year *(Note 25)*	–	1,346	95	276	–	1,717
Eliminated on disposal/write off	–	(97)	(3)	(155)	–	(255)
At 31 March 2022	**852**	**5,274**	**202**	**3,368**	**–**	**9,696**
CARRYING VALUE						
At 31 March 2022	4,709	11,135	480	6,929	–	23,253
At 31 March 2021	4,880	8,362	440	5,754	–	19,436

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	the term of the lease
Leasehold improvements	3 years or the term of the lease whichever is shorter
Computer equipment	5 years
Furniture and fixtures	5 years
Motor vehicles	5 years

As at 31 March 2022, the Group's buildings with net carrying amount of HK$4,709,000 (2021: HK$4,880,000) was pledged to secure bank borrowings (Note 21) and general bank facilities granted to the subsidiaries of the Company.

For the year ended 31 March 2022

15. LEASES

(a) The Group as lessee

(i) Right-of-use assets

	Leasehold land HK$'000	Office equipment HK$'000	Office premise HK$'000	Shops HK$'000	Total HK$'000
COST					
At 1 April 2020	20,850	1,523	1,342	95,095	118,810
Additions	31,600	–	–	23,259	54,859
Written off	–	(1,147)	–	–	(1,147)
Lease termination	–	–	–	(5,272)	(5,272)
Lease modification	–	–	–	4,944	4,944
At 31 March 2021 and 1 April 2021	52,450	376	1,342	118,026	172,194
Additions	–	246	89	29,844	30,179
Lease termination	–	–	–	(1,123)	(1,123)
Lease modification	–	–	1,472	29,368	30,840
At 31 March 2022	**52,450**	**622**	**2,903**	**176,115**	**232,090**
ACCUMULATED DEPRECIATION					
At 1 April 2020	314	1,034	495	24,940	26,783
Provided for the year	987	183	484	29,887	31,541
Eliminated on written off	–	(841)	–	–	(841)
Eliminated on lease termination	–	–	–	(2,925)	(2,925)
At 31 March 2021 and 1 April 2021	1,301	376	979	51,902	54,558
Provided for the year	1,699	21	297	24,078	26,095
Eliminated on lease termination	–	–	–	(890)	(890)
At 31 March 2022	**3,000**	**397**	**1,276**	**75,090**	**79,763**
ACCUMULATED IMPAIRMENT					
At 1 April 2020	3,356	–	–	2,533	5,889
Provided for the year *(Note 25)*	–	–	192	16,821	17,013
Eliminated on lease termination	–	–	–	(370)	(370)
At 31 March 2021 and 1 April 2021	3,356	–	192	18,984	22,532
Provided for the year *(Note 25)*	–	–	424	4,145	4,569
Eliminated on lease termination	–	–	–	(233)	(233)
At 31 March 2022	**3,356**	**–**	**616**	**22,896**	**26,868**
CARRYING VALUE					
At 31 March 2022	**46,094**	**225**	**1,011**	**78,129**	**125,459**
At 31 March 2021	47,793	–	171	47,140	95,104

For the year ended 31 March 2022

15. LEASES *(Continued)*

(a) The Group as lessee *(Continued)*

(i) Right-of-use assets *(Continued)*

The right-of-use assets are depreciated over lease terms as follows:

Leasehold land	27 to 29 years
Office equipment	5 years
Office premise	36 months
Shops	24 to 72 months

For both years, the Group leases office premise, shops and office equipment for its operations. Leases are negotiated on an individual basis and contain a wide range of different terms and conditions.

The office premise is rented with fixed lease payments for a fixed period of 3 years with a renewal option which is only exercisable only by the Group and not by the lessor.

Shops are rented for fixed periods ranging from 1 to 3 years. The lease payments for most of the Group's shops lease contracts are fixed. Only a few shops are required to pay variable lease payment of turnover rent on top of minimum lease payment (Note 10).

Certain lease contracts for shops contain a renewal option ranging from 1 to 3 years. These leases are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. All extension options held are only exercisable only by the Group and not by the respective lessors. As at 31 March 2022, the Group had 13 leases (2021: 11) for shops that contains an extension option.

The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. Management of the Group assessed that it is reasonably certain to exercise all extension options available to the Group for the shops as the lease payments of these leases are comparable to market rent; the Group has undertaken leasehold improvement for operation of bars and restaurants and has intended to retain the customers in the specific locations.

For the year ended 31 March 2022, the Group has recognised additional lease liabilities of approximately HK$33,867,000 (2021:22,970,000) in respect of 6 shops (2021: 3) with extension options that are reasonably certain to be exercised.

In addition, the Group reassesses whether it is reasonably certain to exercise an extension option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the year, there is no such triggering event (2021: Nil).

