

# 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 REPORT  
2023/24



BAR  
PACIFIC  
Craft BEER





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

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

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

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this 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 report.*

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

*Any announcement, notice or other document of the Company published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) will remain on the “Latest Listed Company Information” page for a minimum period of 7 days from the date of publication and on the website of the Company at [www.barpacific.com.hk](http://www.barpacific.com.hk).*



# CONTENTS

Corporate Information	3
Chairlady's Statement	5
Management Discussion and Analysis	6
Profile of Directors and Senior Management	10
Corporate Governance Report	13
Directors' Report	27
Environmental, Social and Governance Report	45
Independent Auditor's Report	66
Consolidated Statement of Profit or Loss and Other Comprehensive Income	71
Consolidated Statement of Financial Position	72
Consolidated Statement of Changes in Equity	74
Consolidated Statement of Cash Flows	75
Notes to the Consolidated Financial Statements	77
Financial Summary	140



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

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

### Independent Non-Executive Directors

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

## BOARD COMMITTEES

### Audit Committee

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

### Remuneration Committee

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

### Nomination Committee

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

## COMPANY SECRETARY

Mr. Chow Tsz Lun

## COMPLIANCE OFFICER

Ms. Chan Tsz Tung

## AUTHORISED REPRESENTATIVES

Ms. Chan Ching Mandy  
Mr. Chow Tsz Lun

## INDEPENDENT AUDITOR

Baker Tilly Hong Kong Limited  
Certified Public Accountants  
Registered Public Interest Entity Auditor  
Level 8, K11 ATELIER King's Road  
728 King's Road, Quarry Bay  
Hong Kong

## LEGAL ADVISOR

### *as to Hong Kong laws*

Sidley Austin

## REGISTERED OFFICE

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

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

# CORPORATE INFORMATION

## **PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS**

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

## **HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road, Admiralty  
Hong Kong

## **PRINCIPAL BANKERS**

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

## **COMPANY'S WEBSITE**

[www.barpacific.com.hk](http://www.barpacific.com.hk)

*(information on this website does not form part of this report)*

## **LISTING INFORMATION**

### **Place of Listing**

GEM of The Stock Exchange of Hong Kong Limited

### **Stock Code**

8432

### **Board Lots**

10,000 shares



# CHAIRLADY'S STATEMENT

Dear shareholders,

On behalf of the board of Directors (the "**Board**"), I present the annual results of Bar Pacific Group Holdings Limited and its subsidiaries (the "**Group**") for the year ended 31 March 2024 (the "**Year**").

## OVERVIEW

In 2024, we eagerly awaited for the start of recovery for Hong Kong, Mainland China, and the global community in the aftermath of the COVID-19 outbreak. While we acknowledge the likelihood of increased interest rates in many countries and the persistent geopolitical tensions that pose challenges to the global economy, the economic resurgence had an impact of consumer sentiment. To address these challenges, the Group has implemented a set of strategies, including expanding our chain of bars and restaurants to enhance the Group's brand visibility and worth. Moreover, we are actively exploring opportunities to extend our presence in Mainland China and broaden our sources of revenue from bars and restaurants.

## BUSINESS PERFORMANCE

The revenue amounted to HK\$208.1 million for the Year, compared to HK\$174.9 million for the year ended 31 March 2023 (the "**Previous Year**"), representing a rise of 19%.

Despite the significant reduction in government subsidies received during the Year, the Group remained profitable as a result of effective cost control and flexible staff scheduling.

## PROSPECT

As Hong Kong's economy continues to be closely linked with the Greater Bay Area, the Group anticipates additional advantages not only in terms of revenue, but also in areas such as cost optimization and talent acquisition. With an expanded network of contacts and a more extensive pool of suppliers and labor, the Group will be able to streamline costs, bolster the capabilities of both frontline and management teams, and propel long-term, sustainable growth.

In the future, we will improve our service by offering more value-added services to our customers. We will continue developing our management systems and our digital infrastructure. We will monitor the market closely to keep abreast of the latest trends. Moreover, we will monitor the market development, analyze the situation and adjust our strategies whenever necessary to minimize adverse impacts.

## CONCLUDING REMARKS

I want to express my deepest gratitude to all our staff for their resilience and tremendous hard work. I also express my sincere appreciation to all customers, landlords, and business partners for their continued support and to fellow members of the Board for tackling the Year with such care and commitment.

