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BAR PACIFIC®

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 2023**

The board of directors of Bar Pacific Group Holdings Limited (the “**Company**”, the “**Directors**” and the “**Board**”, respectively) announces the unaudited results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the three months ended 30 June 2023 (the “**First Quarterly Results**”). The First Quarterly Results have been reviewed by the Company’s audit committee and approved by the Board on 7 August 2023.

This announcement, containing the full text of the 2023/24 first quarterly report of the Company (the “**First Quarterly Report**”), complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (“**GEM Listing Rules**”) in relation to information to accompany preliminary announcement of the Third Quarterly Results. Printed version of the Third 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 11 August 2023.

By order of the Board
Bar Pacific Group Holdings Limited
Chan Tsz Kiu Teresa
Chairlady and Executive Director

Hong Kong, 7 August 2023

As at the date of this announcement, the executive Directors are Ms. Chan Tsz Kiu Teresa (Chairlady), Ms. Chan Ching Mandy (Chief Executive Officer) and Ms. Chan Tsz Tung; and the independent non-executive Directors are Mr. Chan Chun Yeung Darren, Mr. Chin Chun Wing and Mr. Tang Wing Lam David.

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, 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 Listed Company Information” page of the website of the Stock Exchange (www.hkexnews.hk) for at least seven days from the date of its publication and will also be published 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 "GEM" AND "STOCK EXCHANGE", RESPECTIVELY)

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

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

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

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

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BOARD OF DIRECTORS**Executive Directors**

Ms. Chan Tsz Kiu Teresa (*Chairlady*)
Ms. Chan Ching Mandy (*Chief Executive Officer*)
Ms. Chan Tsz Tung

Independent Non-Executive Directors

Mr. Chan Chun Yeung Darren
Mr. Chin Chun Wing
Mr. Tang Wing Lam David

BOARD COMMITTEES**Audit Committee**

Mr. Chan Chun Yeung Darren (*Chairman*)
Mr. Chin Chun Wing
Mr. Tang Wing Lam David

Remuneration Committee

Mr. Chin Chun Wing (*Chairman*)
Ms. Chan Tsz Kiu Teresa
Mr. Chan Chun Yeung Darren
Mr. Tang Wing Lam David

Nomination Committee

Mr. Tang Wing Lam David (*Chairman*)
Ms. Chan Tsz Kiu Teresa
Mr. Chin Chun Wing
Mr. Chan Chun Yeung Darren

COMPANY SECRETARY

Mr. Chow Tsz Lun

COMPLIANCE OFFICER

Ms. Chan Tsz Tung

AUTHORISED REPRESENTATIVES

Ms. Chan Ching Mandy
Mr. Chow Tsz Lun

INDEPENDENT AUDITOR

Baker Tilly Hong Kong Limited

**LEGAL ADVISOR
as to Hong Kong laws**

Sidley Austin

REGISTERED OFFICE

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

Tricor Services (Cayman Islands) Limited
Third 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
17/F, Far East Finance Centre
16 Harcourt Road, Admiralty
Hong Kong

PRINCIPAL BANKERS

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 2023

	NOTES	Three months ended 30 June	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Revenue	4	51,623	22,560
Other income	5	1,728	6,111
COVID-19-related rent-concessions		–	1,261
Cost of inventories sold		(13,435)	(5,603)
Staff costs		(17,488)	(9,270)
Depreciation of property, plant and equipment		(2,593)	(2,698)
Depreciation of right-of-use assets		(9,552)	(7,046)
Property rentals and related expenses		(1,905)	(999)
Other operating expenses		(6,174)	(4,990)
Finance costs	6	(1,202)	(1,063)
Profit/(loss) before income tax	7	1,002	(1,741)
Income tax expense	8	–	(64)
Profit/(loss) and total comprehensive income for the period		1,002	(1,805)
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		959	(1,741)
Non-controlling interests		43	(64)
		1,002	(1,805)
		HK cents	HK cents
Earnings per share			
– Basic and diluted (HK cents)	10	0.12	(0.20)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2023