Office equipment are leased for a fixed period of 5 years with the purchase option at fair value at the end of lease term.

As at 31 March 2022, leasehold land under the Group's right-of-use assets represented the leasehold land components of two properties (2021: two properties) owned by the Group located in Hong Kong for the Group's bar operations.

15. LEASES *(Continued)*

(a) The Group as lessee *(Continued)*

(i) Right-of-use assets *(Continued)*

As at 31 March 2022, the Group's leasehold land under right-of-use assets with net carrying amount of approximately HK$46,094,000 (2021: HK$47,793,000) were pledged to secure bank borrowings (Note 21) and general bank facilities granted to certain subsidiaries of the Company.

The lease agreements entered by the Group do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

(ii) Lease liabilities

The movements during the year are as follows:

	2022 **HK$'000**	2021 HK$'000
Analysed for reporting purpose as:		
Current liabilities	**30,391**	25,846
Non-current liabilities	**66,296**	42,941
	96,687	68,787
Carrying amount at 1 April	**68,787**	71,461
New leases	**29,793**	22,970
Lease modification	**30,623**	4,921
Lease termination	**–**	(2,100)
Accretion of interest recognised during the year	**2,509**	2,230
COVID-19-related rent concessions *(note)*	**(1,383)**	(2,434)
Payments	**(33,642)**	(28,261)
Carrying amount at 31 March	**96,687**	68,787

Note: The Group has elected to apply the practical expedient introduced by the amendments to HKFRS 16 to all rent concessions that satisfy the criteria as disclosed in Note 4(e). All of the rent concessions entered into during the years ended 31 March 2022 and 2021 satisfy the criteria to apply the practical expedient. The application of the practical expedient has resulted in the reduction of total lease liabilities of HK$1,383,000 (2021: HK$2,434,000). The effect of this reduction has been recorded in profit or loss in the period in which the event or condition that triggered those payments occurred.

For the year ended 31 March 2022

15. LEASES *(Continued)*

(a) The Group as lessee *(Continued)*

(ii) Lease liabilities *(Continued)*

	2022		2021	
	Minimum lease payments HK$'000	**Present value of minimum lease payments HK$'000**	Minimum lease payments HK$'000	Present value of minimum lease payments HK$'000
Lease liabilities				
Within one year	**32,562**	**30,391**	27,426	25,846
More than one year, but not more than two years	**26,532**	**25,108**	17,141	16,159
More than two years, but not more than five years	**40,927**	**39,544**	27,691	26,682
Over five years	**1,651**	**1,644**	100	100
	101,672	**96,687**	72,358	68,787
Less: future interest expense	**(4,985)**	**–**	(3,571)	–
Present value of lease liabilities	**96,687**	**96,687**	68,787	68,787
Less: Amounts due for settlement within 12 months (shown under current portion)		**(30,391)**		(25,846)
Amount due for settlement after 12 months		**66,296**		42,941

The Group discounts the lease liabilities at the weighted average incremental borrowing rate ranging from 2.00% to 3.72% (2021: 2.50% to 4.55%) for the year ended 31 March 2022.

(b) The Group as lessor

The minimum rent receivables under non-cancellable operating leases are as follows:

	2022 HK$'000	2021 HK$'000
Not later than one year	**678**	492
Later than one year and not later than two years	**502**	744
	1,180	1,236

For the year ended 31 March 2022

16. INVESTMENT PROPERTIES

	2022 HK$'000	2021 HK$'000
Fair value		
At 1 April	**22,430**	22,830
Fair value gain/(loss)	**1,724**	(400)
At 31 March	**24,154**	22,430

The Group leases out the shops under operating leases with rentals payable monthly. The leases typically run for an initial period of 1 to 4 years (2021: 1 to 4 years).

As at 31 March 2022, the Group's investment properties with carrying amount of approximately HK$24,154,000 (2021: HK$22,430,000) were pledged to secure bank borrowings (Note 21) and general bank facilities granted to the subsidiaries of the Company.

The fair values of the Group's investment properties at 31 March 2022 have been arrived at by market approach carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited (2021: Moore Transaction Services Limited), which is an independent valuer who holds recognised and relevant professional qualifications and has recent experience in the location and category of the investment properties being valued.

16. INVESTMENT PROPERTIES *(Continued)*

The fair value of investment properties was determined by applying the comparison approach by making reference to comparable sales transaction in the market and investment approach by taking into consideration of existing tenancies and reversionary potential of property. The fair value measurement of such properties was classified as Level 3 with the following significant unobservable input:

Reversionary yield	Based on actual location, size and quality of the properties and taking into account market data at the valuation date.

