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BAR PACIFIC GROUP HOLDINGS LIMITED

太平洋酒吧集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8432)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 2019

The board of directors (the “**Board**”) of Bar Pacific Group Holdings Limited (the “**Company**”) is pleased to announce the unaudited results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the three months ended 30 June 2019. The unaudited results of the Group have been reviewed by the Company’s audit committee and approved by the Board on 12 August 2019.

This announcement, containing the full text of the 2019/20 first quarterly report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM (“**GEM Listing Rules**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in relation to information to accompany preliminary announcement of unaudited quarterly results. Printed version of the Company’s 2019/20 first quarterly report will be delivered to the shareholders of the Company and available for viewing on the websites of the Stock Exchange at **www.hkexnews.hk** and of the Company at **www.barpacific.com.hk** on 12 August 2019.

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

Hong Kong, 12 August 2019

As at the date of this announcement, the Board comprises the executive directors, namely Ms. Tse Ying Sin Eva and Ms. Chan Tsz Tung; and the independent non-executive directors, namely Mr. Tang Wing Lam David, Mr. Chin Chun Wing and Mr. Yung Wai Kei.

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement 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 announcement misleading.

This announcement will remain on the “Latest Company Announcement” page of the GEM website (www.hkgem.com) for at least seven days from the date of its posting and on the Company’s website (www.barpacific.com.hk).

In the case of inconsistency, the English text of this announcement shall prevail over the Chinese text.

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

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

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

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

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

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-Executive Directors

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

BOARD COMMITTEES

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

JOINT COMPANY SECRETARIES

Mr. Leung Ping Hing, *CPA*
Sir Kwok Siu Man KR, *FCS*

COMPLIANCE OFFICER

Ms. Chan Tsz Tung

AUTHORISED REPRESENTATIVES

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

INDEPENDENT AUDITOR

Deloitte Touche Tohmatsu

COMPLIANCE ADVISER

Red Solar Capital Limited (resigned on 26 June 2019)

LEGAL ADVISOR

as to Hong Kong laws
Victor Chan & Co.

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room D2, 11/F, Phase 2
Hang Fung Industrial Building
2G Hok Yuen Street
Hung Hom
Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

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

COMPANY'S WEBSITE

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

LISTING INFORMATION

Place of Listing

GEM of The Stock Exchange of Hong Kong Limited

Stock Code

8432

Board Lots

10,000 shares

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 30 June 2019

	NOTES	Three months ended 30 June	
		2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Revenue	3	38,878	36,876
Other income	4	204	796
Cost of inventories sold		(9,425)	(9,076)
Staff costs		(10,731)	(10,602)
Depreciation		(9,201)	(1,993)
Property rentals and related expenses		(692)	(7,142)
Other operating expenses		(5,348)	(5,936)
Finance costs	5	(589)	(8)
Profit before taxation	6	3,096	2,915
Taxation	7	(571)	(548)
Profit and total comprehensive income for the period		2,525	2,367
Profit for the period attributable to:			
Owners of the Company		2,145	2,074
Non-controlling interests		380	293
		2,525	2,367
		HK cents	HK cents
Earnings per share			
Basic and diluted	9	0.25	0.24

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2019

	Attributable to owners of the Company							Non-	Total
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000 (Note a)	Special reserve HK\$'000 (Note b)	Other reserves HK\$'000	Retained profits HK\$'000	Total HK\$'000	controlling interests HK\$'000	
At 1 April 2019 (audited)	8,600	57,060	6,065	(8,093)	(1,209)	5,856	68,279	6,970	75,249
Profit and total comprehensive income for the period	-	-	-	-	-	2,145	2,145	380	2,525
At 30 June 2019 (unaudited)	8,600	57,060	6,065	(8,093)	(1,209)	8,001	70,424	7,350	77,774
At 1 April 2018 (audited)	8,600	57,060	6,065	(8,093)	(1,252)	2,858	65,238	6,578	71,816
Profit and total comprehensive income for the period	-	-	-	-	-	2,074	2,074	293	2,367
Acquisition of additional interest in a subsidiary	-	-	-	-	44	-	44	(63)	(19)
At 30 June 2018 (unaudited)	8,600	57,060	6,065	(8,093)	(1,208)	4,932	67,356	6,808	74,164