	Attributable to owners of the Company						Total	Non-controlling interests	Total
	Share capital	Share premium	Capital reserve	Special reserve	Other reserve	Accumulated loss			
	HK\$'000	HK\$'000	HK\$'000 (Note a)	HK\$'000 (Note b)	HK\$'000 (Note c)	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2023 (audited)	8,600	57,060	6,065	(8,093)	(1,347)	(40,970)	21,315	6,546	27,861
Profit and total comprehensive income for the period	-	-	-	-	-	959	959	43	1,002
At 30 June 2023 (unaudited)	8,600	57,060	6,065	(8,093)	(1,347)	(40,011)	22,274	6,589	28,863
At 1 April 2022 (audited)	8,600	57,060	6,065	(8,093)	(1,347)	(50,644)	11,641	5,310	16,951
Profit and total comprehensive income for the period	-	-	-	-	-	(1,741)	(1,741)	(64)	(1,805)
At 30 June 2022 (unaudited)	8,600	57,060	6,065	(8,093)	(1,347)	(52,385)	9,900	5,246	15,146

Notes:

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



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2023

1. GENERAL INFORMATION

Bar Pacific Group Holdings Limited is a public limited company incorporated in the Cayman Islands and its shares are listed on the GEM of the Stock Exchange. The addresses of the Company's registered office and principal place of business are Third 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", "Katachi", "Moon Ocean" and "Pacific" and property investments in Hong Kong.

The unaudited condensed consolidated financial statements of the Group for the three months ended 30 June 2023 (the "**Period**") are presented in Hong Kong dollars ("**HK\$**"), which is also the same as the functional currency of the Company.

As at 30 June 2023, the Group breached a covenant of its bank borrowings amounting to HK\$43,181,000.

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. Such requirements remain effective thereafter.

For the purpose of assessing the appropriateness of the use of going concern basis in preparing these unaudited consolidated financial statements, the directors of the Company (the "**Directors**") have prepared a cash flow forecast covering a period of 12 months from the date of approval of these condensed consolidated financial statements (the "**Forecast**"). The Directors have taken into account the past performance of the Group, and the following plans and measures taken by the management to improve the Group's liquidity and financial position in the preparation of the Forecast:

- (i) Having communicated with the bank about the breach of the covenant of its bank borrowings amounting to HK\$43,181,000, the bank has agreed with the Company for it to rectify its breach on or before 15 May 2024. Accordingly, management expects that the Group would be able to maintain such banking loan facilities. In addition, 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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2023

1. GENERAL INFORMATION (Continued)

- (ii) 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 the Hong Kong Special Administrative Region (“**HKSAR**”) and the personal guarantees from Ms. Chan Ching Mandy, Ms. Chan Tsz Kiu Teresa and Ms. Chan Tsz Tung, the executive directors of the Company, and Mr. Chan Wai (“**Mr. Chan**”) and Ms. Tse Ying Sin Eva (“**Ms. Tse**”), who are deemed to be interested in the shares held by the Company’s substantial shareholders in accordance with the Hong Kong Securities and Future Ordinance (“**SFO**”). Apart from loans of HK\$9,007,000 drawn by the Group during the Period, the Group expects that additional loans of approximately HK\$9,600,000 which meet the application criteria of the Government of HKSAR will be available to the Group under such scheme over the period covered by the Forecast.

In addition to the above, Mr. Chan, who is deemed to be interested in the shares held by the Company’s substantial shareholders in accordance with the SFO, has 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 unaudited condensed consolidated financial statements of the Group for the Period 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 unaudited condensed consolidated financial statements.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

(a) Application of new and amendments to HKFRSs

The following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) that are adopted for the first time for the current accounting period of the Group:

HKFRS 17	Insurance Contracts and the related Amendments
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Disclosure of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The application of the new and amendments to HKFRSs has had no material effect on the amounts reported in the unaudited condensed consolidated financial statements and/or disclosures set out in the condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2023

2. APPLICATION 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 unaudited condensed consolidated 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.

Amendment to HKFRS 16	Lease Liability in a Sale and Leaseback (Amendments) ¹
Amendments to HKFRS 10 and HKAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture ²

¹ Effective for annual periods beginning on or after 1 January 2024

² 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 are currently assessing the impact that the application of the amendments will have on the Group’s unaudited condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2023

3. BASIS OF PREPARATION

The quarterly financial information has been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and interpretation issued by HKICPA and the applicable disclosure requirements required by 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 unaudited 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 Period are the same as those applied in the preparation of the audited consolidated financial statements for the year ended 31 March 2023 (the “**Year 2023**”).

