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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)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2017**

The board of directors (the “**Board**”) of Bar Pacific Group Holdings Limited (the “**Company**”) is pleased to announce the audited results of the Company and its subsidiaries for the year ended 31 March 2017. The results have been audited by the Company’s auditor, Deloitte Touche Tohmatsu, and have been reviewed by the Company’s audit committee and approved by the Board on 15 June 2017. This announcement, containing the full text of the 2017 annual report of the Company, complies with the relevant requirements of The Rules (“**GEM Listing Rules**”) Governing the Listing of Securities on The Growth Enterprises Market (“**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in relation to information to accompany preliminary announcement of annual results. Printed version of the Company’s 2017 annual 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](http://www.hkexnews.hk) and of the Company at [www.barpacific.com.hk](http://www.barpacific.com.hk) on 20 June 2017.

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

Hong Kong, 15 June 2017

*As at the date of this announcement, the Board comprises the executive directors, namely Ms. Tse Ying Sin Eva and Mr. Chan Darren Chun-Yeung; 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: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and (2) 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](http://www.hkgem.com)) for at least seven days from the date of its posting and on the Company’s website ([www.barpacific.com.hk](http://www.barpacific.com.hk)).*

## CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

**GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, 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.**

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this annual report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this annual report.

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

This annual report will remain on the “**Latest Company Announcements**” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its posting and on the Company’s website at [www.barpacific.com.hk](http://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)*  
Mr. Chan Darren Chun-Yeung

### 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

## COMPANY SECRETARY

Mr. Chan Darren Chun-Yeung

## COMPLIANCE OFFICER

Mr. Chan Darren Chun-Yeung

## AUTHORISED REPRESENTATIVES

Ms. Tse Ying Sin Eva  
Mr. Chan Darren Chun-Yeung

## AUDITOR

Deloitte Touche Tohmatsu

## COMPLIANCE ADVISOR

LY Capital Limited

## LEGAL ADVISOR (AS TO HONG KONG LAWS)

King & Wood Mallesons

## REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
PO 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

Codan Trust Company (Cayman) Limited  
Cricket Square  
Hutchins Drive  
PO Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited  
Level 22, 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](http://www.barpacific.com.hk)  
*(information of this website does not form part of this annual report)*

## STOCK CODE

8432

# CHAIRLADY'S STATEMENT

To Our Shareholders,

On behalf of the board of Directors (the "**Board**"), I am pleased to present the first annual report of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2017 (the "**Year Under Review**") after its successful listing on GEM of the Stock Exchange on 11 January 2017 (the "**Listing Date**").

## BUSINESS AND FINANCIAL REVIEW

In 2016, Hong Kong's economy expanded by 1.9%, representing a modest growth underpinned by a strengthening domestic demand. We observed an increase in both medium monthly household income and monthly private consumption expenditure per capita. The lifestyle trend for socialising and hanging out and a rising number of singles amongst the local population become the largest driving factors for the rising expenditure in local drinking spots.

The Group's existing shops are strategically situated at residential and industrial areas responding to the demand of customers and offering entertaining experiences with high accessibility. The strategic locations allow the Group to provide quality drinks and snacks at affordable prices under a pleasant, comfortable and tidy environment and spare the Group from the intense market competitions in central locations.

On 11 January 2017, the Company successfully listed on GEM of the Stock Exchange. The Board believes that the listing enhances the corporate profile and brand awareness of the Group and bring benefits to the future growth and business development as well as its financing flexibility.

The successful listing on the Stock Exchange enhances the Group's capacity and potentiality to achieve superbness in overall performance by way of shop renovation, brand building, personnel development and quality standard advancement. Subsequent to the listing of the Company's shares, improvements in shop operation and overall management took place during the Year Under Review. The Group has adopted standardized prices for all beverage served in the shops and new items of light refreshments have been added into the menu. Regular training and frequent performance evaluation have been provided to management team and all staff in aspects such as managerial skills, standard operating procedures, bartender skills, and latest cocktail trends.

The Group opened Shop LXX in Chai Wan in October 2016 and ceased the operation of Shop XXIII in Kowloon City in December 2016 after careful consideration. The total number of shops as at 31 March 2017 was 32. In terms of number of outlets in Hong Kong, the Group is the largest bar/pub operator in Hong Kong.

The Group's revenue remained relatively stable, amounting to HK\$126,212,000 for the Year Under Review and HK\$126,145,000 for the year ended 31 March 2016 (the "**Previous Year**"). The Group's major source of revenue is the sale of beer which amounted to HK\$85,588,000 (the Previous Year: HK\$81,413,000), accounting for 68% (the Previous Year: 65%) of the total revenue for the Year Under Review.

# CHAIRLADY'S STATEMENT

## PROSPECTS

Despite intense market competitions in Hong Kong, the Group remains optimistic about its future growth, taking into consideration that the Group strategically targets at residential and industrial areas with lesser competition but potentially high customer demand and the expected growth of the consumer expenditure on alcoholic drinks in Hong Kong. The Board will continue to review the business strategies of the Group from time to time so as to diversify its income source.

As the Group's profile has been lifted up by the listing status, it will enhance its marketing and promotional activities in the coming year. Regular in-shop events in collaboration with suppliers' brands will be continued to enhance the Group's exposure. A myriad of promotion and marketing events will be initiated so as to enhance connection with customers and attract more new customers.

For the sake of quality control and risk management, the Group will ensure quality consistency for both beverage products and services, methods including constant training and up-to-date guidelines for staff strict monitoring over safety issues, and facilities upgrades will be adopted.

The main focuses of Group's growth strategies lie in its networks expansion and personnel development. It intends to open four to five new shops in each of the three years ending 31 March 2020 at locations in industrial and residential areas to continue targeting at customers looking for no-frills drinking venues for relaxation and socialization at affordable prices. Product and service quality will remain the Group's priorities to maintain its customer experience and brand image. The Board believes that continuing to expand the network will strengthen the Group's competitiveness to maintain its leading position in the industry. The Board welcomes advices from staff and believes accepting different ideas especially ones from young generation can ignite breakthrough and encourage innovation in business development.

## APPRECIATION

On behalf of the Board, I would like to express my most sincere appreciation to our customers, investors and business partners for their support and trust. I also take this opportunity to express my gratitude to the management and all staff for their contributions to the Group over the past year. Looking ahead, the Group will strive to enhance the competitiveness of its business and steadily expand its market share, bearing the goal to generate better returns for our shareholders.

### **Tse Ying Sin Eva**

*Executive Director, Chairlady and Chief Executive Officer*

Hong Kong, 15 June 2017

# MANAGEMENT DISCUSSION AND ANALYSIS

## INDUSTRY REVIEW

Hong Kong's economy has achieved overall stability in the past several years. According to the Hong Kong government statistics, private consumption expenditure has observed positive year-on-year growth rate since 2010. Notwithstanding that the growth rate of private consumption expenditure declined from 2.4% in 2015 to 1.9% in 2016, it is forecast that the real GDP growth for 2017 will reach 2 to 3%.

Given Hong Kong's consumer demand for quality food service and social gathering venues such as vibrant eateries, we believe that bars and pubs become an indispensable part of the city's lifestyle. The city, with its large western expatriate community and growing influence of local young adults, has nurtured drinking culture for socializing and networking, even a form of relaxation. Such trends have continuously encouraged alcoholic beverage consumption and is expected to maintain its rise based on the industry's historic growth.

## BUSINESS REVIEW

The Group operates a chained bar mainly offering beverages and light refreshments under the brand "Bar Pacific" with locations scattered over Hong Kong. During the Year Under Review, Shop LXX in Chai Wan district was newly established in October 2016, while Shop XXIII ceased operation in December 2016 after careful consideration. Shop LXX has recorded a satisfactory performance since its commencement of operation, while other existing shops maintained steady growth in their sales performance. Overall sales performance remained stable during the Year Under Review. As at 31 March 2017, the Group operated a total of 32 shops at street level throughout Hong Kong. The Group's listing on GEM of the Stock Exchange on 11 January 2017 is an important step in capital acquisition and future development.

Revenue of the Group is generated from beverages (including beer, other alcoholic drinks and other non-alcoholic beverages), light refreshments and others including electronic dart machines. Sales incentives like bonuses and rewards are applied to all frontline and management staff, while strategic shifting of regional management is in-place to constantly boost the Group's revenue.

During the Year Under Review, the Group carried out internal measures to enhance its products and services. Innovative beverages were introduced to individual shops with reference to customer feedback to widen beverages variety and match customer needs in changing trend. On top of this, shops are being renovated to modernize brand image and increase its visibility. As at 31 March 2017, the Group completed the refurbishment on one of its shops and three shops are now under renovation.

The Group paid efforts in proactively marketing the "Bar Pacific" brand during the Year Under Review with the aim of maintaining its positive brand image and attracting new customers. A myriad of promotion and marketing events were initiated by the brand, in addition to activities co-organized with major suppliers or other parties. The Group devotes increasing efforts in event participation, collaboration and sponsoring to enhance connection with customers and attract more new customers.

The Group puts great emphasis on the staff management, in particular, the frontline staff as they play an essential role in providing quality services to our customers. Thus, it is important to routinely provide professional training for our frontline staff. Standard operating procedures pertaining to service and safety policy are executed to all staff members, while job training is provided to our management to ensure continuous improvement of business operation.

# MANAGEMENT DISCUSSION AND ANALYSIS

## PROSPECTS

Looking ahead, the Group will ride on its recently raised profile and maintain its core business of bar operation and its existing branding strategy, targeting the mass market, to increase market share in Hong Kong. With the existing client base garnered over the years, there is a superiority to leverage network in Hong Kong. Openings of four to five new shops per year are envisioned in the coming three years ending 31 March 2020. All shops are strategically located with close proximity to the residential or industrial areas rather than at prime retail locations.

To attain better performance, the Group will explore new sources of income such as advertising projects with supplying brands. All in all, the Group will devote itself to quality control, risk management and personnel development in the course of expanding across the city and maintain its leading position in the industry, yielding better returns and goodwill in the long run.

## FINANCIAL REVIEW

### Revenue

Our revenue remained relatively stable, amounting to approximately HK\$126.1 million for the Previous Year and approximately HK\$126.2 million for the Year Under Review.

### Cost of inventories sold

Cost of inventories sold consists of the cost of beverages, light refreshments and tobacco products sold in our shops. Our cost of inventories decreased from approximately HK\$28.4 million for Previous Year to approximately HK\$27.8 million for the Year Under Review, representing a decrease of approximately 2.4%. This was primarily due to the increase in suppliers' rebates received during the Year Under Review.

### Other income

Other income recorded a decrease of approximately 26.7% from approximately HK\$1.4 million for the Previous Year to approximately HK\$1.0 million for the Year Under Review. This was primarily due to the decrease in sponsorship income from suppliers.

### Staff costs

Our staff costs comprise salaries and benefits, including wages, salaries, bonuses, retirement benefit cost and other allowances to all our employee and staff, including our directors, head office and shop staff. Staff costs increased to approximately HK\$37.0 million for the Year Under Review from approximately HK\$36.4 million for the Previous Year indicating a slight increase of approximately 1.8%. Such increase was primarily attributable to staff hiring for the expansion of our headquarters during the Year Under Review.

### Depreciation

Depreciation represents depreciation charges on its property, plant and equipment, as in leasehold improvements, dart machines, computer equipment, furniture and fixtures and motor vehicles. The Group's depreciation charges decreased to approximately HK\$3.6 million for the Year Under Review from approximately HK\$3.9 million for the Previous Year, representing a decrease of approximately 7.7%. Such decrease was primarily attributable to the increase in fully depreciated assets used in bar operations.