Properties	Valuation Technique	Fair value hierarchy	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Properties in Hong Kong	Comparison approach with investment approach	Level 3	Reversionary yield	3.3% (2021: 3.2%)	The higher the reversionary yield, the lower the fair value
			Market unit rate*	HK$11,000 per square feet to HK$25,000 per square feet (2021: HK$15,000 per square feet to HK$41,000 per square feet)	The higher the market unit rate, the higher the fair value
			Term yield	2.8% (2021: 2.7%)	The higher the term yield, the lower the fair value

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

* Market Unit rate of observable transactions of similar properties are adjusted for timing of reference transactions and property-specific adjustments including nature, location and condition of the property. As at 31 March 2022, average adjusted market unit rate between the comparable was approximately HK$13,500 per square feet (2021: HK12,500 per square feet).

17. INVENTORIES

	2022 HK$'000	2021 HK$'000
Beverages and other items for bar and restaurant operations	**2,995**	1,971

During the current year, inventories of HK$25,342,000 (2021: HK$14,087,000) were recognised as an expense during the year and included in 'Cost of inventories sold'.

Inventories have been reduced by HK$179,000 (2021: HK$561,000) as a result of inventories written-off.

18. TRADE AND OTHER RECEIVABLES

	2022 HK$'000	2021 HK$'000
Trade receivables *(Note (a))*	**301**	3
Lease receivables *(Note (b))*	**32**	24
Other receivables *(Note (c))*	**4,058**	1,231
Prepayments	**807**	4,702
Rental deposits	**9,804**	8,754
Utilities deposits	**2,751**	2,531
	17,753	17,245
Less: Non-current assets		
Rental deposits	**(7,657)**	(4,844)
Prepayment for acquisition of property, plant and equipment	**(300)**	(3,000)
Amount shown as current assets	**9,796**	9,401

(a) Trade receivables

As at 31 March 2022, trade receivables from contracts with customers amounted to HK$301,000 (2021: HK$3,000).

The Group's sales are mainly on cash or credit card settlement. As at reporting date, the Group's trade receivables mainly represents credit card sales receivable from financial institutions. None of the Group's trade receivables was individually and/or collectively using a provision matrix with appropriate grouping considered to be impaired. The Group does not hold any collateral over these balances.

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

(b) Lease receivables

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

(c) Other receivables

As at 31 March 2022, included in other receivables are the government subsidy receivables of HK$2,760,000 (2021: nil) (Note 7).

Details of impairment assessment of trade and other receivables are set out in Note 32(b).

For the year ended 31 March 2022

19. CASH AND CASH EQUIVALENTS

	2022 HK$'000	2021 HK$'000
Cash and bank balances	**2,077**	3,512
Less: Bank overdrafts	**(1,225)**	(2,903)
Total cash and cash equivalents in consolidated statement of cash flows	**852**	609

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

20. TRADE AND OTHER PAYABLES

	2022 HK$'000	2021 HK$'000
Current:		
Trade payables	**7,200**	2,416
Salary accruals and payables	**366**	877
Other accruals and payables *(Note)*	**12,166**	6,316
Provision for reinstatement costs	**392**	415
	20,124	10,024
Non-current:		
Rental deposits received	**141**	169
Provision for reinstatement costs	**841**	703
	982	872

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

	2022 HK$'000	2021 HK$'000
Trade payables:		
0–30 days	**–**	41
31–60 days	**11**	58
61–90 days	**1,106**	455
91–120 days	**3,865**	1,677
Over 180 days	**2,218**	185
	7,200	2,416

Note: As at 31 March 2022, included in other accruals and payables are accrued lease payments of HK$7,120,000 (2021: HK$2,697,000).

21. BANK BORROWINGS

	2022 **HK$'000**	2021 HK$'000
Current liabilities:		
Bank loans	**56,729**	49,777
Bank overdrafts	**1,225**	2,903
	57,954	52,680

All of the Group's borrowings are guaranteed, secured and carried variable rates of interest.

As at 31 March 2022, bank loans of HK$56,729,000 (2021: HK$49,777,000) are scheduled to be repaid within 60 days to 7 years. They are classified as current liabilities as the related loan agreements that contain a clause that gives the bank with an unconditional right to demand repayment at any time at its own discretion. The bank overdrafts of HK$1,225,000 (2021: HK$2,903,000) is repayable on demand.