These consolidated financial statements for the Period 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**”).

4. 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.

Business segment

The following is an analysis of the Group’s revenue and results by operating and reportable segments for the three months ended 30 June 2023 and 2022:

For the three months ended 30 June 2023

	Operation of bars and restaurants HK\$’000 (unaudited)	Property investment HK\$’000 (unaudited)	Inter-segment elimination HK\$’000 (unaudited)	Consolidated HK\$’000 (unaudited)
Revenue				
Revenue from external customers	51,425	198	–	51,623
Revenue from inter-segment	–	345	(345)	–
Reportable segment revenue	51,425	543	(345)	51,623
Reportable segment results	1,418	138	–	1,556
Unallocated:				
Interest income from rental deposits				1
Corporate and other unallocated expenses				(1)
Depreciation of property, plant and equipment				(1)
Depreciation of right-of-use assets				(107)
Finance costs				(446)
Profit before income tax				1,002

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2023

4. REVENUE AND SEGMENT INFORMATION (Continued)

Business segment (Continued)

For the three months ended 30 June 2022

	Operation of bars and restaurants HK\$'000 (unaudited)	Property investment HK\$'000 (unaudited)	Inter-segment elimination HK\$'000 (unaudited)	Consolidated HK\$'000 (unaudited)
Revenue				
Revenue from external customers	22,373	187	–	22,560
Revenue from inter-segment	–	485	(485)	–
Reportable segment revenue	22,373	672	(485)	22,560
Reportable segment results	(1,501)	152	–	(1,349)
Unallocated:				
Interest income from rental deposits				1
Corporate and other unallocated expenses				(1)
Depreciation of property, plant and equipment				(1)
Depreciation of right-of-use assets				(95)
Finance costs				(292)
Profit before income tax				(1,737)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2023

4. REVENUE AND SEGMENT INFORMATION (Continued)

Other information

For the three months ended 30 June 2023

	Operation of bars and restaurants HK\$'000 (unaudited)	Property investment HK\$'000 (unaudited)	Unallocated HK\$'000 (unaudited)	Consolidated HK\$'000 (unaudited)
Bank interest income	1	–	1	2
Interest income from rental deposits	77	–	1	78
Finance costs	756	–	446	1,202
Purchase of property, plant and equipment	4,039	–	14	4,053
Addition of right-of-use assets	673	–	–	673
Depreciation of property, plant and equipment	2,575	–	18	2,593
Depreciation of right-of-use assets	9,445	–	107	9,552

For the three months ended 30 June 2022

	Operation of bars and restaurants HK\$'000 (unaudited)	Property investment HK\$'000 (unaudited)	Unallocated HK\$'000 (unaudited)	Consolidated HK\$'000 (unaudited)
Interest income from rental deposits	68	–	1	69
Finance costs	770	–	293	1,063
Addition of right-of-use assets	11,127	–	–	11,127
Depreciation of property, plant and equipment	2,697	–	1	2,698
Depreciation of right-of-use assets	6,951	–	95	7,046

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2023

4. REVENUE AND SEGMENT INFORMATION (Continued)

Geographical information

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

Information about major customers

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

Disaggregation of revenue

	Three months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Revenue from contracts with customers under HKFRS 15		
Operation of bars and restaurants		
Sales of food beverages and light refreshments	49,450	21,791
Electronic dart machines	1,975	582
	51,425	22,373
Revenue from other sources		
Property investment		
Rental income from investment properties	198	187
	51,623	22,560
By timing of revenue recognition under HKFRS 15		
A point in time	51,425	22,373

Performance obligations for contracts with customers

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2023

5. OTHER INCOME

	Three months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Government subsidies	269	5,980
Sponsorship income	607	20
Interest income from rental deposits	78	69
Others	774	42
	1,728	6,111

6. FINANCE COSTS

	Three months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Interest on lease liabilities	672	687
Interest on bank borrowings	530	371
Interest on other borrowings (<i>Note</i>)	–	5
	1,202	1,063

Note: Shareholder loan amounted to HK\$1,900,000 as at 31 March 2022 is interest-bearing at 2% per annum and unsecured. It was fully settled on 13 June 2022.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2023

7. PROFIT/(LOSS) BEFORE INCOME TAX

Profit before income tax has been arrived at after charging/(crediting):