**Ms. Chan Tsz Kiu Teresa**

*Chairlady*

Hong Kong, 27 June 2024

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

We are a chained bar and restaurant group under the brands of “Bar Pacific”, “Katachi”, “Moon Ocean” and “Pacific” with locations scattered all over Hong Kong. The growth strategies of the Group focus on the expansion and upgrade of the facilities of existing bars/restaurants. As at 31 March 2024, we operated 54 bars/restaurants throughout Hong Kong.

During the Year, we opened two new bars located in Tuen Mun and Kowloon Bay under the brand of “Bar Pacific” and “Moon Ocean” respectively, and a new restaurant located in Yuen Long under the brand of “Katachi”. Different brands focus on different target customers. “Bar Pacific” is a neighborhood bar in different districts in Hong Kong and is for customers looking for social connection and relaxation; “Pacific” is a mid-range bar in urban areas; “Moon Ocean” is a luxury bar in urban areas; and “Katachi” is a skewer restaurant and bar.

## FINANCIAL REVIEW

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

The revenue from the operation of bars and restaurants amounted to HK\$207.3 million for the Year, as compared to HK\$174.2 million for the Previous Year, representing a rise of 19.0%. Such increase was primarily attributed to the resumption of business since 19 May 2022 following the lapse of orders of compulsory shut-down of all the bars and pubs on 18 May 2022 (the “Mandatory Closure”) and the expansion of business during the Year.

The gross profit from the operation of bars and restaurants for the Year amounted to HK\$150.9 million, in comparison with HK\$129.0 million for the Previous Year, representing an increase of 17.0%. The gross profit margin for the Year remained stable at 72.8% (Previous Year: 74.1%).

### Revenue from property investment

The revenue from property investment slightly increased by 0.3% to HK\$766,000 for the Year as compared to HK\$764,000 for the Previous Year.

### Other income

For the Year, other income amounted to HK\$8.0 million, as compared to HK\$16.8 million for the Previous Year, representing a decrease of 52.4%. Such decrease was mainly due to the substantial decrease in government subsidies received during the Year.

### Staff costs

Staff costs represent wages, salaries, bonuses, retirement benefit costs and other allowances paid or payable to all Directors and staff of the Group, which amounted to HK\$69.0 million for the Year, as compared to HK\$57.3 million for the Previous Year, representing an increase of 20.4%. Staff costs increased since the Group hired more staff due to the increase in number of restaurants/bars during the Year and the resumption of business after the cessation of Mandatory Closure.

# MANAGEMENT DISCUSSION AND ANALYSIS

## **FINANCIAL REVIEW** *(Continued)*

### **Depreciation of property, plant and equipment**

Depreciation represents depreciation charges on its property, plant and equipment, including buildings, leasehold improvements, computer equipment, furniture and fixtures and motor vehicles. Our depreciation charges increased to approximately HK\$11.4 million for the Year, representing an increase of approximately 20.6% which was primarily attributed to the expansion of business during the Year.

### **Depreciation of right-of-use assets**

The depreciation charged on the right-of-use assets amounted to HK\$38.9 million for the Year, in comparison with HK\$34.1 million for the Previous Year, representing an increase of 14.0% which was primarily attributed to the expansion of business during the Year.

### **Property rentals and related expenses**

Operating lease payments, property management fees, government rates and other related expenses increased to HK\$6.5 million as compared to HK\$4.4 million for the Previous Year, representing an increase of 48.3% which was primarily attributed to the increase in number of restaurants/bars during the Year.

### **Other operating expenses**

For the Year, other operating expenses increased by 5.2% to HK\$27.4 million from HK\$26.0 million for the Previous Year, since the Group operated more bars and restaurants during the Year.

### **Finance costs**

Finance costs represented interest paid or payable on bank loans, lease liabilities and other borrowings, which amounted to HK\$4.8 million for the Year, in comparison with HK\$4.5 million for the Previous Year, representing an increase of 7.1%. The main reason for the increase in finance costs for the Year was due to the increase in interest rate.

### **Taxation**

The net tax credit for the Year amounted to approximately HK\$168,000, which comprised the deferred tax income of HK\$355,000 (total tax expenses in the Previous Year: HK\$423,000, which comprised the deferred tax expenses of HK\$288,000). The primary reason for the decrease was the utilization of unrecognized deferred tax assets for the Year.

### **Capital commitments**

As at 31 March 2024, the Group had capital commitments of approximately HK\$949,000 (as at 31 March 2023: HK\$2,050,000).

### **Contingent liabilities**

The Group did not have any contingent liabilities as at 31 March 2024 (as at 31 March 2023: Nil).



# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW *(Continued)*

### Charges on the Group's assets

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

	Net carrying amount As at 31 March	
	2024 HK\$'000	2023 HK\$'000
<b>Assets</b>		
Building	4,367	4,538
Right-of-use assets – leasehold land	42,696	44,395
Investment properties	21,500	22,580
	<b>68,563</b>	71,513

### Dividend

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

### Foreign currency exposure

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

### Employee and remuneration policy

As at 31 March 2024, the Group had 566 employees (2023: 552 employees). Total staff costs (including Directors' remuneration) were approximately HK\$69.0 million for the Year (2023: HK\$57.3 million). Remuneration is determined with reference to the prevailing market terms and in accordance with the performance, qualification and experience of each individual employee. Periodic in-house training is provided to the employees to enhance the knowledge of the workforce. Meanwhile, training programs conducted by qualified personnel are also attended by our employees to enhance their skills set and working experience. The Group also adopted a share scheme on 29 September 2023 (the "Share Scheme") to provide incentives to the Directors and employees of the Group.

### Significant investment

There was no significant investment by the Group with a value at 5% or more of the Group's total assets as at 31 March 2024, nor was there any plan authorised by the Board for other material investment or additions of capital assets during the Year.

### Material acquisition or disposal

There was no material acquisition or disposal of subsidiaries, associates or joint ventures during the Year.

# MANAGEMENT DISCUSSION AND ANALYSIS

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

	As at 31 March	
	2024	2023
Cash and cash equivalents	<b>HK\$2.1 million</b>	HK\$1.6 million
Bank borrowings	<b>HK\$51.7 million</b>	HK\$52.6 million
Unutilised banking facilities	<b>Nil</b>	HK\$0.6 million
Gearing ratio	<b>458%</b>	564%

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

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

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

As at 31 March 2024, the Group had total bank borrowings of approximately HK\$51,745,000 (2023: HK\$52,602,000) with maturity ranging from 60 days to 8 years. The interest rate is charged based on floating rate.

### FOREIGN CURRENCY

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

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

### PROSPECT

Looking ahead, the Group will maintain its core business of bar operation and its existing branding strategy, targeting the mass market, with a view to increasing its market share in Hong Kong. With the existing client base garnered over the years, the Group will continue to leverage on its extensive network in Hong Kong. Currently, we are operating 54 bars & restaurants under four different brands. Our management is confident about our business and the Group intends to further expand our network for upcoming year.

# PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

## EXECUTIVE DIRECTORS

**Ms. Chan Tsz Kiu Teresa (陳枳橋) (“Ms. TK Chan”)**, age 29, was appointed as the chairlady of the Board (the “**Chairlady**”) and an executive director of the Company (“**Executive Director**”) on 12 August 2022. Ms. TK Chan joined the Group in May 2022 as an assistant to Director and has been primarily responsible for the Group’s marketing activities and digital transformation. From 2019 to 2022, Ms. TK Chan founded her own start-ups, Mellow and Kalón, to develop a personal finance and digital payment solution for parents to develop healthy money habits for kids and to launch direct-to-consumer vegan accessories product to the market respectively. Prior to starting her own businesses, Ms. TK Chan was a consulting analyst at Deloitte. Ms. TK Chan was granted accolade as being named in Forbes’ 30 under 30 Asia 2020 list. She is also a Techstars alumni.

Ms. TK Chan obtained a bachelor’s degree in international business and Chinese enterprise from the Chinese University of Hong Kong in 2017. She also obtained a Bachelor’s degree in International Business from the Darla Moore School of Business, University of South Carolina in 2016.

Ms. TK Chan is a daughter of Ms. Tse Ying Sin Eva (“**Ms. Tse**”), a former Executive Director and one of the controlling shareholders of the Company, and she is also a sister of Ms. TT Chan (as defined below).

For Ms. TK Chan’s interest in the shares of the Company (the “**Shares**”) within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“**SFO**”), please refer to the paragraph headed “Disclosure of Interests” in the Directors’ Report on pages 30 to 32 of this Annual Report.

**Ms. Chan Tsz Tung (陳枳瞳) (“Ms. TT Chan”)**, age 31, was appointed as Executive Director on 29 December 2018 and is the compliance officer of the Company (the “**Compliance Officer**”). Ms. TT Chan joined the Group as the marketing director of Tank Success International Limited (騰昇國際有限公司) (“**Tank Success**”), a wholly-owned subsidiary of the Company in 2015 and has primarily been responsible for the Group’s marketing activities. Ms. TT Chan obtained a bachelor’s degree of science in hotel management from The Hong Kong Polytechnic University in 2015.