# MANAGEMENT DISCUSSION AND ANALYSIS

## **Property rentals and related expenses**

The Group's property rentals and related expenses consist of operating lease payments, property management fee and government rate on our shops, storage and office premises. For the Year Under Review, property rentals and related expenses amounted to approximately HK\$23.5 million from approximately HK\$21.3 million for the Previous Year, representing an increase of approximately 10.4%. The increase was primarily attributable to the opening of shop LXX in October 2016 and the general increase in the rental expenses of some of our leased properties upon renewal of leases.

## **Other operating expenses**

Other operating expenses recorded an increase from approximately HK\$19.1 million for the Previous Year to approximately HK\$24.4 million for the Year Under Review, representing an increase of approximately 27.5%. Such increase was mainly attributable to the increase in advertising and promotion expenses to build brand awareness.

## **Listing expenses**

During the Year Under Review, the Group incurred listing expenses of approximately HK\$12.7 million (the Previous Year: HK\$0.3 million) for the purpose of listing on GEM on 11 January 2017.

## **Finance costs**

Finance cost for the Year Under Review amounted to HK\$21,000 which remained stable compared to HK\$17,000 for the Previous Year.

## **Taxation**

Taxation for the Year Under Review amounted to HK\$1.6 million, indicating a decrease of approximately 41.1% from the Previous Year. Such decrease was mainly attributable to the increase in other operating expenses and property rentals and related expenses, resulting in a decrease in taxable profit for the Year Under Review.

## **Loss for the Year Under Review**

Loss of approximately HK\$3.4 million (2016: profit of HK\$15.4 million) was recorded for the Year Under Review, which was mainly due to the combined effects of (i) the recognition of non-recurring listing expenses; (ii) the increase in property rentals and related expenses; (iii) the increase in audit fees; and (iv) the increase in advertising and promotion expenses, as compared to the Previous Year.

## **Dividend**

No dividend was paid or proposed by the Company during the Year Under Review, nor has any dividend been proposed since the end of the Year Under Review.

Dividend of HK\$9,100,000 was paid during the Previous Year, represented the dividend paid to then shareholder of Bar Pacific Group Limited, being one of our wholly-owned subsidiaries.

## **Commitments**

The Group did not have any capital commitments as at 31 March 2017 (as at 31 March 2016: NIL).

## **Contingent liabilities**

As at 31 March 2017, the Group did not have any significant contingent liabilities.

## **Charges on the Group's assets**

The Group did not have any charges on its assets as at 31 March 2017 (as at 31 March 2016: NIL).

# MANAGEMENT DISCUSSION AND ANALYSIS

## Significant Investments

The Group did not hold any significant investments during the Year Under Review.

## Material acquisition or disposal

Save for the corporate reorganisation undertaken in preparation for the Listing as detailed in the prospectus of the Company dated 30 December 2016, there was no material acquisition or disposal of subsidiaries, associates and joint ventures during the Year Under Review.

## Bank and other borrowing

During the Year Under Review, the Group had raised a bank borrowing of HK\$4.5 million which was fully repaid in July 2016.

## Gearing ratios

Gearing ratio is calculated based on the total debt at the end of the year divided by total equity at the end of the year. As at 31 March 2017, gearing ratio was 0% (as at 31 March 2016: 20.3%).

## Foreign currency exposure

Since the Group's business activities are operated in Hong Kong only and all relevant transactions are denominated in Hong Kong dollars, the Directors consider that the Group's risk in foreign exchange is insignificant.

## Events after the balance sheet date

There is no significant event subsequent to 31 March 2017.

## Use of proceeds

The Company's shares (the "Shares") were successfully listed on GEM of the Stock Exchange on 11 January 2017 by way of placing (the "Placing"). 215,000,000 Shares were placed at HK\$0.29 per Share pursuant to the Placing. The net proceeds from the Placing were about HK\$45.2 million after deduction of listing related expenses. As at 31 March 2017, part of the net proceeds from the Placing was utilized to upgrade our shop's facilities and continue our promotion and marketing efforts. The following is a summary of the use of proceeds after the Placing and up to 31 March 2017:

	Proposed amount to be used HK\$ (million)	Proposed amount used up to 31 March 2017 HK\$ (million)	Approximate amount utilized up to 31 March 2017 HK\$ (million)
Expand our "Bar Pacific" brand to different locations	35.5	3.0	–
Continue to upgrade our shops' facilities	3.4	0.4	0.9
Continue our promotion and marketing efforts	3.5	0.6	0.1
Total	42.4	4.0	1.0

# MANAGEMENT DISCUSSION AND ANALYSIS

## **Employee information**

As at 31 March 2017, the Group had 283 employees (as at 31 March 2016: 263 employees). Total staff costs (including Directors' remuneration) were approximately HK\$37.0 million for the Year Under Review (the Previous Year: HK\$36.3 million).

The Group adopted a share option scheme on 17 December 2016. Since its adoption, no options have been granted or agreed to be granted, and therefore, there were no outstanding options as at 31 March 2017 (as at 31 March 2016: NIL).

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The Group's financial condition, results of operations, businesses and prospects would be affected by a number of risks and uncertainties including market risk, credit risk, and liquidity risk. The risk management policies and practices of the Group are shown in note 27 to the consolidated financial statements in this annual report.

# DIRECTORS AND SENIOR MANAGEMENT

## EXECUTIVE DIRECTORS

**Ms. Tse Ying Sin Eva (謝熒倩)**, aged 45, is our Chairlady, Chief Executive Officer and executive Director. Ms. Tse is responsible for formulating the overall business strategy and planning, overseeing the Group's performance generally and leading and representing the Group in negotiation with potential business partners. Ms. Tse took her secondary education in Hong Kong from 1984 to 1985 and in Canada from 1987 to 1992. Afterwards, Ms. Tse joined the Group in August 1999 and has been a director of a number of subsidiaries of the Group. Ms. Tse is currently a director of Bar Pacific Group Limited, Hacienda International Corporation Limited (希斯達國際有限公司), Tank Success International Limited (騰昇國際有限公司), Bar Pacific Entertainment Limited (太平洋娛樂有限公司) and the operating subsidiaries of the Group.

**Mr. Chan Darren Chun-Yeung (陳振洋)**, aged 35, is our executive Director. Mr. Chan is responsible for overseeing the management of the Group with primary focus on the Group's finance, accounting, company secretarial matters and compliances to the various laws, rules and regulations.

Mr. Chan graduated in May 2006 from Sauder School of Business, University of British Columbia, Canada with a Bachelor of Commerce degree. Mr. Chan is qualified as a Practising Member of the Hong Kong Institute of Certified Public Accountant.

Mr. Chan has more than 10 years of experience in the accounting profession. Before joining the Group, Mr. Chan worked for Deloitte Touche Tohmatsu ("**Deloitte**") as an auditor from September 2006 to September 2008 and as a senior auditor from October 2008 to January 2013. During his tenure at Deloitte, Mr. Chan has worked on various mega projects involving certain multi-national listed companies on which Mr. Chan received merits and awards for his outstanding personal achievements. In April 2013, Mr. Chan joined Royal Orchid Wine (Hong Kong) Company Limited (formerly known as Milon Wine (Hong Kong) Company Limited), a subsidiary of Midea Group (a company listed on the Shenzhen Stock Exchange; stock code 000333) as finance manager.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Tang Wing Lam David (鄧樂林)**, aged 60, is our independent non-executive Director appointed by the Company on 17 December 2016. Mr. Tang obtained a diploma in Sociology from Hong Kong Baptist College in June 1983. Mr. Tang obtained a Master degree of Arts in Management Systems from University of Hull in the United Kingdom in December 1988. Mr. Tang subsequently obtained a Bachelor degree of laws from University of Wolverhampton in United Kingdom in October 1994 by attending the Distance Learning Program and the Postgraduate Certificate in Laws from City University of Hong Kong in August 1996. Mr. Tang is currently a practicing solicitor in Hong Kong. Mr. Tang joined Fung, Wong & Ha as a trainee solicitor from 1996 to 1998. From April 1999 to March 2016, Mr. Tang worked in Fung, Wong, Ng & Lam, Solicitors & Notaries as consultant. Since April 2016, Mr. Tang became a limited liability partner of Fung, Wong, Ng & Lam LLP Solicitors (formerly known as "Fung, Wong, Ng & Lam, Solicitors & Notaries"). Mr. Tang has about 17 years of legal experience in Hong Kong.

**Mr. Chin Chun Wing (錢雋永)**, aged 38, is our independent non-executive Director appointed by the Company on 17 December 2016. Mr. Chin completed secondary education in Hong Kong in 1995. From September 1997 to July 2005, Mr. Chin worked in Tom Lee Music Co., Ltd. as salesman. From August 2006 to August 2009, Mr. Chin worked in Grand Bar & Lounge as director. Since March 2007, Mr. Chin has been and is the director of Hong Kong Cocktail School. Since November 2008, Mr. Chin has been and is the vice chairman of Hong Kong Bar & Club Association. Mr. Chin has more than 9 years of experience in the beverage industry in Hong Kong.

# DIRECTORS AND SENIOR MANAGEMENT

## INDEPENDENT NON-EXECUTIVE DIRECTORS *(Continued)*

**Mr. Yung Wai Kei (容偉基)**, aged 35, is our independent non-executive Director appointed by the Company on 17 December 2016. Mr. Yung obtained a Bachelor degree of Business Administration from Hong Kong Baptist University (香港浸會大學) in Hong Kong in November 2004, majoring in Applied Economics. Mr. Yung is currently a full member of the Association of Chartered Certified Accountants. From June 2004 to September 2005, Mr. Yung worked in AIP Partners C.P.A. Limited as audit junior. From October 2005 to January 2008, Mr. Yung was employed by Jimmy C.H. Cheung & Co., CPA as audit intermediate. From July 2008 to November 2008, Mr. Yung worked in Ronald Ng & Company Limited, CPA as audit senior. After his departure from Ronald Ng & Company Limited, Mr. Yung worked in W.Y. Lam & Co., CPA (formerly known as W.Y. Lam & Dominic Chan & Co.) as assistant manager from December 2008 to January 2012. Since December 2012 till now, Mr. Yung joined Alpha Partners, CPA as audit manager. Mr. Yung has over 10 years of external audit experience in Hong Kong.

## SENIOR MANAGEMENT

**Ms. Pan Mui Lie (范美麗)**, aged 39, joined the Group since August 2003 for more than 9 years and subsequently rejoined the Group in October 2015. Ms. Pan is currently appointed as chief operation manager of the Group, responsible for overseeing the day-to-day operation; assessing the performance of frontline staff and formulating training standard and guidance to frontline staff of the Group. From August 2003 to March 2013, Ms. Pan worked in Tank Success International Limited (騰昇國際有限公司) as district manager. In October 2015, Ms. Pan rejoined the Group as chief operation manager. Ms. Pan has over 10 years of experience in the food and beverage industry.

**Mr. Au Siu Lun (區兆倫)**, aged 38, joined the Group since April 2005 and was appointed as shop manager, responsible for the daily operation of the shops, handling enquiries and complaints of customers, coordinating staff, providing training for staff and planning and executing sales proposal of the bars. Mr. Au has over 10 years of experience in the bar industry. Currently, Mr. Au is one of the district managers of the Group.