Assuming that the bank does not exercise its right in accordance with the clause for repayments on demand and based on the repayment dates as stipulated in the loan agreements, the Group's borrowings are due for repayment, as at each of the reporting dates, as follows:

	2022 **HK$'000**	2021 HK$'000
Carrying amounts repayable (based on scheduled repayable terms):		
Within one year	**13,296**	11,899
More than one year, but not more than two years	**10,512**	5,359
More than two years, but not more than five years	**24,291**	11,653
More than five years	**9,855**	23,769
	57,954	52,680

Certain of the Group's banking facilities contain both financial and non-financial covenants, which include the maintenance of net worth of the Group (as defined in the banking facility letter) at HK$30,000,000 (2021:HK$30,000,000) at all times. As at 31 March 2022, the Group had bank borrowings in an aggregate amount of HK$49,357,000 (2021: HK$52,680,000) drawn under these banking facilities. If the Group breached these covenants, the relevant bank would be entitled to demand immediate repayment of the outstanding principal and interest from the Group.

Same as last year, the directors of the Company were aware that the Group's net worth dropped below HK$30 million and failed the compliance of the aforesaid covenant for the year ended 31 March 2022. The Group has communicated with the bank about the breach and has been in discussion with the bank to maintain the existing banking loan facilities.

21. BANK BORROWINGS *(Continued)*

As at 31 March 2022, bank overdrafts and bank loans aggregating approximately HK$49,357,000 (2021: HK$52,680,000) and other banking facilities of the Group are secured by:

(i) corporate guarantees up to HK$60,800,000 (2021: HK$30,800,000) given by the Company and one of its subsidiaries, Bar Pacific Group Limited;

(ii) unlimited corporate guarantee given by certain subsidiaries of the Company, namely Hacienda International Corporation Limited, Tank Success International Limited, Smart Express Development Limited and CW Property Limited and TYS Property Limited;

(iii) the Group's buildings classified as property, plant and equipment with a net carrying amount of HK$4,709,000 (2021: HK$4,880,000) (Note 14);

(iv) the Group's leasehold land classified as right-of-use assets with a net carrying amount of HK$46,094,000 (2021: HK$47,793,000) (Note 15(a)(i)); and

(v) the Group's investment properties with a net carrying amount of HK$24,154,000 (2021: HK$22,430,000) (Note 16).

As at 31 March 2022, included in the Group's bank loans are loans of HK$8,597,000 (2021: Nil) drawn under SME Financing Guarantee Scheme launched by HKMCI Limited that are guaranteed by the Government of HKSAR and the personal guarantees from Ms. Tse, Ms. Chan Ching Mandy and Ms. Chan Tsz Tung, the executive directors of the Company, and Mr. Chan, the substantial indirect shareholder of the Company.

The effective interest rates of the Group's bank borrowings are as follow:

	2022	2021
Effective interest rates (per annum):		
Variable-rate bank borrowings	**1.93%–2.99%**	2.07%–4.07%

22. OTHER BORROWINGS

As at 31 March 2022, other borrowings of HK$1,900,000 (2021: Nil) were due to Mr. Chan, who is deemed to be interested in the shares held by the Company's substantial shareholder in accordance with the SFO. The balances bear interest at 2% per annum, are unsecured and are repayable on demand.

23. DEFERRED TAXATION

The deferred tax assets recognised and the movements thereon during the current year:

	Tax loss HK$'000	Decelerated/ (accelerated) tax depreciation HK$'000	Total HK$'000
At 1 April 2020	6	1,430	1,436
Charged to profit or loss for the year	–	(537)	(537)
At 31 March 2021 and 1 April 2021	6	893	899
Charged to profit or loss for the year	–	(1,386)	(1,386)
At 31 March 2022	**6**	**(493)**	**(487)**

As at 31 March 2022, the Group has unused tax losses of HK$86,967,000 (2021: HK$54,298,000) available for offset against future profit.

Deferred tax assets have not been recognised the following temporary differences:

	2022 **HK$'000**	2021 HK$'000
Unused tax losses	**86,967**	54,298
Deductible temporary differences	**18,767**	24,568
	105,734	78,866

The deductible temporary differences of depreciation allowance regarding the property, plant and equipment and the unused tax losses can be carried forward indefinitely. No deferred tax asset has been recognised in relation to the deductible temporary differences of depreciation allowance and the unused tax losses they have arisen in subsidiaries that have been loss-making for some time and it is not probable that taxable profit will be available against which the deductible temporary differences and the unused tax losses can be utilised.

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24. SHARE CAPITAL

	Number of shares	Share capital HK$
Ordinary shares of the Company of HK$0.01 each		
Authorised:		
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	10,000,000,000	100,000,000
Issued and fully paid:		
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	860,000,000	8,600,000

25. IMPAIRMENT ASSESSMENT OF PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF-USE ASSETS

The outbreak of COVID-19 posed negative impact on the Group's operation of bars and restaurants is disclosed in Note 3(c).