Ms. TT Chan is a daughter of Ms. Tse and a sister of Ms. TK Chan.

For Ms. TT Chan’s interests in the Shares within the meaning of Part XV of the SFO, please refer to the paragraph headed “Disclosure of Interests” in the Directors’ Report on pages 30 to 32 of this Annual Report.

**Ms. Chan Ching Mandy (陳靜) (“Ms. C Chan”)**, age 52, was appointed as Executive Director on 12 October 2020, and subsequently appointed as the chief executive officer of the Company (the “**Chief Executive Officer**”) on 31 March 2023. Ms. C Chan joined the Group as the general manager of Tank Success in September 2020 and has primarily been responsible for overseeing the overall business operation of the Group. From 1987 to 1990, Ms. C Chan worked in Le Saunda Holdings Limited (a company listed on the Stock Exchange, stock code: 738) and her last position held was shop manager. From 1990 to 2004, Ms. C Chan worked in Mirabell International Holdings Limited (a company formerly listed on the Stock Exchange, stock code: 1179) and her last position held was senior shop manager, in-charge of the management of shops of a district. From 2004, Ms. C Chan started her owned business and later on worked as an assistant to her brother Mr. Chan Wai in relation to the management of his private business. Ms. C Chan has over 20 years of experience in different retails industries in Hong Kong.

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



# PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Chan Chun Yeung Darren (陳振洋) (“Mr. Chan”)**, aged 42, was appointed as an independent non-executive Director (“INED”) on 7 July 2021 and was subsequently appointed as the chairman of the audit committee (the “**Audit Committee**”) and a member of each of the remuneration committee (the “**Remuneration Committee**”) and nomination committee of the Company (the “**Nomination Committee**”) on 28 February 2022. Mr. Chan has over 15 years of professional experience in accounting and finance. He is a fellow member of Hong Kong Institute of Certified Public Accountants, The Hong Kong Chartered Governance Institute (formerly The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute. He graduated from the University of British Columbia with a bachelor of commerce degree and the Hong Kong Polytechnic University with a master of corporate governance degree. Mr. Chan worked for our Company between 2014 to 2018 and his last position was Executive Director, company secretary, authorised representative and compliance officer. He was responsible for the successful GEM board listing for our Company on the Stock Exchange in 2017. Mr. Chan has also held senior management positions in two other listed companies in Hong Kong.

**Mr. Chin Chun Wing (錢雋永) (“Mr. Chin”)**, aged 46, was appointed as an INED on 17 December 2016, he is also the chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee respectively. Mr. Chin has 20 years of management experience in the bar industry. He graduated from the School of Professional and Continuing Education of the Hong Kong Polytechnic University in 2021 with a post-secondary college degree. In 2006, he served as a director of Grand Bar & Lounge. In 2008, he founded the Hong Kong Bar Association to unite the bar industry. In 2012, he received support from the District Council to launch the “Quality Bar Label Scheme” campaign. In 2023, he received government support to launch the “Hong Kong Bar Culture Festival” event. In 2024, he was appointed as a member of the District Committee by the Home Affairs Department. He began to serve as a government official, conduct regional work, and act as a connector between the bar industry and the government.

**Mr. Tang Wing Lam David (鄧榮林) (“Mr. Tang”)**, aged 67, was appointed as an INED on 17 December 2016, he is also the chairman of the Nomination Committee and a member of the Remuneration Committee and Audit Committee respectively. Mr. Tang obtained a diploma in Sociology from Hong Kong Baptist College in June 1983. Mr. Tang obtained a master’s degree of Arts in Management Systems from the University of Hull in the UK in December 1988. Mr. Tang subsequently obtained a bachelor’s degree of laws from the University of Wolverhampton in the UK in October 1994 and a Postgraduate Certificate in Laws from the City University of Hong Kong in August 1996. Mr. Tang obtained a Doctor of Philosophy in Business Administration from Tarlac State University in the Philippines in January 2019. Mr. Tang is currently a practising solicitor in Hong Kong. Mr. Tang joined Fung, Wong & Ha as a trainee solicitor from 1996 to 1998. From April 1999 to March 2016, Mr. Tang worked in Fung, Wong, Ng & Lam, Solicitors & Notaries as consultant. Since April 2016, Mr. Tang became a limited liability partner of Fung, Wong, Ng & Lam LLP Solicitors (formerly known as “Fung, Wong, Ng & Lam, Solicitors & Notaries”). Mr. Tang has over 25 years of legal experience in Hong Kong.

# PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

## SENIOR MANAGEMENT

**Ms. Chan Ting (陳婷)**, aged 35, joined the Group as a part-time waitress in April 2009, and worked as a full-time waitress in July 2009, responsible for daily operation of the shops. Ms. Chan Ting obtained a certificate in hosting and broadcasting from Communication University of China in January 2008. Since September 2011, Ms. Chan Ting has been appointed as a district manager of the Group, responsible for the daily operation of the shops, handling enquiries and complaints of customers, coordinating staff, providing training for staff and planning and executing sales proposal of the bars. Ms. Chan Ting has more than 14 years of experience in the bar industry.

**Mr. Liu Ka Ki (廖嘉麒) (“Mr. Liu”)**, aged 33, joined the Group in November 2013 as a part-time waiter responsible for the daily operation of the shops. Mr. Liu obtained a Certificate in Food Hygiene for Hygiene Supervisor from the Hong Kong Productivity Council in April 2016. Mr. Liu has around 10 years of experience in the food and beverage industry. Currently, Mr. Liu is one of the district managers of the Group.

**Ms. Poon Suet Hung (潘雪紅) (“Ms. Poon”)**, aged 46, joined the Group in January 2007 as a waitress responsible for the daily operation of the shops, handling enquiries and complaints of customers, coordinating staff, providing training for staff and planning and executing sales proposal of the bars. Ms. Poon has around 15 years of experience in the food and beverage industry. Currently, Ms. Poon is one of the district managers of the Group.

**Ms. Suen Wai Lai (孫偉麗) (“Ms. Suen”)**, aged 36, joined the Group in July 2013 as a shop manager responsible for the daily operation of the shops, coordinating staff, providing training for staff and planning and executing sales proposal of the bars. Ms. Suen obtained a Certificate in Food Hygiene for Hygiene Supervisor from the Hong Kong Productivity Council in April 2018. Ms. Suen has more than 10 years of experience in the bar industry. Currently, Ms. Suen is one of the district managers of the Group.

**Mr. Chow Tsz Lun (周子倫) (“Mr. Chow”)**, aged 38, joined the Group in February 2022 as financial controller and company secretary. Mr. Chow holds a bachelor’s degree of business and management from University of London and a bachelor’s degree of laws from BPP University. He is currently a member of the Hong Kong Institute of Certified Public Accountants and The Institute of Internal Auditors. Mr. Chow has over 10 years of experience in auditing, accounting and financial management. He worked in Ernst & Young and his last position was assurance manager. Subsequently he worked as finance managers and head of finance in various listed entities.

## COMPLIANCE OFFICER

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

# CORPORATE GOVERNANCE REPORT

The Company is committed to fulfilling its responsibilities to its shareholders (the “**Shareholders**”) and protecting and enhancing Shareholders’ value by devoting considerable effort to identify and formulate good corporate governance practices.

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

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

## CORPORATE GOVERNANCE PRACTICES

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

During the Year and up to the date of approval of this report, the Company has adopted corporate governance practices based on the principles of good corporate governance and complied with all applicable code provisions as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 15 to the GEM Listing Rules.

## BOARD OF DIRECTORS

### A. Responsibilities

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

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

### B. Composition

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

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



## BOARD OF DIRECTORS *(Continued)*

### B. Composition *(Continued)*

#### Executive Directors

Ms. Chan Tsz Kiu Teresa (*Chairlady*)

Ms. Chan Ching Mandy (*Chief Executive Officer*)

Ms. Chan Tsz Tung

#### INEDs

Mr. Chan Chun Yeung Darren

Mr. Chin Chun Wing

Mr. Tang Wing Lam David

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

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

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

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

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

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

The Company recognises that Board independence is key to good corporate governance. The Board has adopted the Policy for the Independence of the Board which aims to ensure independent views and input are available to the Board. Pursuant to the Policy for the Independence of the Board, a Director may, upon reasonable request, seek and be provided with separate independent professional advice to assist the relevant Director in discharging his duties to the Company. Each INED is required to inform the Company as soon as practicable if there is any change in his own personal particulars that may affect his independence. The Nomination Committee is mandated to assess annually the independence of all INEDs and to affirm if each of them satisfies the criteria of independence with reference to Rule 5.09 of the GEM Listing Rules and is free from any relationships and circumstances which are likely to affect, or could appear to affect, their independent judgement. Every Nomination Committee member abstains from assessing his own independence. The Board considered the Policy for the Independence of the Board was appropriate and effective to ensure independent views and input are available to the Board.