**Ms. Chan Ting (陳婷)**, aged 28, was appointed as part-time waitress in April 2009, and as fulltime waitress in July 2009, responsible for daily operation of the shops. Ms. Chan obtained a certificate in hosting and broadcasting from Communication University of China in January 2008. In September 2011, Ms. Chan was appointed as district manager of the Group, responsible for the daily operation of the shops, handling enquiries and complaints of customers, coordinating staff, providing training for staff and planning and executing sales proposal of the bars. Ms. Chan has more than 7 years of experience in the bar industry. Currently, Ms. Chan is one of the district managers of the Group.

**Ms. Poon Suet Hung (潘雪紅)**, aged 39, joined the Group since January 2007 and was appointed as waitress responsible for the daily operation of the shops, handling enquiries and complaints of customers, coordinating staff, providing training for staff and planning and executing sales proposal of the bars. Ms. Poon has over 9 years of experience in the food and beverage industry. Currently, Ms. Poon is one of the district managers of the Group.

**Ms. Leung Ching Ming (梁靜明)**, aged 34, joined the Group since March 2014 and was appointed as Operation Clerk of the Group. Ms. Leung obtained the Certificate in Food Hygiene for Hygiene Supervisor from the Hong Kong Productivity Council in July 2006. In January 2011, Ms. Leung obtained the Level 2 Award in Food Safety in Catering from the Chartered Institute of Environmental Health. Ms. Leung obtained Basic Food Hygiene Certificate for Hygiene Managers in March 2011 from the School of Continuing and Professional Education of the City University of Hong Kong in Hong Kong. From March 2006 to May 2008, Ms. Leung worked in Baab Limited as server, senior server and supervisor, and as a Manager Candidate from August 2008 to April 2009. From May 2009 to December 2009, Ms. Leung worked in Pizza Box as associate manager. Ms. Leung returned to Baab Limited and performed various roles, including supervisor, assistant manager, restaurant manager and area manager during the period between December 2009 and September 2013. After that, Ms. Leung joined the Group in March 2014. Currently, Ms. Leung is the operation supervisor of the Group.

# DIRECTORS AND SENIOR MANAGEMENT

## COMPANY SECRETARY

Mr. Chan Darren Chun-Yeung is the company secretary of the Company. For his biographical details, please refer to the paragraph headed “Executive Directors” in this section.

## COMPLIANCE OFFICER

Mr. Chan Darren Chun-Yeung is the compliance officer of the Company. For his biographical details, please refer to the paragraph headed “Executive Directors” in this section.

# CORPORATE GOVERNANCE REPORT

The Company is committed to fulfilling its responsibilities to its shareholders (the “**Shareholders**”) and protecting and enhancing Shareholders’ value through good corporate governance.

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

## CORPORATE GOVERNANCE PRACTICES

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

During the Year Under Review, the Company complied with the principles and code provisions as set out in the Appendix 15, “Corporate Governance Code and Corporate Governance Report” to the GEM Listing Rules with the exception that the roles of the Chairlady and the Chief Executive Officer of the Company have not been segregated as required by paragraph A.2.1 of the Corporate Governance Code. The Company is of the view that it is in the best interest of the Company that Ms. Tse Ying Sin Eva, with her profound expertise in bar business, shall continue in her dual capacity as the Chairlady and Chief Executive Officer.

## BOARD OF DIRECTORS

### A. Responsibilities

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

The Directors have full access to information on the Group and are entitled to seek independent professional advice in appropriate circumstances at the Company’s expense.

# CORPORATE GOVERNANCE REPORT

## BOARD OF DIRECTORS *(Continued)*

### **B. Composition**

The Company is committed to the view that the Board should include a balanced composition of executive and independent non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

As at the date of this annual report, the Board comprises the following five Directors:

#### **Executive Directors**

Ms. Tse Ying Sin Eva (Chairlady) *Appointed on 2 June 2016*

Mr. Chan Darren Chun-Yeung *Appointed on 2 June 2016*

#### **Independent Non-executive Directors (the "INEDs")**

Mr. Tang Wing Lam David *Appointed on 17 December 2016*

Mr. Chin Chun Wing *Appointed on 17 December 2016*

Mr. Yung Wai Kei *Appointed on 17 December 2016*

The biographical details of each of the Directors are set out in the section headed "Directors and Senior Management" of this annual report.

There was no financial, business, family or other material relationship among the Directors.

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

Throughout the period since the Listing Date and up to 31 March 2017, the Board has at all times met the requirements of the GEM Listing Rules relating to the appointment of at least three INEDs with at least one of them possessing appropriate professional qualifications and accounting and related financial management expertise as required under the GEM Listing Rules.

The Company has received an annual confirmation of independence in writing from each of the INEDs pursuant to Rule 5.09 of the GEM Listing Rules. Based on such confirmation, the Company considers that all the INEDs are independent and have met the independence guidelines as set out in Rule 5.09 of the GEM Listing Rules up to the date of this annual report.

Proper insurance coverage in respect of legal actions against the Directors' liability has been arranged by the Company.



# CORPORATE GOVERNANCE REPORT

## DIRECTORS' INDUCTION AND CONTINUING PROFESSIONAL DEVELOPMENT

All Directors received induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is sufficiently aware of his/her responsibilities and obligations under the GEM Listing Rules and relevant regulatory requirements.

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

All Directors confirmed that they have complied with the paragraph A.6.5 of the Corporate Governance Code. According to the records maintained by the Company, the Directors received the following training regarding roles, function and duties of a director of a listed company or professional skills in compliance with the requirement of the Corporate Governance Code on continuous professional development during the Year Under Review:

Name of Directors	Type of Trainings
Ms. Tse Ying Sin Eva	A, B
Mr. Chan Darren Chun-Yeung	A, B
Mr. Tang Wing Lam David	A, B
Mr. Chin Chun Wing	A, B
Mr. Yung Wai Kei	A, B

A: attending seminars/conference/forums

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

## MEETINGS OF BOARD AND DIRECTORS' ATTENDANCE RECORDS

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

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

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

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

# CORPORATE GOVERNANCE REPORT

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

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

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

Since the date of the Listing up to 31 March 2017, one Board meeting was held. The attendance record of each Director at the Board meeting is set out in the table below:

Name of Directors	Number of Attendance/ number of meeting (Note)
<b>Executive Directors</b>	
Ms. Tse Ying Sin Eva	1/1
Mr. Chan Darren Chun-Yeung	1/1
<b>Independent non-executive Directors</b>	
Mr. Tang Wing Lam David	1/1
Mr. Chin Chun Wing	1/1
Mr. Yung Wai Kei	1/1

Note: A Board meeting for the purpose of, amongst others, considering and approving the audited consolidated financial results of the Group for the Year Under Review was held on 13 February 2017 and all Board members attended the meeting.

## BOARD COMMITTEES

The Board has established three Board committees, namely the Audit Committee, the Remuneration Committee, and the Nomination Committee to oversee particular aspects of the Company's affairs. The Board committees are provided with sufficient resources to discharge their duties.

### Remuneration Committee

The Company established the Remuneration Committee on 17 December 2016 pursuant to a resolution in compliance with Rule 5.34 of the GEM Listing Rules with written terms of reference in compliance with paragraph B.1.2 of the Corporate Governance Code. The primary duties of the Remuneration Committee are to make recommendation to the Board on the overall remuneration policy and structure relating to all Directors, senior management and general staff of the Group and ensure that none of the Directors or any of their associates determine their own remuneration. The Remuneration Committee consists of three members, namely Mr. Chin Chun Wing, Ms. Tse Ying Sin Eva and Mr. Yung Wai Kei. Mr. Chin Chun Wing is the chairman of the Remuneration Committee.

For the Year Under Review, the remuneration of Directors was determined by their experience, responsibility, workload and the time devoted to the Group. Executive Directors and employees also participate in bonus arrangements determined in accordance with the performance of the Group and the individual's performance.

During the Year Under Review, no Remuneration Committee meeting was held.

# CORPORATE GOVERNANCE REPORT

## Nomination Committee

The Company established the Nomination Committee on 17 December 2016 with written terms of reference in compliance with paragraph A.5.2 of the Corporate Governance Code. The primary duties of the Nomination Committee are to review the structure, size and composition of the Board annually; identify individuals suitably qualified to become Board members; assess the independence of independent non-executive Directors; and make recommendations to the Board on relevant matters relating to appointment or reappointment of Directors. The Nomination Committee consists of three members, namely Mr. Chin Chun Wing, Ms. Tse Ying Sin Eva and Mr. Yung Wai Kei. Ms. Tse Ying Sin Eva is the chairman of the Nomination Committee.

During the Year Under Review, no Nomination Committee meeting was held.

## Audit Committee

The Company established the Audit Committee pursuant to a resolution of the Directors passed on 17 December 2016 in compliance with Rule 5.28 of the GEM Listing Rules. Written terms of reference in compliance with paragraph C.3.3 of the Corporate Governance 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 judgments in respect of financial reporting; and oversee the effectiveness of the procedures of the internal control of our 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.

During the Year Under Review, the Audit Committee has reviewed and ensured the independence and objectivity of the external auditor, Deloitte. Details of the fees paid or payable to Deloitte for the Year Under Review are set out under the paragraph headed "Auditors' Remuneration" on page 17 in this annual report.

During the Year Under Review, one Audit Committee meeting was held and all Audit Committee members attended the meeting for the purpose of reviewing the unaudited condensed consolidated financial statements of the Group for the nine months ended 31 December 2016 and the quarterly report of the Company.

## AUDITOR'S REMUNERATION

The Audit Committee has reviewed and ensured the independence and objectivity of the external auditor, Deloitte. Details of the fees paid or payable to Deloitte for the Year Under Review are as follows:

	<i>HK\$'000</i>
2017 annual audit	950
Non-audit related service	1,750
	<b>2,700</b>

# CORPORATE GOVERNANCE REPORT

## INTERNAL CONTROLS AND RISK MANAGEMENT

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

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

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

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

In addition, the Group engages independent professional advisor to conduct an annual review of the effectiveness of the Group's risk management and internal control system in various material aspects including financial, operational and compliance controls. The risk management report and internal control report are submitted and reviewed by the Audit Committee at least once a year. Summary of findings and recommendations are discussed at the Audit Committee meeting with a view to improve the Group's operations.

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

## SHAREHOLDERS' RIGHT

### **Procedures for Shareholders to Convene an Extraordinary General Meeting ("EGM")**

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

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

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

# CORPORATE GOVERNANCE REPORT

## **Procedures for putting forward Proposals at a General Meeting**

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

## **Procedures for Directing Shareholders' Enquiries to the Board**

Shareholders may at any time send their enquires and concerns to the Board in writing through the Company Secretary at the head office of the Company at Room D2, 11/F, Phase 2, Hang Fung Industrial Building, 2G Hok Yuen Street, Hung Hom, Kowloon, Hong Kong, or send email to [info@barpacific.com.hk](mailto:info@barpacific.com.hk). Shareholders may also make enquiries with the Board at the general meetings of the Company.

## **Constitutional Documents**

During the period from the Listing Date to 31 March 2017, there were no significant changes in constitutional documents of the Company.

## **Directors' Securities Transactions**

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors' securities transactions. Having made specific enquiries with all Directors, all of them confirmed that they have complied with the required standard of dealings throughout the period from the Listing Date to the date of this annual report. The Company has not been notified of any incident of non-compliance during such period.

## **Company Secretary**

Mr. Chan Darren Chun-Yeung is the company secretary of the Company. The biographical details of Mr. Chan are set out in the section headed "Directors and Senior Management" of this annual report. In accordance with Rule 5.15 of the GEM Listing Rules, Mr. Chan had taken no less than 15 hours of relevant professional training during the Year Under Review.

# DIRECTORS' REPORT

The Directors are pleased to present this annual report and the audited consolidated financial statements for the Year Under Review.