Management of the Group concluded that there was indication of impairment and conducted impairment assessment on the properties, plant and equipment and right-of-use assets of the Group. As at 31 March 2022, the carrying amounts of the property, plant and equipment and right-of-use assets (of the Group) were approximately HK$23,253,000 (2021: HK$19,436,000) and HK$125,459,000 (2021: HK$95,104,000) respectively included in operation of bars and restaurants.

The recoverable amount of individual CGU has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management of the Group covering the remaining lease terms with the pre-tax discount rate of 0% to 22.3% (2021: 0% to 14.6%). The assumptions of annual revenue growth rates are determined based on expectation for the market development and is not expected to exceed the average long-term growth rate for the catering industry in Hong Kong. Another key assumption for the value in use calculations are the budgeted gross profits and operating expenses which are determined based recent performance of the relevant bars and restaurants during operating period under the COVID-19 pandemic situation and the social distancing measures to be effective announced by the Government of HKSAR as at the end of the reporting period. The cash flow projections, growth rates and discount rate as at the end of the reporting period have been reassessed taking into consideration higher degree of estimation uncertainties due to how the COVID-19 pandemic may progress and evolve.

Based on the result of the assessment, management of the Group determined that recoverable amounts of certain CGUs were lower than their respective carrying amounts. The impairment losses were allocated to the assets of the relevant bars CGUs on a pro-rata basis based on the carrying amount of each asset in the bars CGUs. Impairment losses of HK$1,717,000 (2021: HK$6,955,000) (Note 14) and HK$4,569,000 (2021: HK$17,013,000) (Note 15(a)(i)) were recognised on property, plant and equipment and right-of-use assets respectively in profit or loss during the year.

26. SHARE OPTION SCHEME

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

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

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

No share option was granted since adoption of the scheme.

27. RETIREMENT BENEFITS SCHEME

The Group operates a Mandatory Provident Fund Scheme (the "**MPF Scheme**") under the Hong Kong Mandatory Provident Fund Schemes Ordinance. Under the MPF Scheme, the employees are required to contribute 5% of their monthly salaries or up to a maximum of HK$1,500 and they can choose to make additional contributions. The employer's monthly contributions are calculated at 5% of the employee's monthly salaries or up to a maximum of HK$1,500 (the "**mandatory contributions**"). The employees are entitled to 100% of the employer's mandatory contributions upon their retirement at the age of 65, death or total incapacity. No forfeited contributions are available to reduce the contribution payable by the Group in the future years.

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28. RELATED PARTY TRANSACTIONS

Other than those disclosed elsewhere in these consolidated financial statements, the Group had the following related party transactions during the year:

(a) During the year ended 31 March 2022, the Group paid interest expenses of approximately HK$47,000 in respect of its other borrowings from Mr. Chan, who is deemed to be interested in the shares held by the Company's substantial shareholder in accordance with the SFO (Note 22).

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

	2022 **HK$'000**	2021 HK$'000
Fees salaries and other benefits	**1,569**	1,468
Retirement benefits scheme contributions	**48**	43
	1,617	1,511

29. NON-CONTROLLING INTEREST

As at 31 March 2022, the Group had 26 subsidiaries (2021: 24 subsidiaries) which in aggregate have a material non-controlling interest balance, however each of them are individually not material.

30. CAPITAL COMMITMENTS

	2022 **HK$'000**	2021 HK$'000
Commitments for the acquisition of:		
Property, plant and equipment	**1,300**	3,000

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31. CAPITAL RISK MANAGEMENT

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

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

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

The gearing ratio at the end of reporting period was as follows:

	2022 **HK$'000**	2021 HK$'000
Bank borrowings	**57,954**	52,680
Other borrowings	**1,900**	–
Lease liabilities	**96,687**	68,787
	156,541	121,467
Less: Cash and cash equivalents	**(2,077)**	(3,512)
Net debt	**154,464**	117,955
Total equity	**16,951**	27,401
Debt to equity ratio	**9.11**	4.30

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32. FINANCIAL INSTRUMENTS

(a) Categories of financial assets and liabilities

	2022 HK$'000	2021 HK$'000
Financial assets at amortised cost		
Trade and other receivables	**16,946**	12,543
Cash and cash equivalents	**2,077**	3,512
	19,023	16,055
Financial liabilities at amortised cost		
Trade and other payables	**19,089**	9,778
Bank borrowings	**57,954**	52,680
Other borrowings	**1,900**	–
	78,943	62,458

(b) Financial risk management objectives and policies

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

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances and secured bank borrowings. The Group currently does not enter into any hedging instrument for cash flow interest rate risk. The Group monitors interest rate risk exposure and will consider hedging significant interest rate risk should the need arises.

Several of the Group's HIBOR bank borrowings with details included in note 21 may be subject to the interest rate benchmark reform. The Group is closely monitoring the market and managing the transition to new benchmark interest rates, including announcements made by the relevant IBOR regulators.