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

## **BOARD OF DIRECTORS** *(Continued)*

### **B. Composition** *(Continued)*

#### **Appointment, Re-Election and Removal of Directors**

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

Each of Ms. TT Chan, Ms. C Chan and Ms. TK Chan, being an Executive Director, has entered into a service agreement with the Company for a term of three years commencing 31 December 2018, 12 October 2020 and 12 August 2022, respectively. Such service agreements may be terminated by not less than three months’ notice served by either party on the other.

Mr. Tang and Mr. Chin have entered into appointment letters with the Company for a term of three years commencing from the 11 January 2017 which have renewed for a further three-year term upon its expiry. Mr. Chan has entered into an appointment letter with the Company for a term of three years commencing from his appointment date on 7 July 2021. Such appointment letters may be terminated by not less than three months’ notice served by either party on the other.

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

## **DIRECTORS’ INDUCTION AND CONTINUING PROFESSIONAL DEVELOPMENT**

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

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

# CORPORATE GOVERNANCE REPORT

## DIRECTORS' INDUCTION AND CONTINUING PROFESSIONAL DEVELOPMENT *(Continued)*

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

Name of Directors	Type of training
Ms. TK Chan	A, B
Ms. C Chan	A, B
Ms. TT Chan	A, B
Mr. Chan	A, B
Mr. Chin	A, B
Mr. Tang	A, B

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

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

## MEETINGS OF BOARD AND DIRECTORS' ATTENDANCE RECORDS

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

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

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

The Chairlady, other Directors and other senior 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.

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

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



# CORPORATE GOVERNANCE REPORT

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

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

Name of Directors	Number of meeting(s) attended/eligible to attend					
	Board Meeting	Audit Committee	Nomination Committee	Remuneration Committee	AGM	EGM
Number of meetings held	6	4	1	2	1	1
<b>Executive Directors</b>						
Ms. TK Chan	6/6	–	1/1	2/2	1/1	1/1
Ms. C Chan	6/6	–	–	–	1/1	1/1
Ms. TT Chan	6/6	–	–	–	1/1	1/1
<b>INEDs</b>						
Mr. Chan	6/6	4/4	1/1	2/2	1/1	1/1
Mr. Chin	6/6	4/4	1/1	2/2	1/1	1/1
Mr. Tang	6/6	4/4	1/1	2/2	1/1	1/1

*Note:* During the Year, the Board held six meetings, four of those were regular meetings.

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

The Board held a meeting on 27 June 2024 and, amongst other matters, considered and approved the audited Consolidated Financial Statements contained in this Annual Report.

## DIVIDEND POLICY

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

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

- (a) the Company's actual and expected financial performance;
- (b) retained earnings and distributable reserves of the Company and each of the members of the Group;
- (c) the Group's working capital requirements, capital expenditure requirements and future expansion plans;
- (d) the Group's liquidity position;
- (e) general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Group; and
- (f) other factors that the Board may considered relevant.

## DIVIDEND POLICY *(Continued)*

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

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

## BOARD COMMITTEES

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

### Remuneration Committee

The Company established the Remuneration Committee on 17 December 2016 pursuant to a resolution in compliance with Rule 5.34 of the GEM Listing Rules. The Remuneration Committee has adopted the approach under code provision E.1.2(c) (ii) of the CG Code to make recommendations to the Board on remuneration packages of the Directors and the senior management. The written terms of reference of the Remuneration Committee are published on the respective websites of the Stock Exchange and the Company. The primary duties of the Remuneration Committee are to make recommendation to the Board on the overall remuneration policy, structure and packages relating to all Directors, senior management and general staff of the Group, ensure that none of the Directors or any of their associates determine their own remuneration, and reviewing and/or approving matters relating to share schemes under Chapter 23 of the GEM Listing Rules. During the Year and up to the date of approval of this report, the Remuneration Committee consisted of one Executive Director and three INEDs, namely, Ms. TK Chan, Mr. Chan, Mr. Chin and Mr. Tang. Mr. Chin is the chairman of the Remuneration Committee.

During the Year, the Remuneration Committee held two meetings in which it reviewed and recommended to the Board for consideration certain remuneration-related matters of the Directors and senior management; and considered the adoption of a new share scheme, termination of the existing scheme, and grants (the "**Grant**") of share award to three Executive Directors (collectively, the "**Grantees**"). The remuneration of Directors was determined by their experience, responsibility, workload and the time devoted to the Group. Executive Directors and employees also participate in bonus arrangements which was determined in accordance with the performance of the Group and the individual's performance. The attendance record of meetings during the Year is set on page 17. Details of the Directors' remuneration are set out in note 10 to the Consolidated Financial Statements contained in this Annual Report.