## INITIAL PUBLIC OFFERING

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 2 June 2016. The Company listed its shares on the GEM of the Stock Exchange on 11 January 2017 (the "**Listing Date**").

## PRINCIPAL ACTIVITIES

The Company is an investment holding company and the principal activities of its subsidiaries is the operation of a chained bar group offering beverages and light refreshments in Hong Kong. Details of the Company's principal subsidiaries are set out in note 29 to the audited consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the Year Under Review.

## BUSINESS REVIEW

A review of the business of the Group during the Year Under Review and a discussion on the Group's future business development are set out in the section headed "Chairlady's Statement" on pages 3 to 4 and section headed "Management Discussion and Analysis" on pages 5 to 9 of this annual report. No important events affecting the Group occurred since the end of the financial year ended 31 March 2017. In addition, discussions on the Group's environmental, social and governance practices, relationships with its key stakeholders and compliance with relevant laws and regulations which have a significant impact on the Group are contained in the section headed "Environmental, Social and Governance Report" on pages 29 to 31 and the section headed "Corporate Governance Report" on pages 13 to 19 of this annual report.

## RESULTS AND DIVIDENDS

The results of the Group for the Year Under Review are set out in the consolidated statement of profit or loss and other comprehensive income on page 36 of this annual report.

No dividend was paid or proposed by the Company during the Year Under Review, nor any dividend been proposed since the end of the Year Under Review.

The dividend of HK\$9,100,000 was paid during the year ended 31 March 2016, which represent the dividend paid to then shareholders of Bar Pacific Group Limited ("**Bar Pacific Group**").

# DIRECTORS' REPORT

## FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last three financial years, as set out on page 67 of this annual report, are extracted from this annual report and the prospectus of the Company dated 30 December 2016.

## USE OF PROCEEDS

The net proceeds from the Placing were approximately HK\$45.2 million, after deduction of listing related expenses. As at 31 March 2017, all of the unused proceeds were deposited in a licensed bank in Hong Kong. During the Year Under Review, a portion of the net proceeds from the Placing was utilised and the corresponding explanations are set out in the table below:

Proposed use of proceeds	Proposed amount to be used	Approximate amount used up to 31 March 2017	Amount proposed to be used in the next 12 months	Changes and explanation
Expand our "Bar Pacific" brand to different locations	HK\$35.5 million	The expansion plan was delayed as the Group could not find suitable shops for expansion as at 31 March 2017.	HK\$14 million will be used to open five new shops.	The proposed use of proceeds will be used as intended.
Continue to upgrade our shop facilities	HK\$3.4 million	HK\$0.9 million was used to renovate one existing shop.	HK\$1.4 million will be used to renovate five existing shops.	The proposed use of proceeds will be used as intended. Renovation will be speed up. The entire renovation plan is targeted to be completed in one and a half year.
Continue our promotion and marketing efforts	HK\$3.5 million	HK\$0.1 million was used to engage an independent marketing agent for the promotion and marketing of the Group.	HK\$1.7 million	The proposed use of proceeds will be used as intended.

## PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the Year Under Review are set out in note 13 to the consolidated financial statements.

## DISTRIBUTABLE RESERVES

As at 31 March 2017, the Company's reserves available for distribution to the Shareholders are approximately HK\$44 million (as at 31 March 2016: Nil) as calculated in accordance with statutory provisions applicable in the Cayman Islands.

## PRE-EMPTIVE RIGHT

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

# DIRECTORS' REPORT

## SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in note 20 to the consolidated financial statements.

## DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors of the Company during the Year Under Review and up to the date of this annual reports are:

### **Executive Directors:**

Ms. Tse Ying Sin Eva ("**Ms. Tse**")

Mr. Chan Darren Chun-Yeung ("**Mr. Chan**")

### **Independent non-executive Directors ("INEDs"):**

Mr. Tang Wing Lam

Mr. Chin Chun Wing

Mr. Yung Wei Kei David

In accordance with Article 84 of the Articles of Association, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. At the forthcoming annual general meeting of the Company (the "**2017 AGM**"), each of Ms. Tse and Mr. Chan will retire from office as Director by rotation and, being eligible, will offer themselves for re-election at the 2017 AGM.

The Company has received from each of the INEDs an annual confirmation of his independence pursuant to the GEM Listing Rules, and the Company considers the INEDs to be independent pursuant to Rule 5.09 of the GEM Listing Rules as at the date of this annual report are independent.

Biographical details of the Directors and senior management of the Group as at the date of this annual report are set out on pages 10 to 12.

The Directors have entered into a service contract with the Company for a term of three years commencing from the Listing Date and shall continue thereafter unless terminated by either party giving to the other not less than three months' notice in writing.

No Directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.



# DIRECTORS' REPORT

## DISCLOSURE OF INTERESTS

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

As at 31 March 2017, 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 to be notified to the Company and the Stock Exchange: (a) pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions in which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein (the "Register"), or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors), to be notified to the Company and the Stock Exchange were as follows:

#### Long position in the Shares

Name of Director	Nature of interest	Number of Shares held/ interested	Approximate percentage of issued share capital of the Company
Ms. Tse Ying Sin Eva ("Ms. Tse") (Note)	Beneficiary of a trust	431,543,700	50.18%

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

Save as disclosed above, as at 31 March 2017, 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 are 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.

# DIRECTORS' REPORT

## DISCLOSURE OF INTERESTS *(Continued)*

### **(B) Substantial shareholders' and other persons' interests and short positions in Shares and underlying shares of the Company**

So far as the Directors are aware of, as at 31 March 2017, 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 of the Company required to be kept under section 336 of the SFO (the "**Substantial Shareholders' Register**"), or who were directly or indirectly interested in 5% or more of the issued voting shares of the Company:

#### **Long position in the Shares**

<b>Name</b>	<b>Nature of interest</b>	<b>Number of Shares held/ interested</b>	<b>Approximate percentage of issued share capital of the Company</b>
BVI Holdco <i>(Note)</i>	Beneficial owner	431,543,700	50.18%
Harneys Trustees Limited <i>(Note)</i>	Trustee (other than a bare trustee)	431,543,700	50.18%
Ms. Tse <i>(Note)</i>	Beneficiary of a trust	431,543,700	50.18%
Ms. Chan Tsz Kiu Teresa <i>(Note)</i>	Beneficiary of a trust	431,543,700	50.18%
Ms. Chan Ching Mandy <i>(Note)</i>	Interest of controlled corporation	431,543,700	50.18%
BP Sharing Limited	Beneficial owner	173,143,800	20.13%

*Note:* BVI Holdco holds 431,543,700 Shares, representing approximately 50.18% of the share capital of the Company. The sole shareholder of BVI Holdco is Harneys Trustees Limited, the trustee of the Bar Pacific Trust, of which Ms. Tse and her daughter, namely Ms. Chan Tsz Kiu Teresa, are beneficiaries. Pursuant to the deed of settlement dated 25 March 2014 in respect of the Bar Pacific Trust, Ms. Chan Ching Mandy is the protector of the Bar Pacific Trust, and Harneys Trustees Limited 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. Chan Ching Mandy) and the settlor (i.e. Ms. Tse) of the Bar Pacific Trust. Each of Harneys Trustees Limited, Ms. Tse, Ms. Chan Tsz Kiu Teresa and Ms. Chan Ching Mandy is deemed to be interested in the Shares held by BVI Holdco under the SFO.

Save as disclosed above, as at 31 March 2017, 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' REPORT

## INTERESTS OF COMPLIANCE ADVISER

As at 31 March 2017, as notified by the Company's compliance adviser, LY Capital Limited (the "**Compliance Adviser**"), except for the compliance adviser agreement dated 29 December 2016 and entered into between the Company and the Compliance Adviser, neither the Compliance Adviser nor its directors, employees or 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.

## SHARE OPTION SCHEME

The Company adopted a share option scheme (the "**Scheme**") on 17 December 2016. 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 under the Scheme since its adoption and up to 31 March 2017 and there was no share option outstanding as at 31 March 2017.

## ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

## EQUITY-LINKED AGREEMENTS

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

## RELATED PARTY TRANSACTIONS

The significant related party transactions entered into by the Group during the Year Under Review are set out in note 23 to the consolidated financial statements.

During the Year Under Review, the Group has entered into the two transactions with connected persons and will continue to carry out such transactions. Both transactions constitute de minimis transaction which are fully exempt from the Shareholders' approval, annual review and all disclosure requirements under Rule 20.74 of the GEM Listing Rules.

## EMOLUMENT POLICY

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

## PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Article of Association, subject to relevant laws, every Director shall be indemnified out of the assets of the Company against all losses and liabilities which the Directors may sustain or incur in or about the execution of his/her office or otherwise in relation thereto. The Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against Directors of the Company.

# DIRECTORS' REPORT

## PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

The issued shares of the Company were listed on the GEM of the Stock Exchange on 11 January 2017. Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company after the Listing Date and up to 31 March 2017.

## MAJOR CUSTOMERS AND SUPPLIERS

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

During the Year Under Review, the aggregate purchases attributable to the Group's five largest suppliers accounted for approximately 87% of the Group's total purchases while the purchases attributable to the Group's largest supplier accounted for approximately 39% of the Group's total purchases.

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

## DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

## MANAGEMENT CONTRACTS

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

## AUDITOR

The consolidated financial statements for the year have been audited by Messrs. Deloitte Touche Tohmatsu ("**Deloitte**"). A resolution will be submitted to the annual general meeting of the Company to re-appoint Deloitte as auditor of the Company.

## PUBLIC FLOAT

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

# DIRECTORS' REPORT

## NON-COMPETITION UNDERTAKING

Each of Ms. Chan Ching, Mandy, Ms. Tse and BVI Holdco (each a “**Covenantor**”, collectively, “**Covenantors**”) entered into a deed of non-competition in favour of the Company (the “**Deed of Non-competition**”) on 17 December 2016.

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

The Company received from each of the Covenantors an annual confirmation in January 2017 on each of their compliance of the non-competition undertaking under the Deed of Non-competition. The independent non-executive Directors have reviewed the compliance of each of these undertakings and evaluated the effectiveness of the implementation of the Deed of Non-competition, and were satisfied that each of the Covenantors has complied with their undertaking during the Year Under Review.

## DIRECTORS' INTERESTS IN SIGNIFICANT TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save for those disclosed under Note 23 to the consolidated financial statements, during the Year Under Review, there was no transaction, arrangement or contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or a connected entity of that Director has or had, directly or indirectly, a material interest.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the paragraphs headed “Directors' and Chief Executives' Interests and Short Position in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations” in this annual report, at no time during the Year Under Review and as at the end of the Year Under Review was the Company or any of its subsidiaries a party to any arrangements to enable the Directors and chief executive (including their respective spouse and children under 18 years of age) to acquire benefits by means of the acquisition of shares or underlying shares in, or debentures of, the Company or any of its associated corporation.

## CORPORATE GOVERNANCE

The principal corporate governance practices as adopted by the Company are set out in the section headed “CORPORATE GOVERNANCE REPORT” from pages 13 to 19 of this annual report.

## CHARITY AND DONATION

The Group's charitable and other donations during the Year Under Review amounted to approximately HK\$224,000 including visits to the elderly in November 2016 and March 2017. No donations were made to political parties during the Year Under Review.

## COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

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

# DIRECTORS' REPORT

## DISCLOSURES UNDER RULES 17.22 TO 17.24 OF THE GEM LISTING RULES

As at 31 March 2017, the Group had no circumstances which would give rise to a disclosure obligation under Rules 17.22 to 17.24 of the GEM Listing Rules.