Notes:

- The capital reserve represents the difference between the value of the consideration paid for the acquisition of additional interest in subsidiaries and the nominal value of the issued ordinary shares of Bar Pacific Group Limited ("**Bar Pacific BVI**"), a subsidiary of the Company.
- Pursuant to a group reorganisation in preparation for the listing of the Company's shares on the GEM (the "**Listing**" and the "**Reorganisation**", respectively), the Company became the holding company of the companies now comprising the Group on 15 December 2016 with the issue of shares of the Company to acquire Bar Pacific BVI from the then shareholders. The special reserve represents the difference between the entire issued share capital of Bar Pacific BVI and the consideration for acquiring Bar Pacific BVI by the Company pursuant to the Reorganisation completed on 15 December 2016.
- The other reserves represent the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received due to the changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries other than set out in note (a) above.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2019

1. GENERAL

Bar Pacific Group Holdings Limited is a public limited company incorporated in the Cayman Islands and its shares are listed on the GEM. The addresses of the Company's registered office and principal place of business are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and Room D2, 11/F, Phase 2, Hang Fung Industrial Building, 2G Hok Yuen Street, Hunghom, Kowloon, Hong Kong, respectively. The Company's immediate holding company and ultimate holding company are Moment to Moment Company Limited and Harneys Trustees Limited, respectively, both incorporated in the British Virgin Islands. The Company acts as an investment company and the principal activity of its subsidiaries is operation of chain of bars in Hong Kong under brands "Bar Pacific" and "Pacific". The condensed consolidated financial statements of the Company and its subsidiaries (collectively the "**Group**") are presented in Hong Kong dollars ("**HK\$**"), which is also the same as the functional currency of the Company.

2. BASIS OF PREPARATION

The quarterly financial information has been prepared in accordance with accounting policies and conform with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosure requirements of the GEM Listing Rules. However, it does not contain sufficient information to constitute an interim financial report as defined in HKFRSs. The quarterly financial information also comply with applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

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

The accounting policies and methods of computation used in the quarterly financial information for the three months ended 30 June 2019 are the same as those applied in the preparation of the consolidated financial statements of the Group for the year ended 31 March 2019.

The condensed consolidated financial statements for the three months ended 30 June 2019 have not been reviewed or audited by the Company's independent auditors, but have been reviewed by the audit committee of the Board (the "**Audit Committee**").

New Accounting Standards and Accounting Changes

The HKICPA has issued certain new HKFRSs, amendments to HKFRSs and interpretations that are first effective for the current accounting period of the Group and the following new HKFRS is relevant to the Group's consolidated financial statements:

HKFRS 16 "Leases"

The Group assesses whether a contract is or contains a lease, at the inception of a contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2019

2. BASIS OF PREPARATION (Continued)

New Accounting Standards and Accounting Changes (Continued)

HKFRS 16 "Leases" (Continued)

Lease payments included in the measurement of the lease liability comprise:

- fixed payments (including in-substance fixed payments), less any lease incentives receivables;
- variable lease payments that depend on an index or a rate, initially measured using index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

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

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under Hong Kong Accounting Standard 37 "Provisions, Contingent Liabilities and Contingent Assets". The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

The Group has not applied any new standard of interpretation that is not yet effective for the current accounting period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2019

3. REVENUE AND SEGMENT INFORMATION

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

A. For the three months ended 30 June 2019

i. Disaggregation of revenue from contracts with customers Segments

	HK\$'000
Operation of bars	
Beverages	37,015
Light refreshments	369
Electronic dart machines	1,463
Others	31
	38,878
Timing of revenue recognition	
A point in time	38,878

ii. Performance obligations for contracts with customers

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

Payment of the transaction price is due immediately at the point the customer purchases the goods and services.