In considering the Grant during the Year, the Remuneration Committee considered, among other matters, the purposes and objectives of the Share Scheme, past contributions of each Grantee, functions and responsibilities of each Grantee within the Group, price of the Shares and annual salary of each Grantee at the relevant time, business performance of the Group, and the Group's overall business objectives and future development plan.

Having considered (i) the Grantee's significant roles as Executive Directors as well as their critical responsibility for the Group's corporate strategy formulation and overall management; and (ii) their service to the Group with dedication and commitment, the Remuneration Committee is of the view that the Grant is a proper and reasonable way to recognise the Grantees' contributions to the Group and motivate them to continue to contribute to the operation, development and long-term growth of the Group.

## **BOARD COMMITTEES** *(Continued)*

### **Remuneration Committee** *(Continued)*

Furthermore, taking into account the contributions of the Grantees' to the Group, in particular during the COVID-19 pandemic when the Group's business was significantly affected, and that the Grantees are Executive Directors who will continue to utilise their skills, knowledge, expertise and experience to drive the Group to its success in the long run, the Remuneration Committee considered and were of the view that the imposition of performance targets and clawback mechanism should not be necessary, as (i) the grant of share awards will give an immediate incentivising effect to the Grantees which would be a more attractive motivation for them to continue to serve such roles and contribute to the Group's business; (ii) the share awards are subject to the vesting period of at least 12 months from the date of grant, which could ensure that the Grantees would be motivated to continue to contribute to the Group's development and reinforce their commitment to long term services to the Group; and (iii) it would provide more flexibility for such Grantees, who are Executive Directors, in determining and adjusting the business strategy for the Group's development from time to time. In addition, the Remuneration Committee believed that the grant of the share awards to the Grantees will reinforce the confidence of all eligible participants under the Share Scheme that their contributions to the Group will be recognised, thereby motivating them to continue to contribute to the Group, which will be beneficial to the Group's development in the long term and is therefore in alignment with the purpose of the Share Scheme.

For further details, please refer to the circular of the Company dated 12 September 2023 and the announcement of the Company dated 29 September 2023 in relation to the adoption of the Share Scheme and the Grant.

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

### **Nomination Committee**

The Company established the Nomination Committee on 17 December 2016. The written terms of reference of the nomination committee are published on the respective websites of the Stock Exchange and the Company. The nomination committee schedules to hold at least one meeting a year. The primary duties of the Nomination Committee are to review the structure, size and composition of the Board annually; identify individuals suitably qualified to become Board members; assess the independence of INEDs; and make recommendations to the Board on relevant matters relating to appointment or re-appointment of Directors. During the Year and up to the date of approval of this report, the Nomination Committee consisted of one Executive Director and three INEDs, namely, Ms. TK Chan, Mr. Tang, Mr. Chin and Mr. Chan. Mr. Tang is the chairman of the Nomination Committee.

During the Year, the Nomination Committee reviewed the structure, size and composition of the Board, ensuring that it has sound diversity and a balanced composition of skills and experience appropriate for the requirements of the businesses of the Group and that appropriate individuals with relevant expertise and leadership qualities are appointed to the Board to complement the capabilities of existing Directors.

During the year, the Nomination Committee held one meeting. It had, among others, assessed the independence of the INEDs and recommended to the Board for consideration the re-appointment of the retiring Directors at the 2024 AGM and discussed the matters relating to the procedure of nomination of director candidate by Shareholders, Directors' evaluation and succession plan etc. The attendance record of meetings during the Year is set on page 17.



## **BOARD COMMITTEES** *(Continued)*

### **Board Diversity Policy**

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

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

As at the 31 March 2024, female representation at the Board stands at a relatively high level (50%, three out of six Directors) amongst companies listed on the Stock Exchange. The Company cements its commitment to gender diversity within its business so it continues to review and assess the appropriate level of gender diversity and composition that aligns with the strategy of the Company. The Board is of the view that it has achieved gender diversity and aims to maintain at least the current gender ratio at Board level. The Company actively seeks to ensure it has an appropriate mix of diversity and has a number of initiatives in place to meet its strategic imperative of ensuring it has a diverse Board. It also conducts structured recruitment, selection and training programmes at various levels within the Group to develop a broader pool of skilled and experienced potential Board members.

The Board also places tremendous emphasis on diversity (including gender diversity) across all levels of the Group. The total gender diversity of the Group is balanced. Further details on the gender ratio of the Group, together with relevant data, can be found in the Environmental, Social and Governance ("ESG") Report set out on pages 45 to 65 of this Annual Report. The Group have established 50/50 gender balance targets for the workforce for achieving gender diversity. The Board is not aware of any mitigating factors or circumstances which make achieving gender ratio across the workforce more challenging or less relevant.