## ENVIRONMENTAL POLICIES AND PERFORMANCES

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

The Environmental, Social and Governance Report is set out on pages 29 to 31 of this annual report.

## KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND BUSINESS PARTNERS

The Group is committed to establish and maintain long term and harmonious relationships with its employees, customers and business partners. The Group provides a pleasant and healthy working environment to employees. During the Year Under Review, the Group organised various activities to promote the friendship, bonding and healthiness of employees including overseas trip, barbecue and annual dinner. In addition, continuous professional training is provided to employees to update and strengthen their professional knowledge. Instead of mass communication, employees of the Group communicate with his/her customers and/or business partners on an ongoing and promptly basis through email, telephone or face-to-face meeting. The Group was able to retain its customers and business partners during the Year Under Review and no complaints were received.

## DEBENTURES

The Company did not issue any debentures during the Year Under Review.

## RESERVES

Details of the movement in the reserves of the Group and the Company during the Year Under Review are set out in the consolidated statement of changes in equity and in note 30 to the audited consolidated financial statements, respectively.

On behalf of the Board

### **Bar Pacific Group Holdings Limited**

**Tse Ying Sin Eva**

*Chairlady*

15 June 2017

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

We are pleased to present this report in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Guide”) as set out in Appendix 20 to the GEM Listing Rules. This report describes the Company’s policies in 2016/17 that were designed to fulfill the Company’s obligations with respect to sustainable development and social responsibilities areas, as required by the ESG Guide.

In advancing a strategy of sustainable development, the Group has adopted policies and procedures to: (i) provide a safe and healthy working environment; (ii) cultivate and nurture its work force; (iii) ensure protection of the environment and conservation of resources, and (vi) grow the Company’s involvement in the community with the aim of driving sustainable development and operations. The reporting period of this report is from the Listing Date to 31 March 2017.

## ENVIRONMENTAL PROTECTION

To demonstrate the Company’s commitment to sustainable development and compliance with laws and regulations relating to environmental protection, we endeavor to minimize the environmental impact of our business activities and maintain green operations and green office practices.

### Emission

The Group has implemented measures to protect the environment so as to minimise the impact of business operation on the environment. For example, the lightings in bars and office are gradually being replaced by LED lightings and other equipment has been being replaced by more environmental friendly equipment.

### Use of Resources

The resources used by the Company are principally attributed and water consumed at its bars and office. With the aim to better manage its use of resources, regular assessments of use of resources are performed. Relevant departments collect and analyze data and summarize their respective findings on a regular basis. Initiatives, such as energy, water and paper saving practices, are developed to address departments’ findings.

The Company has adopted green bar and office practices to reduce natural consumption and the impact on the environment. For instance, the lightings as bars and office are being replaced by LED lightings and other equipment are being placed by more environmental friendly equipment.

The Green production cannot be realized without the cooperation of employees. In order to raise employees’ awareness and monitor non-compliance, the Group actively promote environmental protection and provide training for employees. Environmental protection performance indicators are included into the departmental appraisal. The Group also held environmental protection competitions to reward the departments with high resource saving rates and punish the departments and employees with resource wasting behaviours.

The Group has strictly complied with all material laws and regulations throughout the year ended 31 March 2017.

## SOCIAL COMMITMENT

The Company believes that one of the key aspects of its success is the good relationship it maintains with employees. With the aim of ensuring employee satisfaction, the Company provides competitive employee benefits and comprehensive training programs to encourage employees to achieve their potential and put their abilities to good use. Furthermore, the Company provides for a number of staff activities to enhance employees’ sense of belonging and to help create a friendly and harmonious working environment.

## **Caring Our Employees**

We provide a suitable working environment to our employees and care about their needs.

We formulate the human resources management measures with reference to relevant laws and regulations. A fair recruitment and promotion policy is adopted by the Group. Candidates or employees are considered based on their qualifications and work experiences regardless of gender, age and race. Illegal acts or child labours are prohibited within the Group. Identification documents of the candidates would be checked during interview to ensure they have reached the legal working age. District Manager, Shop Manager and HR department will communicate with the employees on work arrangement based on the actual situation of different bars and will not require the employees to work overtime against their will. Flexible working hours might apply for some positions based on the operation needs.

The Group has strictly complied with all material laws and regulations throughout the year ended 31 March 2017.

## **Remuneration and Welfare**

The Directors consider that the recruitment in the industry is competitive. To facilitate recruitment of competitive staff, apart from basic salary, the Group also offers its staff with medical benefits. In addition, the Group has also adopted various bonus schemes for its staff in order to incentivise them once their shops have achieved certain pre-set targets, such as a certain amount of revenue per shop during a period of time. Once the staff of a shop achieved the target for three consecutive months, extra bonus will be paid to them.

## **Occupational Health and Safety**

The Group targets to provide safe environment for both its staff and customers. To ensure alcoholic beverages are only sold to legitimate customers, staff will check the identity document of any customers who are suspected to be under 18 years of age. All the shops of the Group are equipped with security system such as CCTV to monitor the shop operation. The senior management will review those CCTV for the shops from time to time to ensure no illegal activities or disorderly behaviour is carried out in our shop. The Group has strict guidelines which are issued to the staff on this area. They have been instructed that, whenever they suspect there are illegal activities or disorderly behaviour taking place in the shop, they should immediately report to the shop manager and the shop manager must immediately report to the police. All the written statement made to the police must be sent to the compliance department for record. In addition, if the customer appears to be intoxicated, the Group will cease to supply any alcoholic beverages and request that customer to leave the shop.

Apart from the above procedures, the Group also has established and implemented workplace safety guidelines for the staff. Any accidents that occur will be reported to the compliance department of the Group and handled accordingly. The Directors believe that measures help reduce the number and seriousness of work injuries of the employees and are adequate and effective to prevent serious work injuries.

## **Development and Training**

Standardised operation manual and training will be provided to new staff and existing staff from time to time. The administration and human resources department of the Group is responsible for staff training. In general, training is provided to all new staff. Regular trainings and briefings are also provided to the staff to update on any new industry regulations and our new marketing events. The Directors believe that relevant training is important to maintain the service quality and enhance the brand.



## **Labour Standards**

Any individuals under legal working age and individuals without any identification documents are disqualified from employment. The Group has committed to protecting the labour rights of staff and established complaint mechanism for staff to report violation of labour right.

## **Supply Chain Management**

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

The Group will conduct a half-yearly evaluation on the performance of its suppliers based on a set of criteria including product range, delivery schedule, service quality, price and credit terms. New suppliers are selected on the list of approved suppliers upon satisfactory results on checking their company websites, business registration, and if necessary, the performance review by the management of the Group on a trial test period.

## **Product Responsibility**

To guarantee the beverage product quality, the Group's procurement policy is to select only suppliers on its approved list who have passed selection procedures. The Group's inventory mainly comprises beverages. Beer typically has shelf life of approximately one year while spirits typically do not state a shelf life. Although beer has shelf life, the inventory turnover rate for them is shorter than one year so the Group can ensure their quality and freshness. The operation department of the head office of the Group is responsible for managing the inventory both at the head office and at the shop level.

The shop managers and operation department will check the outer appearance of the beverage products to identify if there is any abnormality upon delivery to the shops and head office, respectively. Any beverage products which show signs of abnormality will be returned to the supplier for replacement or refund.

## **Anti-Corruption**

The Group centralised the purchase of all beverages and other supplies (except light refreshments) for the shops by the operation department at the head office of the Group. The Directors believe that the centralised purchasing system may prevent any possible kickback arrangements between individual shops and the suppliers. Given that the Group is a retail chained bar group and the estimated average spending per customer is relatively small, the Group has not adopted any anti-money laundering procedures.

## **COMMUNITY INVESTMENT**

The Company is actively involved in a variety of community initiatives. Leveraging the uniqueness of the bar business, the company aligns the resources of the company with the needs of communities, motivating our staffs to serve the community in different areas.

# INDEPENDENT AUDITOR'S REPORT

**Deloitte.**

**德勤**

35/F, One Pacific Place  
88 Queensway  
Hong Kong

**To the Members of Bar Pacific Group Holdings Limited**

*(Incorporated in the Cayman Islands with limited liability)*

## OPINION

We have audited the consolidated financial statements of Bar Pacific Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 36 to 66, which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

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

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on those matters.

# INDEPENDENT AUDITOR'S REPORT

## KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
<p><b>Revenue Recognition</b></p> <p>We identified revenue recognition as a key audit matter, as due to the significance of revenue of the Group to the consolidated statement of profit or loss and other comprehensive income.</p> <p>Revenue of the Group is recognised at the point of sales to customers. The accounting policy for revenue recognition is disclosed in note 3 to the consolidated financial statements. For the year ended 31 March 2017, revenue of the Group amounted to HK\$126,212,000, which is set out in the consolidated statement of profit or loss and other comprehensive income and note 4 to the consolidated financial statements.</p>	<p>Our procedures in relation to revenue recognition included:</p> <ul style="list-style-type: none"><li>• Obtaining an understanding of the Group's revenue recognition policy;</li><li>• Obtaining an understanding of the revenue business processes, and testing key manual and information technology controls for validity of revenue recognition with the involvement of our internal I.T. specialists;</li><li>• Applying regression analysis technique to investigate any unusual patterns of revenue of the Group, and obtaining and assessing the management's explanations for any unusual patterns of revenue of the Group identified; and</li><li>• Analysing the monthly revenue of each bar and assessing the reasonableness of management's explanations for any irregular fluctuations as identified by us.</li></ul>

## OTHER INFORMATION

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

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

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

# INDEPENDENT AUDITOR'S REPORT

## RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

# INDEPENDENT AUDITOR'S REPORT

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The engagement partner on the audit resulting in the independent auditor's report is Chu, Johnny Chun Yin.

### **Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

15 June 2017

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2017

	NOTES	2017 HK\$'000	2016 HK\$'000
Revenue	4	126,212	126,145
Other income	5	1,000	1,364
Cost of inventories sold		(27,750)	(28,427)
Staff costs		(37,000)	(36,353)
Depreciation		(3,635)	(3,938)
Property rentals and related expenses		(23,532)	(21,311)
Other operating expenses		(24,370)	(19,109)
Finance costs	6	(21)	(17)
Listing expenses		(12,694)	(300)
(Loss) profit before taxation	7	(1,790)	18,054
Taxation	10	(1,590)	(2,699)
(Loss) profit and total comprehensive (expense) income for the year		(3,380)	15,355
(Loss) profit and total comprehensive (expense) income for the year attributable to:			
Owners of the Company		(4,275)	9,450
Non-controlling interests		895	5,905
		(3,380)	15,355
(Loss) earnings per share		<i>HK cents</i>	<i>HK cents</i>
Basic and diluted	12	(0.62)	1.80

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2017

	NOTES	2017 HK\$'000	2016 HK\$'000
Non-current assets			
Property, plant and equipment	13	8,757	6,854
Rental deposits	15	3,991	2,481
		<b>12,748</b>	9,335
Current assets			
Inventories	14	1,252	917
Trade and other receivables	15	6,331	5,219
Tax recoverable		1,117	–
Bank balances and cash	16	58,632	15,242
		<b>67,332</b>	21,378
Current liabilities			
Trade and other payables	17	7,605	7,540
Amount due to a director	18	–	3,726
Taxation payable		–	483
Obligations under finance leases — amount due within one year	19	407	187
		<b>8,012</b>	11,936
Net current assets		<b>59,320</b>	9,442
Total assets less current liabilities		<b>72,068</b>	18,777
Non-current liabilities			
Obligations under finance leases — amount due over one year	19	1,141	436
Net assets		<b>70,927</b>	18,341
Share capital and reserves			
Share capital	20	8,600	390
Reserves		55,562	10,899
		<b>64,162</b>	11,289
Non-controlling interests		<b>6,765</b>	7,052
Total equity		<b>70,927</b>	18,341