	Three months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Auditor's remuneration (included in other operating expenses)	238	260
Gross rental income from investment properties	(198)	(187)
Less: Direct operating expenses incurred for investment properties that generated rental income during the period	44	22
	(154)	(165)
Cost of inventories recognised as an expense	13,435	5,603
Depreciation of property, plant and equipment	2,593	2,698
Depreciation of right-of-use assets	9,552	7,046
Operating lease payments (included in property rentals and related expenses)		
– Practical expedient in respect of:		
– Low-value lease expenses	35	27
– Short-term lease expenses	143	133
	178	160
COVID-19-related rent concessions	–	(1,261)
Directors' remuneration	969	550
Other staff costs		
– Salaries and other benefits	15,795	8,399
– Retirement benefit scheme contribution	724	321
Total staff costs	17,488	9,270
Other operating expenses		
– Cleaning expenses	885	396
– License fees	47	627
– Repair and maintenance	659	774
– Bank and credit card handling charge	138	374
– Utilities	1,275	–

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2023

8. INCOME TAX EXPENSE

	Three months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
The taxation charge comprises:		
Hong Kong Profits Tax		
– Current period	–	68

Under the two-tiered profits tax 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 regime will continue to be taxed at a flat rate of 16.5%.

9. DIVIDENDS

The board of Directors (the “**Board**”) has resolved not to declare the payment of any dividend for the Period (for the three months ended 30 June 2022: Nil).

10. EARNINGS/(LOSS) PER SHARE

	Three months ended 30 June	
	2023 (unaudited)	2022 (unaudited)
Earnings/(loss) for the period attributable to owners of the Company for the purpose of calculating basic earnings per share (HK\$'000)	1,002	(1,741)
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share ('000)	860,000	860,000
Basic and diluted earnings/(loss) per share (HK cents)	0.12	(0.20)

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

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 30 June 2023, we operated 53 bars/restaurants throughout Hong Kong.

During the Period, we opened a new bar located in Tuen Mun under the brand of “Bar Pacific” and a new restaurant located in Yuen Long 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. “Katachi” is a skewer restaurant and bar.

FINANCIAL REVIEW

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

The revenue from the operation of bars and restaurants amounted to HK\$51.4 million for the Period, as compared to HK\$22.4 million for the corresponding period in 2022 (the “**Previous Period**”), representing a rise of 129.5%. Such increase was primarily attributed to the resumption of business since 19 May 2022 following the lapse of orders of compulsory shut-down of all the bars and pubs on 18 May 2022 (the “**Mandatory Closure**”) and the expansion of business during the Period.

The gross profit from the operations of bars and restaurants for the Period amounted to HK\$38.0 million, in comparison to HK\$16.8 million for the Previous Period, representing an increase of 126.2%. The gross profit margin for the Period remained stable as 73.9% (Previous Period: 75.0%).

Revenue from properties investment

The revenue from property investment increased by 5.9% to HK\$198,000 for the Period as compared to HK\$187,000 for the Previous Period. Such increase was mainly due to better terms bargained.

Other income

For the Period, other income amounted to HK\$1.7 million, as compared to HK\$6.1 million for the Previous Period, representing a decrease of 72.1%. Such decrease was mainly due to the substantial decrease in government subsidies received during the Period.

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\$17.5 million for the Period, as compared to HK\$9.3 million for the Previous Period, representing an increase of 88.2%. Staff costs increased since the Group hired more staff due to the increase in number of restaurants/bars during the Period and the resumption of business after the cessation of the Mandatory Closure.

FINANCIAL REVIEW *(Continued)***Depreciation of property, plant and equipment**

Depreciation represents depreciation charges on its property, plant and equipment, including buildings, leasehold improvements, computer equipment, furniture and fixtures and motor vehicles. Our depreciation charges decreased to approximately HK\$2.6 million for the Period from approximately HK\$2.7 million for the Previous Period, representing a decrease of approximately 3.7% as certain property, plant and equipment were fully depreciated during the Period.

Depreciation of right-of-use assets

The depreciation charged on the right-of-use assets amounted to HK\$9.6 million for the Period, in comparison to HK\$7.0 million for the Previous Period, representing an increase of 37.1% which was primarily attributed to the expansion of business during the Period.

Property rentals and related expenses

Operating lease payments, property management fees, government rates and other related expenses increased to HK\$1.9 million as compared to HK\$999,000 for the Previous Period, representing an increase of 90.7%.