While the Hong Kong Dollar Overnight Index Average (HONIA) has been identified as an alternative to HIBOR, there is no plan to discontinue HIBOR. The multi-rate approach has been adopted in Hong Kong, whereby HIBOR and HONIA will co-exist.

32. FINANCIAL INSTRUMENTS *(Continued)*

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

Interest rate risk *(Continued)*

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for bank balances and variable rate bank borrowings at the end of each reporting period and assumed that the amount of liabilities outstanding at the end of each period was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's post-tax loss for the year would decrease/increase by HK$463,000 (2021: post-tax loss would decrease/increase by HK$405,000).

Credit risk and impairment assessment

The Group's credit risk is primarily attributable to trade and other receivables and bank balances as at 31 March 2022 and 2021.

As at 31 March 2022 and 2021, the maximum exposure to credit risk of the Group which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

Trade receivables arising from contracts with customers

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

Lease receivables

Lease receivables are assessed individually for impairment allowance based on the historical credit losses experience, adjusted for factors that are specific to the debtors and certain forward-looking information. The trade receivables are due from tenants with no history of default, as such the directors of the Company consider that the Group's credit risk on lease receivables is minimal.

Other receivables

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

Bank balances

The credit risk on bank balances and cash is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. Accordingly, no impairment loss allowance is recognised for bank balances.

32. FINANCIAL INSTRUMENTS *(Continued)*

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

Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding in the short and longer term. Details of those plans and measures currently undertaken to improve the Group's liquidity and financial position are set out in note 3(c) to the consolidated financial statements.

The maturity profile of the Group's financial liabilities as at the reporting dates, based on the contracted undiscounted payments, was as follows:

	Carrying amounts HK$'000	Total undiscounted cash flows HK$'000	Repayable on demand/ less than 1 year HK$'000	1 to 2 years HK$'000	2 to 5 years HK$'000	over 5 years HK$'000
At 31 March 2022						
Trade and other payables	**19,089**	**19,089**	**19,089**	**–**	**–**	**–**
Bank borrowings	**57,954**	**62,296**	**62,296**	**–**	**–**	**–**
Other borrowings	**1,900**	**1,900**	**1,900**	**–**	**–**	**–**
Lease liabilities	**96,687**	**101,672**	**32,562**	**26,532**	**40,927**	**1,651**
	175,630	**184,957**	**115,847**	**26,532**	**40,927**	**1,651**
At 31 March 2021						
Trade and other payables	9,778	9,778	9,778	–	–	–
Bank borrowings	52,680	53,824	53,824	–	–	–
Lease liabilities	68,787	72,358	27,426	17,141	27,691	100
	131,245	135,960	91,028	17,141	27,691	100

For bank borrowings which contain a repayment on demand clause that can be exercised at the bank's sole discretion, the analysis above shows the cash outflows based on the earliest period in which the Group can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect.

32. FINANCIAL INSTRUMENTS *(Continued)*

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

Liquidity risk *(Continued)*

Regarding the renewal of bank loan granted by the bank, the directors do not consider it probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such bank loans will be repaid in accordance with the scheduled repayment dates as set out in the loan agreements which are summarised in the table below:

	Carrying amounts HK$'000	Total undiscounted cash flows HK$'000	Less than 1 year HK$'000	1 to 2 years HK$'000	2 to 5 years HK$'000	over 5 years HK$'000
At 31 March 2022						
Trade and other payables	**19,089**	**19,089**	**19,089**	**–**	**–**	**–**
Bank borrowings	**57,954**	**62,296**	**14,544**	**11,517**	**26,239**	**9,996**
Other borrowings	**1,900**	**1,900**	**1,900**	**–**	**–**	**–**
Lease liabilities	**96,687**	**101,672**	**32,562**	**26,532**	**40,927**	**1,651**
	175,630	**184,957**	**68,095**	**38,049**	**67,166**	**11,647**
At 31 March 2021						
Trade and other payables	9,778	9,778	9,778	–	–	–
Bank borrowings	52,680	53,824	9,278	7,177	12,918	24,451
Lease liabilities	68,787	72,358	27,426	17,141	27,691	100
	131,245	135,960	46,482	24,318	40,609	24,551

(c) Fair value measurements of financial instruments

The fair value of financial assets and financial liabilities is determined based on discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate to their fair values.