The consolidated financial statements on pages 36 to 66 were approved and authorised for issue by the Board of Directors on 15 June 2017 and are signed on its behalf by:

**TSE YING SIN EVA**  
DIRECTOR

**CHAN DARREN CHUN-YEUNG**  
DIRECTOR

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2017

	Attributable to owners of the Company						Total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital reserves HK\$'000 (Note a)	Special reserves HK\$'000 (Note c)	Other reserves HK\$'000	Retained profits HK\$'000			
At 1 April 2015	-	-	-	-	(152)	5,815	5,663	5,767	11,430
Profit and total comprehensive income for the year	-	-	-	-	-	9,450	9,450	5,905	15,355
Issue of shares to a shareholder	285	-	-	-	-	-	285	-	285
Issue of shares to acquire non-controlling interests of subsidiaries	105	-	6,065	-	(657)	-	5,513	(5,513)	-
Acquisition of additional interests in subsidiaries	-	-	-	-	(1,001)	-	(1,001)	(518)	(1,519)
Capital contribution by non-controlling shareholders of subsidiaries	-	-	-	-	479	-	479	2,701	3,180
Dividends paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	(1,290)	(1,290)
Dividend (note 11)	-	-	-	-	-	(9,100)	(9,100)	-	(9,100)
At 31 March 2016	390	-	6,065	-	(1,331)	6,165	11,289	7,052	18,341
(Loss) profit and total comprehensive (expense) income for the year	-	-	-	-	-	(4,275)	(4,275)	895	(3,380)
Arising from group reorganisation (note b)	(389)	8,482	-	(8,093)	-	-	-	-	-
Capitalisation issue (see note 20d)	6,449	(6,449)	-	-	-	-	-	-	-
Issue of shares by way of placing (see note 20e)	2,150	60,200	-	-	-	-	62,350	-	62,350
Transaction costs directly attributable to issue of shares	-	(5,173)	-	-	-	-	(5,173)	-	(5,173)
Acquisition of additional interests in subsidiaries	-	-	-	-	(29)	-	(29)	(81)	(110)
Dividends paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	(1,101)	(1,101)
At 31 March 2017	8,600	57,060	6,065	(8,093)	(1,360)	1,890	64,162	6,765	70,927

## 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 Bar Pacific Group Holdings Limited (the "Company").
- Pursuant to a group reorganisation (the "Reorganisation") in preparation for the listing of the Company's shares on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing"), 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.



# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2017

	2017 HK\$'000	2016 HK\$'000
OPERATING ACTIVITIES		
(Loss) profit before taxation	(1,790)	18,054
Adjustments for:		
Depreciation on property, plant and equipment	3,635	3,938
Loss on disposal of property, plant and equipment	5	117
Interest expenses	21	17
Interest income	(37)	(1)
Operating cash flows before movements in working capital	1,834	22,125
(Increase) decrease in trade and other receivables and rental deposits	(2,622)	1,797
(Increase) decrease in inventories	(335)	129
Increase (decrease) in trade and other payables	65	(814)
Cash (used in) generated from operations	(1,058)	23,237
Hong Kong Profits Tax paid	(3,278)	(2,962)
Hong Kong Profits Tax refunded	88	112
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(4,248)	20,387
INVESTING ACTIVITIES		
Interest income	37	1
Purchase of property, plant and equipment	(4,396)	(5,166)
NET CASH USED IN INVESTING ACTIVITIES	(4,359)	(5,165)
FINANCING ACTIVITIES		
Proceeds from issue of shares	62,350	–
Transaction costs directly attributable to issue of shares	(5,173)	–
Bank borrowing raised	4,500	–
Repayment of bank borrowing	(4,500)	–
Dividends paid to non-controlling shareholders of subsidiaries	(1,101)	(1,290)
Principal payments for obligations under finance leases	(222)	(148)
Acquisition of additional interests in subsidiaries	(110)	(1,519)
Interest paid	(21)	(17)
Advance from a director	–	2,761
Repayment to a director	(3,726)	(8,046)
Capital contribution by non-controlling shareholders of subsidiaries	–	960
Repayment to non-controlling shareholders of subsidiaries	–	(3,560)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	51,997	(10,859)
NET INCREASE IN CASH AND CASH EQUIVALENTS	43,390	4,363
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	15,242	10,879
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, representing bank balances and cash	58,632	15,242

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

## 1. GENERAL AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Company is a public limited company incorporated in Cayman Islands and its shares are listed on the GEM of the Stock Exchange since 11 January 2017. The addresses of the Company's registered office and principal place of business are Cricket Square, Hutchins Drive, PO 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 companies are incorporated in the British Virgin Islands ("BVI"). The ultimate controlling parties are Ms. Tse Ying Sin Eva ("Ms. Tse") and Ms. Chan Ching Mandy ("Ms. Chan").

The principal activity of the Group is operation of chain of bars in Hong Kong under the brand name of Bar Pacific.

The consolidated financial statements are presented in Hong Kong dollars ("HKD"), which is also the same as the functional currency of the Company.

In preparation for the Listing, the Group underwent the Reorganisation.

Pursuant to the Reorganisation as set out in the section headed "History, Development and Reorganisation" in the prospectus dated 30 December 2016 issued by the Company (the "Prospectus"), which involved interspersing the Company, and certain companies between the then shareholders and the group entities, the Company became the holding company of the companies now comprising the Group on 15 December 2016.

The Company and its subsidiaries have been under the common control of the controlling shareholders before and after the Reorganisation or since their respective dates of incorporation, where there is a shorter period. Accordingly, the consolidated financial statements for the years ended 31 March 2016 and 31 March 2017 have been prepared under the principles of merger accounting in accordance with the Accounting Guideline 5 "Merger Accounting For Common Control Combinations" issued by the HKICPA. The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the years ended 31 March 2016 and 31 March 2017 have been prepared as if the group structure upon completion of the Reorganisation had been in existence throughout the year, or since their date of incorporation, where there is a shorter period. The consolidated statement of financial position of the Group as at 31 March 2016 has been prepared to present the assets and liabilities of the companies now comprising the Group as if the group structure upon completion of the Reorganisation had been in existence at 31 March 2016 taking into account the respective date of incorporation, where applicable.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has consistently applied Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”), amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) which are effective for annual accounting periods beginning on 1 April 2016 throughout the years reported.

The Group has not early applied the following new and revised HKFRSs and interpretation (the “new and revised HKFRSs”) that have been issued but are not yet effective:

HKFRS 9	Financial instruments <sup>1</sup>
HKFRS 15	Revenue from contracts with customers <sup>1</sup>
HKFRS 16	Leases <sup>3</sup>
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions <sup>1</sup>
Amendments to HKFRS 4	Applying HKFRS 9 “Financial instruments” with HKFRS 4 “Insurance contracts” <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture <sup>2</sup>
Amendments to HKFRS 15	Clarifications to HKFRS 15 “Revenue from contracts with customers” <sup>1</sup>
Amendments to HKAS 7	Disclosure initiative <sup>4</sup>
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses <sup>4</sup>
Amendments to HKAS 40	Transfers of investment property <sup>1</sup>
Amendments to HKFRSs	Annual improvements to HKFRSs 2014–2016 cycle <sup>5</sup>
HK (IFRIC)-Int 22	Foreign currency transactions and advance consideration <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>2</sup> Effective for annual periods beginning on or after a date to be determined

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

### HKFRS 16 “Leases”

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 “Leases” and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

### **HKFRS 16 “Leases”** *(Continued)*

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2017, the Group has non-cancellable operating lease commitments of HK\$32,946,000 as disclosed in note 24. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors complete a detailed review.

Except as described above, the directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the Group’s financial performance and positions and/or the disclosure to the consolidated financial statements of the Group.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (“GEM Listing Rules”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The principal accounting policies adopted are set out below.

### **Basis of consolidation**

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

## 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### **Basis of consolidation** *(Continued)*

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

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

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

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

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

### **Changes in the Group's ownership interest in existing subsidiaries**

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in other reserves and attributed to owners of the Company.

### **Revenue recognition**

Revenue is measured at fair value of the consideration received or receivable. It represents amounts receivable from operation of bars and net of discounts.

Revenue from bar operations is recognised at the point of sales to customers.

Sponsorship income is recognised when the services have been rendered and the amount can be measured reliably.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

## 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### **Property, plant and equipment**

Property, plant and equipment held for use in the operation of the bars, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

### **Borrowing costs**

Borrowing costs are recognised in profit and loss in the period in which they are incurred.

### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. Net realisable value is the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

### **Financial instruments**

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

### **Financial assets**

The Group's financial assets are loans and receivables. The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

### ***Effective interest method***

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

Interest income is recognised on an effective interest basis for debt instruments.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

## 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### **Financial instruments** *(Continued)*

#### **Financial assets** *(Continued)*

##### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment of financial assets below).

##### **Impairment of financial assets**

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimate future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain receivables that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date of the impairment loss is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

## 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### **Financial instruments** *(Continued)*

#### **Financial liabilities and equity instruments**

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

#### **Equity instruments**

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

#### **Financial liabilities**

Financial liabilities including trade and other payables and amount due to a director are subsequently measured at amortised cost, using the effective interest method.

#### **Effective interest method**

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

Interest expense is recognised on an effective interest basis.

#### **Derecognition**

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

## 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### **Impairment**

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

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

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

### **Taxation**

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from “(loss) profit before taxation” as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group’s current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

## 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### **Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

#### **The Group as lessee**

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

#### **Retirement benefits costs**

Payments to defined contribution retirement benefits schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

## 4. REVENUE AND SEGMENT INFORMATION

Revenue represents amounts receivable from operation of bars, net of discounts.

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 set out in note 3.

No geographical information is shown as the revenue and profit 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 in both years.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

## 5. OTHER INCOME

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Sponsorship income	258	686
Interest income	37	1
Others	705	677
	<b>1,000</b>	1,364

## 6. FINANCE COSTS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Interests on:		
bank borrowing	4	–
obligations under finance leases	17	17
	<b>21</b>	17

## 7. (LOSS) PROFIT BEFORE TAXATION

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
(Loss) profit before taxation has been arrived at after charging:		
Director's remuneration ( <i>note 8</i> )	1,090	813
Other staff's salaries and other benefits	34,303	33,904
Other staff's retirement benefits scheme contributions	1,607	1,636
Total staff costs	<b>37,000</b>	36,353
Depreciation of property, plant and equipment		
— owned assets	3,468	3,770
— assets under finance lease	167	168
	<b>3,635</b>	3,938
Operating lease payments	22,142	19,950
Auditor's remuneration	950	600
Loss on disposal of property, plant and equipment	5	117

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

## 8. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

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

	Year ended 31 March 2017			
	Fees HK\$'000	Salaries and other benefits HK\$'000	Retirement benefits scheme contributions HK\$'000	Total HK\$'000
Executive directors				
Ms. Tse <sup>#</sup>	223	147	5	375
Chan Darren Chun-Yeung <sup>#</sup>	–	616	18	634
Independent non-executive directors				
Tang Wing Lam David*	27	–	–	27
Chin Chun Wing*	27	–	–	27
Yung Wai Kei*	27	–	–	27
	<b>304</b>	<b>763</b>	<b>23</b>	<b>1,090</b>

	Year ended 31 March 2016			
	Fees HK\$'000	Salaries and other benefits HK\$'000	Retirement benefits scheme contributions HK\$'000	Total HK\$'000
Executive directors				
Ms. Tse <sup>#</sup>	273	–	–	273
Chan Darren Chun-Yeung <sup>#</sup>	–	522	18	540
	<b>273</b>	<b>522</b>	<b>18</b>	<b>813</b>

<sup>#</sup> Ms. Tse and Chan Darren Chun-Yeung were appointed as executive directors of the Company on 2 June 2016. The emoluments disclosed above include those for their services as employees or directors of group entities prior to becoming the directors of the Company.