Other operating expenses

For the Period, other operating expenses increased by 19.4% to HK\$6.2 million from HK\$5.0 million for the Previous Period, since the Group operated more bars and restaurants during the Period.

Finance costs

Finance costs represented interest paid or payable on bank loans, lease liabilities and other borrowings, which amounted to HK\$1.2 million for the Period, in comparison to HK\$1.1 million for the Previous Period, representing an increase of 9.1%. The main reason for the increase in finance costs for the Period was due to the increase in interest rate.

Taxation

The total tax expenses for the Period amount to approximately Nil (Previous Period: HK\$68,000).

Capital commitments

As at 30 June 2023, the Group had capital commitments of approximately HK\$2,900,000 (as at 31 March 2023: HK\$2,050,000).

Contingent liabilities

The Group did not have any contingent liabilities as at 30 June 2023 (as at 31 March 2023: 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:

	Net carrying amount	
	30 June 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
Assets		
Building	4,495	4,538
Right-of-use assets – leasehold land	43,970	44,395
Investment properties	22,580	22,580
	71,045	71,513

Dividend

The Board has resolved not to recommend the payment of dividend for the Period (Previous Period: 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 30 June 2023, the Group had 623 employees (as at 30 June 2022: 465 employees). Total staff costs (including Directors' remuneration) were approximately HK\$17.5 million for the Period (Previous Period: HK\$9.3 million). Remuneration is determined by reference to the prevailing market terms and in accordance with the performance, qualification and experience of each individual employee. Periodic in-house training is provided to the employees to enhance the knowledge of the workforce. Meanwhile, training programs conducted by qualified personnel are also attended by our employees to enhance their skills set and working experience. The Group 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 30 June 2023 (as at 30 June 2022: 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 30 June 2023, nor was there any plan authorised by the Board for other material investment or additions of capital assets during the Period.

Material acquisition or disposal

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

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

	30 June 2023 (unaudited)	31 March 2023 (audited)
Cash and cash equivalents	HK\$1.3 million	HK\$1.6 million
Bank borrowings	HK\$59.2 million	HK\$52.6 million
Unutilised banking facilities	HK\$0.5 million	HK\$0.6 million
Gearing ratio	512%	537%

The Directors are of the view that as 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 30 June 2023, the Group had total bank borrowings of approximately HK\$59,163,000 (31 March 2023: HK\$52,602,000) with maturity ranging from 60 days to 7 years. The interest rate is charged based on floating rate.

FOREIGN CURRENCY

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

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

PROSPECT

Looking ahead, the Group will 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, the Group will continue leverage on its extensive network in Hong Kong. Currently, we are operating 53 bars & restaurants under four different brands. Our management is confident about our business and the Group intends to further expand our network for upcoming year.

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 2023, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) ("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 by the Company (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 (Note 3)
Ms. Chan Tsz Kiu Teresa ("Ms. TK Chan") (Note 1)	Beneficiary of a trust	431,543,700	50.18%
Ms. Chan Tsz Tung ("Ms. TT Chan") (Note 1)	Beneficiary of a trust	431,543,700	50.18%
Ms. Chan Ching Mandy ("Ms. C Chan") (Note 2)	Interest of controlled corporation	431,543,700	50.18%

Notes:

- Moment to Moment Company Limited ("Moment to Moment") held 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. TK Chan and Ms. TT Chan are beneficiaries. Ms. TK Chan and Ms. TT Chan were deemed to be interested in the Shares held by Moment to Moment under the SFO.
- Pursuant to a deed of settlement dated 25 March 2014 in respect of the Bar Pacific Trust, Ms. C Chan is the protector of the Bar Pacific Trust, and Harneys is required to exercise the voting rights in any company which 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 was deemed to be interested in the Shares held by Moment to Moment under the SFO.
- The percentages 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 30 June 2023.

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 <i>(note)</i>	Percentage of shareholding <i>(note)</i>
Ms. TK Chan	Moment to Moment	Beneficiary of a trust	1	100%
Ms. TT Chan	Moment to Moment	Beneficiary of a trust	1	100%
Ms. C Chan	Moment to Moment	Interest of a controlled corporation	1	100%

Note: The sole shareholder of Moment to Moment is Harneys. Please refer to column "Capacity/Nature of interest" for details of capacity or nature of interest of each Director.