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33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOW

Reconciliation of liabilities arising from financing activities is as follows:

	Other borrowings *(Note 22)* HK$'000	Bank borrowings (excluding bank overdrafts) *(Note 21)* HK$'000	Lease liabilities *(Note 15)* HK$'000	Total HK$'000
At 1 April 2020	–	32,357	71,461	103,818
Financing cash flows:				
New bank loans raised	–	24,397	–	24,397
Repayment of bank loans/lease liabilities	–	(6,977)	(26,031)	(33,008)
Interest paid	–	(956)	(2,230)	(3,186)
Total changes from cash flows	–	16,464	(28,261)	(11,797)
Other changes:				
Addition of lease liabilities	–	–	22,970	22,970
Lease modification	–	–	4,921	4,921
Lease termination	–	–	(2,100)	(2,100)
COVID-19-related rent concessions	–	–	(2,434)	(2,434)
Interest expense	–	956	2,230	3,186
Total other changes	–	956	25,587	26,543
At 31 March 2021 and 1 April 2021	**–**	**49,777**	**68,787**	**118,564**
Financing cash flows:				
New bank loans/other borrowings raised	**3,500**	**29,856**	**–**	**33,356**
Repayment of bank loans/lease liabilities/ other borrowings	**(1,600)**	**(22,904)**	**(31,133)**	**(55,637)**
Interest paid	**(47)**	**(1,314)**	**(2,509)**	**(3,870)**
Total changes from cash flows	**1,853**	**5,638**	**(33,642)**	**(26,151)**
Other changes:				
Addition of lease liabilities	**–**	**–**	**29,793**	**29,793**
Lease modification	**–**	**–**	**30,623**	**30,623**
COVID-19-related rent concessions	**–**	**–**	**(1,383)**	**(1,383)**
Interest expense	**47**	**1,314**	**2,509**	**3,870**
Total other changes	**47**	**1,314**	**61,542**	**62,903**
At 31 March 2022	**1,900**	**56,729**	**96,687**	**155,316**

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOW *(Continued)*

Major non-cash transactions

(i) During the year ended 31 March 2022, the Group had non-cash additions to right-of-use assets, lease liabilities and provision for reinstatement costs of HK$29,931,000, HK$29,793,000 and HK$138,000 respectively, in respect of lease arrangements for office premise, bars and restaurants.

(ii) During the year ended 31 March 2021, the Group had non-cash additions to right-of-use assets, lease liabilities and provision for reinstatement cost of HK$23,083,000, HK$22,970,000 and HK$113,000, respectively, in respect of lease arrangements for office premise and bars.

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Name of subsidiary	Place of Incorporation and operation	Paid-up share capital	Equity attributable to the Group		Principal activities
			2022	2021	
Hacienda International Corporation Limited	Hong Kong	HK$1,000	**100%**	100%	Bulk purchase of beverages for fellow subsidiaries
Tank Success International Limited	Hong Kong	HK$2	**100%**	100%	Recruitment and management services for fellow subsidiaries
Smart Express Development Limited	Hong Kong	HK$1,000	**100%**	100%	Property Investment
CW Property Limited	Hong Kong	HK$1	**100%**	100%	Property Investment
TYS Property Limited (Formerly known as "Bar Pacific XC International Limited")	Hong Kong	HK$1	**100%**	100%	Property Investment
Bar Pacific VII International Limited	Hong Kong	HK$1,000	**100%**	100%	Operation of a bar
Bar Pacific VIII International Limited	Hong Kong	HK$1,000	**100%**	100%	Operation of a bar
Bar Pacific IX International Limited	Hong Kong	HK$1,000	**100%**	100%	Operation of a bar

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34. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(Continued)*

Name of subsidiary	Place of Incorporation and operation	Paid-up share capital	Equity attributable to the Group		Principal activities
			2022	2021	
Bar Pacific XII International Limited	Hong Kong	HK$1,000	**100%**	100%	Operation of a bar
Bar Pacific XVI International Limited	Hong Kong	HK$1,000	**95%**	95%	Operation of a bar
Bar Pacific XX International Limited	Hong Kong	HK$1,000	**90%**	90%	Operation of a bar
Bar Pacific XXI International Limited	Hong Kong	HK$1,000	**95%**	95%	Operation of a bar
Bar Pacific XXVIII International Limited	Hong Kong	HK$1,000	**86.5%**	86.5%	Inactive
Bar Pacific XXIX International Limited	Hong Kong	HK$188	**88.8%**	88.8%	Operation of a bar
Bar Pacific XXX International Limited	Hong Kong	HK$171,398	**79.4%**	79.4%	Operation of a bar
Bar Pacific XXXI International Limited	Hong Kong	HK$522,214	**83.8%**	83.8%	Operation of a bar
Bar Pacific XXXII International Limited	Hong Kong	HK$228	**85.1%**	85.1%	Operation of a bar
Bar Pacific XXXIII International Limited	Hong Kong	HK$579,728	**90.5%**	90.5%	Operation of a bar
Bar Pacific LXIII International Limited	Hong Kong	HK$1,527,823	**80%**	80%	Operation of a bar