<sup>\*</sup> Tang Wing Lam David, Chin Chun Wing and Yung Wai Kei were appointed as independent non-executive directors of the Company on 17 December 2016. No emoluments were paid to the independent non-executive directors during the year ended 31 March 2016.

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

During both years, no emoluments were paid by the Group to the directors of the Company or the five highest paid individuals, as set out in note 9, as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors, have waived any emoluments during both years.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

## 9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included two directors (2016: one director), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining three (2016: four) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	<b>2017</b> <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Salaries, allowances and benefits in kind	<b>1,223</b>	1,612
Performance related bonuses ( <i>note i</i> )	<b>86</b>	221
Retirement benefits	<b>54</b>	72
	<b>1,363</b>	1,905

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

	<b>2017</b> <i>Number of employees</i>	2016 <i>Number of employees</i>
Nil to HK\$1,000,000	<b>3</b>	4

*Note i:* The performance related bonuses of the employees was determined based on the performance of relevant subsidiaries.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

## 10. TAXATION

	2017 HK\$'000	2016 HK\$'000
The taxation charge comprises:		
Hong Kong Profits Tax		
— Current year	1,698	2,699
— Overprovision in prior years	(108)	–
	<b>1,590</b>	2,699

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

Taxation charge for the year can be reconciled to the (loss) profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2017 HK\$'000	2016 HK\$'000
(Loss) profit before taxation	(1,790)	18,054
Tax (credit) charge at the applicable income tax rate at 16.5%	(295)	2,979
Tax effect of expenses not deductible for tax purposes	2,159	50
Tax effect of income not taxable for tax purposes	(7)	(14)
Tax effect of tax losses not recognised	297	241
Utilisation of tax losses previously not recognised	(164)	(242)
Overprovision in prior years	(108)	–
Tax reduction	(449)	(536)
Tax effect of other temporary difference not recognised	157	221
Taxation charge for the year	<b>1,590</b>	2,699

As at 31 March 2017, the Group has unused tax losses of approximately HK\$4,843,000 (2016: HK\$4,037,000) available for offset against future profit. No deferred tax asset has been recognised in respect of such unused tax loss due to unpredictability of future profit streams.

During the year ended 31 March 2017 and 31 March 2016, the subsidiaries of the Group were entitled to a tax reduction of 75% of Hong Kong Profits Tax subject of a ceiling of HK\$20,000 of each subsidiary.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

## 11. DIVIDENDS

No dividend was paid or proposed by the Company during the year ended 31 March 2017, nor has any dividend been proposed since the end of the reporting period.

The HK\$9,100,000 dividend paid during the year ended 31 March 2016, represent the dividend paid to then shareholder of Bar Pacific BVI.

## 12. (LOSS) EARNINGS PER SHARE

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
(Loss) profit for the year attributable to owners of the Company for the purpose of calculating basic (loss) earnings per share	<b>(4,275)</b>	9,450

  

	2017 <i>'000</i>	2016 <i>'000</i>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic (loss) earnings per share	<b>692,123</b>	524,840

The weighted average number of shares has been determined on the assumption that the capitalisation issue, see note 20(d), had been completed on 1 April 2015.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

## 13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements <i>HK\$'000</i>	Dart machines <i>HK\$'000</i>	Computer equipment <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>COST</b>						
At 1 April 2015	15,496	189	357	16,091	1,577	33,710
Additions	1,770	–	929	1,093	–	3,792
Disposals	–	(189)	–	–	–	(189)
At 31 March 2016	17,266	–	1,286	17,184	1,577	37,313
Additions	2,884	–	1,434	1,225	–	5,543
Disposals	(485)	–	–	(466)	–	(951)
At 31 March 2017	19,665	–	2,720	17,943	1,577	41,905
<b>ACCUMULATED DEPRECIATION</b>						
At 1 April 2015	12,707	38	26	12,461	1,361	26,593
Provided for the year	1,824	34	133	1,785	162	3,938
Eliminated on disposals	–	(72)	–	–	–	(72)
At 31 March 2016	14,531	–	159	14,246	1,523	30,459
Provided for the year	1,757	–	334	1,490	54	3,635
Eliminated upon disposals	(485)	–	–	(461)	–	(946)
At 31 March 2017	15,803	–	493	15,275	1,577	33,148
<b>CARRYING VALUES</b>						
At 31 March 2017	3,862	–	2,227	2,668	–	8,757
At 31 March 2016	2,735	–	1,127	2,938	54	6,854

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives at the following rates per annum:

Dart machines	20%
Computer equipment	20%
Furniture and fixtures	20%
Motor vehicles	20%

Leasehold improvements are depreciated over 3 years or the term of the lease whichever is shorter.

As at 31 March 2017, the carrying value of property, plant and equipment includes an amount of HK\$1,404,000 (2016: HK\$424,000) in respect of assets held under finance leases.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

## 14. INVENTORIES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Beverages and other items for bar operations	<b>1,252</b>	917

## 15. TRADE AND OTHER RECEIVABLES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade receivables	<b>286</b>	264
Other receivables	<b>246</b>	233
Deferred listing expenses	–	100
Prepayments	<b>2,205</b>	707
Rental deposits	<b>6,143</b>	5,035
Utility deposits	<b>1,442</b>	1,361
	<b>10,322</b>	7,700
Less: Rental deposits receivable over one year shown under non-current assets	<b>(3,991)</b>	(2,481)
	<b>6,331</b>	5,219

The Group's sales are mainly on cash or credit card settlement. As at 31 March 2017 and 2016, the Group's trade receivables mainly represents credit card sales receivable from financial institutions. None of the Group's trade receivables was individually or collectively considered to be impaired. The Group does not hold any collateral over these balances.

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

## 16. BANK BALANCES AND CASH

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

## 17. TRADE AND OTHER PAYABLES

	<b>2017</b> <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade payables	<b>3,057</b>	2,960
Salary payables	<b>1,238</b>	1,688
Payables for listing expenses	–	400
Accruals and other payables	<b>3,310</b>	2,492
	<b>7,605</b>	7,540

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

	<b>2017</b> <i>HK\$'000</i>	2016 <i>HK\$'000</i>
0 to 30 days	<b>2,469</b>	2,284
31 to 60 days	<b>486</b>	634
61 to 90 days	–	–
91 to 120 days	<b>6</b>	–
Over 120 days	<b>96</b>	42
	<b>3,057</b>	2,960

## 18. AMOUNT DUE TO A DIRECTOR

The amount as at 31 March 2016 was due to Ms. Tse. The amount was non-trade nature, unsecured, interest-free and repayable on demand. The amount was fully settled during the year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

## 19. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Amount payable under finance leases				
— within one year	<b>449</b>	197	<b>407</b>	187
— in more than one year but not more than two years	<b>388</b>	197	<b>358</b>	193
— in more than two years but not more than five years	<b>820</b>	242	<b>783</b>	243
	<b>1,657</b>	636	<b>1,548</b>	623
Less: Future finance charges	<b>(109)</b>	(13)		
Present value of lease obligations	<b>1,548</b>	623		
Less: Amount due within one year shown under current liabilities			<b>(407)</b>	(187)
Amount due after one year			<b>1,141</b>	436

The Group had entered into lease agreements for a term of five years to acquire a motor vehicle and certain computer equipment. The directors of the Company considers that the carrying amount of obligations under finance leases approximate to its fair value. As at 31 March 2017, the effective interest rates on finance lease is ranging from 2.5% to 3.75% (2016: 2.5%) per annum.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

## 20. SHARE CAPITAL

The share capital as at 31 March 2016 represented the issued share capital of Bar Pacific BVI. Pursuant to the Reorganisation, the Company became the holding company of the companies now comprising the Group on 15 December 2016. The share capital as at 31 March 2017 represents the share capital of the Company with details as follows:

	Number of shares	Share capital HK\$
Ordinary shares of HK\$0.01 each		
<b>Authorised:</b>		
At date of incorporation ( <i>note a</i> )	30,000,000	300,000
Increase in authorised share capital ( <i>note b</i> )	9,970,000,000	99,700,000
At 31 March 2017	10,000,000,000	100,000,000
<b>Issued and fully paid:</b>		
At date of incorporation	1	–
Issue of shares on Reorganisation ( <i>note c</i> )	49,999	500
Issue of shares by capitalisation of share premium ( <i>note d</i> )	644,950,000	6,449,500
Issue of shares by placing ( <i>note e</i> )	215,000,000	2,150,000
At 31 March 2017	860,000,000	8,600,000

Notes:

- (a) The Company was incorporated and registered as an exempted company in the Cayman Islands on 2 June 2016 with an authorised share capital of HK\$300,000 divided into 30,000,000 shares of a nominal value of HK\$0.01 each. Upon incorporation of the Company, 1 share of HK\$0.01 was issued at par value to the initial subscriber.
- (b) On 17 December 2016, the authorised share capital of the Company was increased from HK\$300,000 divided into 30,000,000 shares to HK\$100,000,000 divided into 10,000,000,000 shares by the creation of an additional 9,970,000,000 ordinary shares.
- (c) On 15 December 2016, the Company allotted and issued 49,999 shares to the then shareholders of Bar Pacific BVI as consideration to acquire the entire interest of Bar Pacific BVI.
- (d) On 17 December 2016, the Company authorised to capitalise the amount of HK\$6,449,500 being credited as fully paid to the share premium account and to pay up in full at par 644,950,000 ordinary shares of HK\$0.01 each, in proportion to the holders of shares whose names appear on the register of members of the Company.
- (e) On Listing, the Company issued 215,000,000 shares of HK\$0.01 each at HK\$0.29 per share by way of placing.

All ordinary shares issued during the year rank *pari passu* with the then existing ordinary shares in all respects.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

## 21. SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed on 17 December 2016, a share option scheme was adopted for the primary purpose of providing incentives to directors, employees and eligible participants. The scheme will expire on 16 December 2026.

Under the scheme, the Board of Directors of the Company (the "Board") may grant options to directors, employees, consultants, advisers, agents, vendors, suppliers of goods or services and customers of the Company and its subsidiaries and entities in which the Group holds equity interest at the discretion of the Board pursuant to the terms of the scheme, to subscribe for shares of the Company at a price which shall not be less than the highest of (i) the closing price of a share of the Company listed on the Stock Exchange at the date of grant of the option; (ii) the average of the closing price of a share of the Company on the Stock Exchange for the five trading days immediately preceding the date of grant of the option; and (iii) the nominal value of a share of the Company.

The maximum number of shares in respect of which options shall be granted under the scheme and any other share option schemes of the Company is 10% of the total number of shares in issue at the date of approval of adoption of the scheme. No director, employee or eligible participant may be granted options under the scheme which will enable him or her if exercise in full to subscribe for more than 1% of the issued share capital of the Company in any 12-month period. The option period for which the options granted can be exercisable, shall be such period as notified by the Board, save that it shall not be more than 10 years from the date of grant subject to the terms of the scheme. Nominal consideration of HK\$1 is payable on acceptance of each grant and the share options granted shall be accepted within 28 days from the date of grant.

