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)

DISCLOSEABLE TRANSACTION IN RELATION TO TENANCY AGREEMENT

DISCLOSEABLE TRANSACTION IN RELATION TO TENANCY AGREEMENT

On 26 April 2019, Bar Pacific LXXXI International Limited (a subsidiary of the Company) as tenant and Megawin (Asia) Limited as the landlord entered into the Tenancy Agreement in respect of the Premise for a term of 7 years from 1 May 2019 to 30 April 2026 (both days inclusive).

IMPLICATIONS UNDER THE GEM LISTING RULES

In accordance with HKFRS 16 "Leases", the Company recognises the value of the right-of-use assets on its consolidated statement of financial position in connection with the lease of the Premise under the Agreements with effect from the beginning of its accounting period on 1 April 2019. Accordingly, the lease transaction under the Tenancy Agreement is regarded as acquisition of asset by the tenant (i.e. lessee) for the purpose of the GEM Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the value of the right-of-use of the Premise under the Tenancy Agreement exceed 5% but are less than 25%, the transaction contemplated thereunder constitutes a discloseable transaction and is subject to the announcement requirement under Chapter 19 of the GEM Listing Rules but exempt from Shareholders' approval requirement under the GEM Listing Rules.

DISCLOSEABLE TRANSACTION IN RELATION TO TENANCY AGREEMENT

On 26 April 2019, Bar Pacific LXXXI International Limited (a subsidiary of the Company) as tenant and Megawin (Asia) Limited as the landlord entered into the Tenancy Agreement in respect of the Premise for a term of 7 years from 1 May 2019 to 30 April 2026 (both days inclusive).

Key Terms of the Tenancy Agreement

Date	:	26 April 2019
Parties	:	(i) Megawin (Asia) Limited as the landlord; and (ii) Bar Pacific LXXXI International Limited (a subsidiary of the Company) as tenant. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the landlord and their respective ultimate beneficial owner(s) are the Independent Third Parties.
Premise	:	Shop A&B on Ground Floor Comfort Gardens Nos 58/60 King's Road, Hong Kong
Term	:	7 years from 26 April 2019 to 30 April 2026 (both days inclusive)
Total aggregate value of consideration payable	:	Not less than HK$7,392,000 in aggregate for the term of 7 years (exclusive of rates, management fees and air-conditioning charges and other outgoings)

The value (unaudited) of the right-of-use asset recognised by the Company under the Tenancy Agreement amounted to approximately HK$6,484,129, which is the present value of total consideration payable plus estimated reinstatement cost with the lease at the inception of the lease term under the tenancy agreement in accordance with HKFRS 16. Discount rate of 4.2% is applied to compute the present value of total consideration payable under the Tenancy Agreement.

INFORMATION ABOUT THE GROUP, REASONS AND BENEFITS FOR THE TENANCY AGREEMENT

The Group is principally engaged in the operation of a chain of bars in Hong Kong under two own brand names, namely "Bar Pacific" and "Pacific". The Directors believe that the Premise is located at a prime location which presents opportunity of network expansion. The terms of the Tenancy Agreement were arrived at after arm's length negotiation and the rental is determined with reference to the prevailing market rental of similar comparable properties in the nearby areas. The Directors considered that the terms of the Tenancy Agreement were entered into on normal commercial terms, in the ordinary and usual course of business of the Group and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

In accordance with HKFRS 16 "Leases", the Company recognises the value of the right-of-use assets on its consolidated statement of financial position in connection with the lease of the Premise under the Tenancy Agreement with effect from the beginning of its accounting period on 1 April 2019. Accordingly, the lease transaction under the Tenancy Agreement are regarded as acquisition of asset by the tenant (i.e. lessee) for the purpose of the GEM Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the value of the right-of-use of the Premise under the Tenancy Agreement exceed 5% but are less than 25%, the transaction contemplated thereunder constitutes a discloseable transaction and is subject to the announcement requirement under Chapter 19 of the GEM Listing Rules but exempt from Shareholders' approval requirement under the GEM Listing Rules.

The Company acknowledges that the notification and announcement in respect of the transaction as required under Chapter 19 of the GEM Listing Rules had been delayed due to its inadvertent oversight. The failure to make timely disclosure was due to misunderstanding of the application of the HKFRS 16 which became effective since 1 January 2019 and the corresponding implications under the GEM Listing Rules.

REMEDIAL ACTIONS

The Company acknowledges its inadvertent non-compliance with the GEM Listing Rules in relation to the adoption of HKFRS 16. To prevent similar non-compliance in relation to the adoption of HKFRS 16 from occurring in the future, the Company has taken the following measures and actions: (i) the Company's responsible management with assistance from external accounting professionals and legal advisers of the Company shall continue to oversee and monitor the Company's on-going compliance with the GEM Listing Rules in relation to the Group's lease arrangements; (ii) the Company should conduct an internal training session to explain the implications of the GEM Listing Rules in relation to HKFRS 16 and the reporting procedures for notifiable transactions under the GEM Listing Rules in respect of lease arrangements prior to execution; and (iii) the Company should, as and when appropriate and necessary, seek its external legal, accounting or other professional advice as to any action required to be taken in relation to any proposed lease transactions or events in the future. Going forward, the Company will make disclosure in a timely manner to ensure compliance with the GEM Listing Rules in this regard.

DEFINITION

"Board"	board of Directors
"Company"	Bar Pacific Group Holdings Limited (太平洋集團控股有限公司), a company incorporated in the Cayman Islands with limited liability and the shares are listed on GEM (stock code: 8432)
"connected person(s)"	has the meaning ascribed to it in the GEM Listing Rules
"Director(s)"	director(s) of the Company
"GEM Listing Rules"	the Rules Governing the Listing of Securities on the GEM
"Group"	the Company and its subsidiaries
"HKFRS"	Hong Kong Financial Reporting Standards
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	a party independent of and not connected with the Company and its connected persons
"Premise"	the premise situated at Shop A&B on Ground Floor Comfort Gardens Nos 58/60 King's Road, Hong Kong
"Shareholder(s)"	holder(s) of shares of the Company

"Tenancy Agreement"	the tenancy agreement dated 26 April 2019 entered into between Bar Pacific LXXXI International Limited (a subsidiary of the Company) as tenant and Megawin (Asia) Limited as the landlord
"%"	per cent.

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

Hong Kong, 6 September 2019

As at the date of this announcement, the Board comprises two executive Directors namely Ms. Tse Ying Sin Eva (Chairlady) and Ms. Chan Tsz Tung and three 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 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, 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 Announcements" page of the GEM's website at www.hkgem.com for at least 7 days from the day of its posting. This announcement will also be published on the Company's website at www.barpacific.com.hk.