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34. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(Continued)*

Name of subsidiary	Place of Incorporation and operation	Paid-up share capital	Equity attributable to the Group		Principal activities
			2022	2021	
Bar Pacific LXVIII International Limited	Hong Kong	HK$2,280,000	**91.2%**	91.2%	Operation of a bar
Bar Pacific LXXI International Limited	Hong Kong	HK$1	**100%**	100%	Operation of a bar
Bar Pacific LXXII International Limited	Hong Kong	HK$1	**100%**	100%	Operation of a bar
Bar Pacific LXXX International Limited	Hong Kong	HK$25	**96%**	–	Operation of a restaurant
Bar Pacific XCI International Limited	Hong Kong	HK$25	**96%**	–	Operation of a restaurant
Katachi III International Limited	Hong Kong	HK$1	**100%**	–	Operation of a restaurant

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

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

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

Principal activities	Principal place of business	Number of subsidiaries	
		2022	2021
Operation of bars and restaurants	Hong Kong	**27**	27
Investment holding	Hong Kong	**2**	2
Inactive	Hong Kong	**9**	6
		38	35

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35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

	2022 HK$'000	2021 HK$'000
Non-current assets		
Investment in a subsidiary	–	–
Amounts due from subsidiaries	16,896	27,198
	16,896	27,198
Current assets		
Cash and cash equivalents	4	2
Current liabilities		
Accrued expenses	–	–
Net current assets	4	2
Total assets less current liabilities	16,900	27,200
EQUITY		
Equity attributable to owners of the Company		
Share capital	8,600	8,600
Reserves *(Note)*	8,300	18,600
TOTAL EQUITY	16,900	27,200

Note:

Movement in the Company's reserves are as follows:

	Share premium HK$'000	Retained profits/ (accumulated losses) HK$'000	Total HK$'000
On 1 April 2020	57,060	4,909	61,969
Loss and total comprehensive income for the year	–	(38,639)	(38,639)
Dividend	–	(4,730)	(4,730)
At 31 March 2021 and 1 April 2021	57,060	(38,460)	18,600
Loss and total comprehensive income for the year	–	(10,300)	(10,300)
At 31 March 2022	57,060	(48,760)	8,300

36. EVENTS AFTER THE REPORTING DATE

On 3 May 2022, the Government of HKSAR announced that bars could resume operation if they could fulfill the requirements under the "Vaccine Pass". One of the requirements was that all staff and customers had received the first COVID-19 vaccine dose. On 19 May 2022, all bars of the Group resumed operation.

On 9 June 2022, Hong Kong Legislative Council passed the Employment and Retirement Scheme Legislation (Offsetting Arrangement) (Amendment) Bill 2022 ("**MPF Offset Bill**"). The Group will no longer be allowed to use mandatory provident fund to offset long service payment payable to employees under the Employment Ordinance upon termination of employment. As at the reporting date, an estimate of the financial effect on the Group as a result of the abolition of the MPF offsetting mechanism cannot be made as the exact implementation details concerning such mechanism have not been announced.

On 14 June 2022, the Government of HKSAR announced that patrons are required to present proof of a negative rapid antigen test result obtained within 24 hours before entering bars, pubs, clubs or nightclubs. The measures will be effective from 16 June 2022 to 29 June 2022.

FINANCIAL SUMMARY

	Year ended 31 March				
	2018 HK$'000	2019 HK$'000	2020 HK$'000	2021 HK$'000	**2022** **HK$'000**
Revenue	134,251	150,340	167,171	57,839	**95,733**
Profit (loss) before taxation	7,766	10,116	7,249	(37,414)	**(8,890)**
Taxation	(1,229)	(1,545)	(1,008)	(1,031)	**(1,560)**
Profit (loss) for the year	6,537	8,571	6,241	(38,445)	**(10,450)**
Attributable to:					
Owners of the Company	5,698	7,298	4,429	(36,907)	**(10,262)**
Non-controlling interests	839	1,273	1,812	(1,538)	**(188)**
	6,537	8,571	6,241	(38,445)	**(10,450)**

	At 31 March				
	2018 HK$'000	2019 HK$'000	2020 HK$'000	2021 HK$'000	**2022** **HK$'000**
Assets and liabilities					
Total assets	82,469	84,250	185,383	160,925	**196,039**
Total liabilities	(10,653)	(9,001)	(114,807)	(133,524)	**(179,088)**
	71,816	75,249	70,576	27,401	**16,951**
Equity contributable to:					
Owners of the Company	65,238	68,279	63,540	21,903	**11,641**
Non-controlling interests	6,578	6,970	7,036	5,498	**5,310**
	71,816	75,249	70,576	27,401	**16,951**

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