B. For the three months ended 30 June 2018

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

	HK\$'000
Operation of bars	36,876

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

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2019

4. OTHER INCOME

	Three months ended 30 June	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Sponsorship income	–	509
Interest income	37	52
Others	167	235
	204	796

5. FINANCE COSTS

	Three months ended 30 June	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Interest on obligations under finance leases	6	8
Interest on right-of-use	583	–
	589	8

6. PROFIT BEFORE TAXATION

	Three months ended 30 June	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Profit before taxation has been arrived at after charging:		
Directors' remuneration	426	453
Other staff's salaries and other benefits	9,849	9,750
Other staff's retirements benefits scheme contributions	456	399
Total staff costs	10,731	10,602
Depreciation of property, plant and equipment		
– Owned assets	2,139	1,921
– Assets under finance lease	72	72
Depreciation on right-of-use	6,990	–
	9,201	1,993
Operating lease payments – minimum lease payments	188	6,694
Independent auditor's remuneration	263	238
Loss on disposal of property, plant and equipment	22	167

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2019

7. TAXATION

	Three months ended 30 June	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
The taxation charge comprises:		
Hong Kong Profits Tax		
– Current period	571	548

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

8. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the three months ended 30 June 2019 (2018: nil).

9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the following:

	Three months ended 30 June	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Profit for the period attributable to the owners of the Company for the purpose of calculating basic earnings per share	2,145	2,074
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	'000 860,000	'000 860,000
Basic earnings per share (HK cents)	0.25	0.24

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are a chained bar group mainly offering beverages and light refreshments under brands "Bar Pacific" and "Pacific" with locations scattered over Hong Kong. The main focuses of the Group's growth strategies lie in its networks expansion and upgrade of the existing shops facilities. During the three months ended 30 June 2019 (the "**Period**"), the Group has entered into two rental agreements for new shops which are expected to be opened in the third quarter of 2019. As at 30 June 2019 and the date of this report (the "**Reporting Date**"), we operated 37 shops throughout Hong Kong.

PROSPECTS

Looking ahead, the Group will ride on its elevated profile upon the Listing in January 2017 and maintain its core business of bar operation and its existing branding strategy, targeting at the mass market, to increase market share in Hong Kong. With the existing client base garnered over the years, the Group has the advantage of leveraging on its extensive network in Hong Kong. Opening of four new shops is envisioned in the year ending 31 March 2020.

USE OF PROCEEDS

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

	Proposed amount to be used HK\$ (million)	Proposed amount used up to 30 June 2019 HK\$ (million)	Approximate actual amount utilized up to 30 June 2019 HK\$ (million)	Changes and explanation
Expand our brand	35.5	29.6	19.7	The expansion plan was delayed as the Group could not find suitable location for expansion. Two shops are expected to be opened in the third quarter of 2019
Continue to upgrade our shop facilities	3.4	3.2	3.4	Renovation work was speeded up to boost revenue of existing shops. During the period from the Listing Date to 30 June 2019, the Group completed the refurbishment of 16 shops. As the proposed amount was used up, the Group will continue refurbishment of existing shops with internal generated capital
Continue our promotion and marketing activities	3.5	3.5	3.5	Marketing and promotion expenses were increased in promoting our new brand "Pacific" during the year ended 31 March 2019. As the proposed amount was used up, the Group will continue its marketing and promotion activities with internal generated capital
Total	42.4	36.3	26.6	

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Our revenue increased from approximately HK\$36.9 million for the three months ended 30 June 2018 (the “**Previous Period**”) to approximately HK\$38.9 million for the Period, representing a slight growth of approximately 5.4%.

Other income

Our other income decreased from approximately HK\$0.8 million for the Previous Period to approximately HK\$0.2 million for the Period, representing a decrease of approximately 75%. Such decrease was primarily attributable to the suppliers’ election to give direct rebates to purchases instead of providing sponsorship.

Cost of inventories sold

Cost of inventories sold mainly consists of the cost of beverages and light refreshment sold in our shops. Our cost of inventories sold increased from approximately HK\$9.1 million for the Previous Period to approximately HK\$9.4 million for the Period, representing a slight increase of approximately 3.3%. Such increase is slightly less than the increase in revenue, which was primarily due to the suppliers’ election to give direct rebates to purchases instead of providing sponsorship.

Staff costs

Our staff costs comprise salaries and benefits, including wages, salaries, bonuses, retirement benefit costs and other allowances to all our staff, including our Directors, head office and shop staff. Our staff costs increased from approximately HK\$10.6 million for the Previous Period to approximately HK\$10.7 million for the Period, representing an increase of approximately 0.9%.