Save as disclosed above and so far as the Directors are aware, as at 30 June 2023, 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 30 June 2023, 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 were recorded in the register required to be kept by the Company 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	Approximate percentage of issued share capital in the Company <i>(Note 3)</i>
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. Tse <i>(Note 1)</i>	Beneficiary of a trust	431,543,700	50.18%
	Beneficial owner	12,094	0.00%
Mr. Chan <i>(Note 2)</i>	Beneficiary of a trust	431,543,700	50.18%
	Beneficial owner	24,925,038	2.90%

Notes:

1. Moment to Moment held 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. TK Chan and her mother Ms. Tse, 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. TK Chan, Ms. C Chan and Ms. Tse was deemed to be interested in the Shares held by Moment to Moment under the SFO.
2. On 7 June 2018, Mr. Chan and Ms. TT Chan became the beneficiaries of Bar Pacific Trust. Hence, both Mr. Chan and Ms. TT Chan were also deemed to be interested in the 431,543,700 Shares held by Moment to Moment under the SFO. In addition, Mr. Chan 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 30 June 2023.

Save as disclosed above, as at 30 June 2023, 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.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Period, 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.

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 corporate governance practices based on the principles of good corporate governance and complied with all applicable code provisions as set out in Part 2 of the Corporate Governance Code as contained in Appendix 15 to the GEM Listing Rules (the "CG Code").

SECURITIES TRANSACTIONS BY DIRECTORS

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 Period. Having made specific enquiries by the Company with each of the Directors, all Directors have confirmed that they had complied with the Required Standard of Dealings for the Period.

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 had been granted since the Adoption Date and therefore, there was no share option outstanding as at 30 June 2023 and no share options were granted, exercised, or cancelled or lapsed during the Period.

As at the beginning and the end of the Period, the number of options available for grant under the scheme mandate of the Scheme were both 86,000,000.

DISCLOSURES UNDER RULES 17.22 TO 17.24 OF THE GEM LISTING RULES

As at 30 June 2023, details of the existing banking facilities with covenants relating to specific performance of the controlling shareholder of the Company, which constituted disclosure obligation pursuant to Rule 17.20 of the GEM Listing Rules are as follows:

Date of facilities	Nature of facilities	Aggregate Amount	Life of the facilities	Specific performance obligation
12 June 2019	Term loan facility, revolving loan facility and combined facility	HK\$20,000,000	No fixed term but subject to review and will continue up to and including 15 May 2024	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: As part of the conditions of the loan facilities, the Company had undertaken that Ms. Tse, a former Executive Director, Chairlady and Chief Executive Officer, (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. Following the resignation of Ms. Tse and pursuant to the letter of undertaking dated 2 June 2023, (i) Ms. TK Chan, an Executive Director and the Chairlady, shall remain as the single major Shareholder through beneficial ownership, controlled corporation, trust or other means, (ii) Ms. C Chan, an Executive Director and the Chief Executive Officer, will serve as the Chief Executive Officer, (iii) Ms. C Chan is actively involved in the management and business of the Group, and (iv) the Tangible Net Worth (as defined in the relevant facility letters) of the Company will be maintained at a minimum level of HK\$30 million at all times.

Except for disclosed above, the Group had no other circumstances which would give rise to a disclosure obligation under Rules 17.22 to 17.24 of the GEM Listing Rules as at 30 June 2023.

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 D.3.3 and D.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 (the “INEDs”), namely Mr. Chan Chun Yeung Darren, Mr. Chin Chun Wing and Mr. Tang Wing Lam David. Mr. Chan Chun Yeung Darren is the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements for the Period 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.

SUBSEQUENT EVENTS

No material events were undertaken by the Group subsequent to 30 June 2023 and up to the date of approval of this report.

By order of the Board
Bar Pacific Group Holdings Limited
Chan Tsz Kiu Teresa
Chairlady and Executive Director

Hong Kong, 7 August 2023

As at the date of this report, the executive Directors are Ms. Chan Tsz Kiu Teresa (Chairlady), Ms. Chan Ching Mandy (CEO) and Ms. Chan Tsz Tung; and the independent non-executive Directors are Mr. Chan Chun Yeung Darren, Mr. Chin Chun Wing and Mr. Tang Wing Lam David.