No share option was granted or remained outstanding under the scheme during both years.

## 22. RETIREMENT BENEFITS SCHEME

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance. Under the MPF Scheme, the employees are required to contribute 5% of their monthly salaries or up to a maximum of HK\$1,500 and they can choose to make additional contributions. The employer's monthly contributions are calculated at 5% of the employee's monthly salaries or up to a maximum of HK\$1,500 (the "mandatory contributions"). The employees are entitled to 100% of the employer's mandatory contributions upon their retirement at the age of 65, death or total incapacity.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

## 23. RELATED PARTY TRANSACTIONS

- (a) During the year, the Group entered into the following transactions with related parties:

Related parties	Relationship of related parties	Nature of transaction	2017 HK\$'000	2016 HK\$'000
Landmark Western 2 Limited ("Landmark Western")	Company controlled by a close family member of Ms. Chan	Sales of alcohol	–	62
Wishing Limited	Company controlled by a close family member of Ms. Chan	Purchase of property, plant and equipment	1,800	1,550

During the year ended 31 March 2017, a director of the Company has provided financial guarantee to a subsidiary of the Group in respect of operating lease for a bar. As at 31 March 2017, the outstanding amounts are HK\$50,400 (2016: HK\$246,000).

- (b) Balances with related parties are disclosed in the consolidated statement of financial position and in note 18. Also, included in trade receivables (note 15) are the following amount due from Landmark Western:

	2017 HK\$'000	2016 HK\$'000
Trade receivables	–	60

- (c) The remuneration paid or payable to the key management personnel during year is set out below. The remuneration of key management personnel was determined with reference to the performance of the individuals and market trends.

	2017 HK\$'000	2016 HK\$'000
Fees, salaries and other benefits	986	795
Retirement benefit scheme contributions	23	18
	<b>1,009</b>	813

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

## 24. OPERATING LEASE COMMITMENTS

The Group had future aggregate minimum lease payables under non-cancellable operating leases in respect of office and bars as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Within one year	<b>18,812</b>	14,001
After one year but within five years	<b>13,894</b>	10,842
Over five years	<b>240</b>	–
	<b>32,946</b>	24,843

Leases are negotiated for terms of one to six years (2016: one to five years).

The above lease commitments represent basic rents only and do not include contingent rents payable in respect of certain bars leased by the Group. In general, these contingent rents are calculated based on the relevant bars' turnover pursuant to the terms and conditions as set out in the respective rental agreements. It is not possible to estimate in advance the amount of such contingent rent payable. During the year ended 31 March 2017, the amounts of contingent rental recognised as expenses were approximately HK\$45,000 (2016: HK\$47,000).

## 25. MAJOR NON-CASH TRANSACTIONS

- (a) During the year ended 31 March 2017, the Group entered into finance lease arrangement in respect of property, plant and equipment with a value of approximately HK\$1,147,000 (2016: HK\$376,000) at the inception of the lease.
- (b) During the year ended 31 March 2016, an interim dividend of HK\$9,100,000 and the issue of shares to a shareholder for a consideration of HK\$285,000 were settled through the current account with a director.
- (c) During the year ended 31 March 2016, amounts due to non-controlling shareholders of subsidiaries of HK\$2,220,000 has been capitalised by issue of shares in the respective subsidiaries and accounted for as capital contribution by the non-controlling shareholders.
- (d) During the year ended 31 March 2016, the Group acquired additional interests in certain subsidiaries and the consideration of which was settled by issue of 13,422 shares in Bar Pacific BVI.

## 26. NON-CONTROLLING INTERESTS

As at 31 March 2017, the Group comprises of 25 subsidiaries (2016: 25 subsidiaries) which in aggregate have a material non-controlling interest balance, however each of them are individually not material.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

## 27. CAPITAL RISK MANAGEMENT

The directors of the Company manages the Group's capital to ensure that it will be able to continue as a going concern while maximising the return to owners through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged during the year.

The capital structure of the Group consists of net debt, net of cash and cash equivalents and equity attributable to owners of the Company, comprising share capital, share premium and retained profits as disclosed in the consolidated financial statements.

The directors of the Company reviews the capital structure regularly. As part of this review, the directors of the Company considers the cost of capital and the risks associated with each class of capital, and will balance its overall capital structure through the payment of dividends, new share issues as well as raising of borrowings.

## 28. FINANCIAL INSTRUMENTS

### Categories of financial instruments

	2017 HK\$'000	2016 HK\$'000
<b>Financial assets</b>		
Loans and receivables (including cash and cash equivalents)	59,164	15,739
<b>Financial liabilities</b>		
Amortised cost	3,846	7,363

### Financial risk management objectives and policies

The Group's financial instruments include trade and other receivables, bank balances and cash, trade and other payables and amount due to a director. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The directors of the Company manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

## 28. FINANCIAL INSTRUMENTS *(Continued)*

### **Financial risk management objectives and policies** *(Continued)*

#### **Interest rate risk**

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances. The Group currently does not have any interest rate hedging policy. The management of the Group monitors the Group's exposure on ongoing basis and will consider hedging interest rate risk should the need arises.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of prevailing market interest rates arising from the Group's bank balances.

No sensitivity analysis on interest rate risk is presented as the directors of the Company consider the interest rate fluctuation on variable-rate bank balances is not significant.

#### **Credit risk**

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations, at the end of each reporting period in relation to each class of recognised financial assets, is the carrying amount of those assets stated in the consolidated statement of financial position.

The credit risk on bank balances and trade receivables is limited as such amounts are placed with or due from financial institutions with good reputation or credit rating.

#### **Liquidity risk**

The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding in the short and longer term.

All of the Group's liabilities are carried at amounts not materially different from their contractual undiscounted cash flows as all the financial liabilities are with maturities within one year or repayable on demand at the end of each reporting period.

### **Fair value measurements of financial instruments**

The directors of the Company considers that the carrying amounts of financial assets and liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values at the end of each reporting period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

## 29. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the principal subsidiaries, all of which are indirectly held by the Company, are as follows:

Name of subsidiary	Place of incorporation	Place of operation	Paid-up share capital	Equity interest attributable to the Group		Principal activities
				2017	2016	
Hacienda International Corporation Limited	Hong Kong	Hong Kong	HK\$1,000	100%	100%	Bulk purchase of beverages for fellow subsidiaries
Tank Success International Limited	Hong Kong	Hong Kong	HK\$2	100%	100%	Recruitment and management services for fellow subsidiaries
Bar Pacific VII International Limited	Hong Kong	Hong Kong	HK\$1,000	100%	100%	Operation of a bar under the brand name of Bar Pacific
Bar Pacific VIII International Limited	Hong Kong	Hong Kong	HK\$1,000	100%	100%	Operation of a bar under the brand name of Bar Pacific
Bar Pacific IX International Limited	Hong Kong	Hong Kong	HK\$1,000	95%	95%	Operation of a bar under the brand name of Bar Pacific
Bar Pacific XII International Limited	Hong Kong	Hong Kong	HK\$1,000	100%	100%	Operation of a bar under the brand name of Bar Pacific
Bar Pacific XVI International Limited	Hong Kong	Hong Kong	HK\$1,000	95%	95%	Operation of a bar under the brand name of Bar Pacific
Bar Pacific XX International Limited	Hong Kong	Hong Kong	HK\$1,000	90%	90%	Operation of a bar under the brand name of Bar Pacific
Bar Pacific XXI International Limited	Hong Kong	Hong Kong	HK\$1,000	95%	95%	Operation of a bar under the brand name of Bar Pacific
Bar Pacific XXVIII International Limited	Hong Kong	Hong Kong	HK\$1,000	86.5%	86.5%	Operation of a bar under the brand name of Bar Pacific
Bar Pacific XXIX International Limited	Hong Kong	Hong Kong	HK\$188	86.2%	86.2%	Operation of a bar under the brand name of Bar Pacific
Bar Pacific XXX International Limited	Hong Kong	Hong Kong	HK\$171,398	79.4%	79.4%	Operation of a bar under the brand name of Bar Pacific

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

## 29. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Name of subsidiary	Place of incorporation	Place of operation	Paid-up share capital	Equity interest attributable to the Group		Principal activities
				2017	2016	
Bar Pacific XXXI International Limited	Hong Kong	Hong Kong	HK\$522,214	<b>82.8%</b>	82.8%	Operation of a bar under the brand name of Bar Pacific
Bar Pacific XXXII International Limited	Hong Kong	Hong Kong	HK\$228	<b>85.1%</b>	85.1%	Operation of a bar under the brand name of Bar Pacific
Bar Pacific XXXIII International Limited	Hong Kong	Hong Kong	HK\$579,728	<b>85%</b>	85%	Operation of a bar under the brand name of Bar Pacific
Bar Pacific XXXVII International Limited	Hong Kong	Hong Kong	HK\$964,799	<b>90%</b>	89.1%	Operation of a bar under the brand name of Bar Pacific
Bar Pacific LXIII International Limited	Hong Kong	Hong Kong	HK\$1,527,823	<b>71.1%</b>	71.1%	Operation of a bar under the brand name of Bar Pacific

The above table lists the subsidiaries of the Company, which, in the opinion of the directors of the Company, principally affected the results of the year or constituted a substantial portion of the assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company result in particulars of excessive length.

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. A majority of these subsidiaries operate in Hong Kong. The principal activities of these subsidiaries are summarised as follows:

Principal activities	Principal place of business	Number of subsidiaries	
		2017	2016
Operation of a bar under the brand name of Bar Pacific	Hong Kong	<b>17</b>	17
Investment holding	BVI	<b>1</b>	1
Inactive	Hong Kong	<b>4</b>	2
		<b>22</b>	20

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

## 30. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	<i>HK\$'000</i>
Non-current assets	
Investment in a subsidiary	8,483
Current assets	
Amounts due from subsidiaries	51,016
Bank balances and cash	108
	51,124
Current liabilities	
Amount due to a subsidiary	6,945
Net assets	52,662
Capital and reserves	
Share capital	8,600
Reserves ( <i>note</i> )	44,062
	52,662

*Note:*

Movement in the Company's reserves since incorporation and during the current period are as follows:

	<b>Share premium</b> <i>HK\$'000</i>	<b>Accumulated loss</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
At 2 June 2016 (date of incorporation)	–	–	–
Loss and total comprehensive expense for the period	–	(12,998)	(12,998)
Arising from Reorganisation	8,482	–	8,482
Capitalisation issue	(6,449)	–	(6,449)
Issue of shares by way of placing	60,200	–	60,200
Transaction costs directly attributable to issue of shares	(5,173)	–	(5,173)
At 31 March 2017	57,060	(12,998)	44,062

# FINANCIAL SUMMARY

	Year ended 31 March		
	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Revenue	112,373	126,145	<b>126,212</b>
Profit (loss) before taxation	14,601	18,054	<b>(1,790)</b>
Taxation	(2,772)	(2,699)	<b>(1,590)</b>
Profit (loss) for the year	11,829	15,355	<b>(3,380)</b>
Attributable to:			
Owners of the Company	7,273	9,450	<b>(4,275)</b>
Non-controlling interests	4,556	5,905	<b>895</b>
	11,829	15,355	<b>(3,380)</b>

  

	At 31 March		
	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Assets and liabilities			
Total assets	28,539	30,713	<b>80,080</b>
Total liabilities	(17,109)	(12,372)	<b>(9,153)</b>
	11,430	18,341	<b>70,927</b>
Equity contributable to:			
Owners of the Company	5,663	11,289	<b>64,162</b>
Non-controlling interests	5,767	7,052	<b>6,765</b>
	11,430	18,341	<b>70,927</b>