Depreciation

Depreciation represents depreciation charges on its property, plant and equipment, as in leasehold improvements, computer equipment and furniture and fixtures. Our depreciation charges increased from approximately HK\$2.0 million for the Previous Period to approximately HK\$9.2 million for the Period, representing an increase of approximately 360%. Such increase was primarily attributable to the opening of three new shops and the Group’s adoption of HKFRS 16 “Leases”.

Property rentals and related expenses

Our property rentals and related expenses consist of operating lease payments, property management fee and government rate on our shops, storage and office premises. Our property rentals and related expenses decreased from approximately HK\$7.1 million for the Previous Period to approximately HK\$0.7 million for the Period, representing a decrease of approximately 90.2%. Such decrease was mainly due to the effect of the Group’s adoption of HKFRS 16 “Leases” and the rental expenses were measured as lease liability.

Other operating expenses

Our other operating expenses recorded a moderate decrease from approximately HK\$5.9 million for the Previous Period to approximately HK\$5.3 million for the Period, representing a decrease of approximately 10.2%. Such decrease was primarily due to the absence of pay television expenses on World Cup Soccer program.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW *(Continued)*

Finance costs

Finance costs represent interest on obligations under finance lease and the interest on the leases liability. The amount increased from approximately HK\$8,000 for the Previous Period to approximately HK\$0.6 million for the Period, representing an increase of 7,400%. Such increase was mainly due to the Group's adoption of HKFRS 16 "Leases" and the interest on the leases is recognised as liability.

Taxation

Our taxation increased from approximately HK\$0.5 million for the Previous Period to approximately HK\$0.6 million for the Period, representing an increase of approximately 20%. Such increase was mainly attributable to the increase of operating profit for the Period.

Profit for the Period

As a result of the above and in particular an increase of revenue for the Period, the Group recorded a profit of approximately HK\$2.5 million for the Period, as compared to the profit of approximately HK\$2.4 million recorded for the Previous Period, representing an increase of approximately 4.2%.

Dividend

The Board has resolved not to declare an interim dividend for the three months ended 30 June 2019 (2018: Nil).

Contingent liabilities

As at 30 June 2018 and 2019, the Group did not have any significant contingent liabilities.

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.

SUBSEQUENT EVENT AFTER THE THREE MONTHS ENDED 30 JUNE 2019

On 23 July 2019, HTS Development Limited, a subsidiary of the Company, entered into a formal sale and purchase agreement to purchase the entire issued share capital of Smart Express Development Limited (駿添發展有限公司) (the "**Target**") at a consideration HK\$50,000,000 from independent third parties (the "**Acquisition**"). The principal business of the Target is property investment and the Target's main asset is shops unit on the Ground Floor, Yau Shing Building, Nos. 501/503 and 507/511 Castle Peak Road, Kwai Chung, New Territories, Hong Kong.

The Acquisition constitutes a major transaction under Chapter 19 of GEM Listing Rules and is subject to the reporting, announcement, circular and the Company's shareholders (the "**Shareholders**") approval requirements. Please refer of the announcement of the Company dated 23 July 2019 for details.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DISCLOSURE OF INTERESTS

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

As at 30 June 2019, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO; which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions in which they are taken or deemed to have under such provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register required to be kept (the "Register"); or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors), to be notified to the Company and the Stock Exchange were as follows:

Interests in the Company

Long position in the Shares

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

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

Interests in associated corporation of the Company

Long position in the shares of the associated corporation

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

Save as disclosed above and so far as the Directors are aware, as at 30 June 2019, none of the Directors and the chief executives of the Company had any interests or short positions in any Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the Register, or were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DISCLOSURE OF INTERESTS *(Continued)*

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

So far as the Directors are aware of, as at 30 June 2019, the following persons/entities other than a Director or the chief executive of the Company had interests or short positions in the Shares and underlying Shares, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO (the "**Substantial Shareholders' Register**"), or who were directly or indirectly interested in 5% or more of the issued voting shares of the Company:

Long position in the Shares

Name of substantial shareholders	Capacity/ Nature of interest	Number of issued Shares held	Approximate percentage of issued share capital in the Company
Moment to Moment <i>(Note 1)</i>	Beneficial owner	431,543,700	50.18%
Harneys <i>(Note 1)</i>	Trustee (other than a bare trustee)	431,543,700	50.18%
Ms. Chan Tsz Kiu Teresa (" Ms. T Chan ") <i>(Note 1)</i>	Beneficiary of a trust	431,543,700	50.18%
Mr. Chan Wai (" Mr. Chan ") <i>(Note 2)</i>	Beneficiary of a trust Beneficial owner	431,543,700 14,655,038	50.18% 1.70%
Ms. Chan Ching Mandy (" Ms. M Chan ") <i>(Note 1)</i>	Interest of controlled corporation	431,543,700	50.18%

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

Save as disclosed above, as at 30 June 2019, the Directors were not aware of any persons who/entities which had any interest or short position in the Shares or underlying Shares that would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the Substantial Shareholders' Register required to be kept under section 336 of the SFO.

COMPETING INTERESTS

The Directors are not aware of any business or interest of the Directors or the controlling shareholders (as defined in the GEM Listing Rules) of the Company nor any of their respective close associates (as defined in the GEM Listing Rules) that competed or might compete, either directly or indirectly, with the business of the Group and any other conflicts of interest which any such person had or might have with the Group during the three months ended 30 June 2019.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

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

During the Period, the Company has adopted and complied with all applicable code provisions as set out in the Corporate Governance Code (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 (the "**CEO**") have not been segregated as required by code provision A.2.1 of the CG Code. The Company is of the view that it is in the best interest of the Company that Ms. Tse, with her profound expertise in bar business, shall continue in her dual capacity as the Chairlady and the CEO. Nevertheless, the Company will look for suitable candidates and will make necessary arrangement pursuant to the requirement under A.2.1 of CG Code as and when necessary.

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 of the Board (the "**Nomination Committee**") will review these objectives regularly.

In assessing the Board composition, the Nomination Committee would take into account various aspects set out in the Board diversity policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption. In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

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 of the Company.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIVIDEND POLICY (Continued)

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.

DIRECTORS' SECURITIES TRANSACTIONS

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

INTERESTS OF COMPLIANCE ADVISER

As at 25 June 2019, as notified by the Company's compliance adviser, Red Solar Capital Limited (the **"Compliance Adviser"**), except for the compliance adviser agreement dated 27 October 2017 and entered into between the Company and the Compliance Adviser concerning the fees receivable by the Compliance Adviser for acting in such capacity, neither the Compliance Adviser, its directors, employees nor close associates (as defined under the GEM Listing Rules) had any interests in relation to the Company, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules. The Compliance Adviser resigned on 26 June 2019.

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

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

SHARE OPTION SCHEME

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

No share option has been granted since the Adoption Date and therefore, there was no share option outstanding as at 30 June 2019 and no share options were granted, exercised, or cancelled or lapsed during the Period.

DISCLOSURES UNDER RULES 17.22 TO 17.24 OF THE GEM LISTING RULES

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

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

Note 1:

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

Except for disclosed above, the Group had no other circumstances which would give rise to a disclosure obligation under Rules 17.22 to 17.24 of the GEM Listing Rules as at 30 June 2019 and Reporting Date.

SUBSEQUENT EVENT AFTER THE THREE MONTHS ENDED 30 JUNE 2019

On 23 July 2019, HTS Development Limited, a subsidiary of the Company, entered into a formal sale and purchase agreement to purchase the entire issued share capital of Smart Express Development Limited (駿添發展有限公司) (the “Target”) at a consideration HK\$50,000,000 from independent third parties. The principal business of the Target is property investment.

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. The written terms of reference in compliance with code provisions C.3.3 and C.3.7 of the CG Code has been adopted. Among other things, the primary duties of the Audit Committee are to make recommendations to the Board on appointment or reappointment and removal of external auditor; review financial statements of the Company and provide advice and comments in respect of financial reporting; and oversee the effectiveness of the procedures of the internal control of the Group.

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

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the three months ended 30 June 2019 and this quarterly report and is of the view that such statements and report have been prepared in compliance with the applicable accounting standards, the GEM Listing Rules and other applicable legal requirements, and that adequate disclosure has been made.

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

Hong Kong, 12 August 2019

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