### **Procedures and Process of Nomination of Directors**

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

- i. The Nomination Committee will, giving due consideration to the current composition and size of the Board, develop a list of desirable skills, perspectives and experience at the outset to focus the search effort;
- ii. The Nomination Committee may consult any source it considers appropriate in identifying or selecting suitable candidates, such as referrals from existing Directors, advertising, recommendations from a third-party agency firm and proposals from the Shareholders with due consideration given to the criteria which include but are not limited to:
  - (a) diversity in the aspects, amongst others, of gender, age, cultural and educational background, professional experience, skills, knowledge and length of service;
  - (b) commitment for responsibilities of the Board in respect of available time and relevant interest;

## **BOARD COMMITTEES** *(Continued)*

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

- (c) qualifications, both accomplishment and experience in the relevant industries in which the Group's business is involved;
  - (d) independence of INEDs;
  - (e) reputation for integrity;
  - (f) potential contributions that the individual can bring to the Board; and
  - (g) plan(s) in place for the orderly succession of the Board.
- iii. The Nomination Committee may adopt any process it considers appropriate in evaluating the suitability of the candidates, such as interviews, background checks, presentations and third-party reference checks;
- iv. The Nomination Committee will consider a broad range of candidates who are in and outside of the Board's circle of contacts;
- v. Upon considering a candidate suitable for the directorship, the Nomination Committee will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment;
- vi. The Nomination Committee will provide the relevant information of the selected candidate to the Remuneration Committee for consideration of the remuneration package of such selected candidate;
- vii. The Nomination Committee will thereafter make the recommendation to the Board in relation to the proposed appointment, and where a non-executive Director is considered, the Remuneration Committee will make the recommendation to the Board on the policy and structure for the remuneration;
- viii. The Board may arrange for the selected candidate to be interviewed by the members of the Board, who are not members of the Nomination Committee and the Board will thereafter deliberate and decide the appointment as the case may be; and
- ix. All appointment of Directors will be confirmed by the filing of the consent to act as Director of the relevant Director (or any other similar filings requiring the relevant Director to acknowledge or accept the appointment as Director, as the case may be) with the relevant regulatory authorities, if required.

## BOARD COMMITTEES *(Continued)*

### Audit Committee

The Company established the Audit Committee pursuant to a resolution of the Directors passed on 17 December 2016 in compliance with Rule 5.28 of the GEM Listing Rules. Written terms of reference in compliance with code provision D.3.3 of the CG Code has been adopted. Such written terms of reference were revised on 31 December 2018. The written terms of reference of the Audit Committee are published on the respective websites of the Stock Exchange and the Company. Among other things, the primary duties of the Audit Committee are to make recommendations to the Board on appointment or re-appointment and removal of independent auditors of the Company (the “**Independent Auditors**”); review financial statements of the Company and judgments in respect of financial reporting; and oversee the effectiveness of the procedures of the internal control of our Group. During the Year and up to the date of this Annual Report, the Audit Committee consisted of all the INEDs, namely Mr. Chan, Mr. Chin and Mr. Tang. Mr. Chan is the chairman of the Audit Committee.

During the Year, the Audit Committee has reviewed and ensured the independence and objectivity of Baker Tilly Hong Kong Limited (“**Baker Tilly**”). Details of the fees paid or payable to Baker Tilly for the Year are set out under the paragraph headed “Independent Auditor’s Remuneration” on page 23 in this Annual Report.

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

The Audit Committee performed the following works during the Year:

- (a) reviewed the Group’s draft annual audited financial statements for the Previous Year, the draft unaudited quarterly financial statement for the three months ended 30 June 2023, the interim financial statements for the six months ended 30 September 2023 and the third quarterly results for the nine months ended 31 December 2023, including the accounting principles and accounting standards adopted with recommendations for presentation to the Board for its consideration and approval;
- (b) reviewed the changes in accounting standards and assessed their potential impacts on the Group’s financial statements;
- (c) reviewed the Group’s internal control system and related matters; and
- (d) considered and made recommendations on the change of the Independent Auditors, and the terms of engagement.

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

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

The audited Consolidated Financial Statements for the Year have been reviewed by the Audit Committee at a meeting held on 27 June 2024. The Audit Committee is of the opinion that such audited Consolidated Financial Statements comply with applicable accounting standards and the GEM Listing Rules and that adequate disclosure has been made. The chairman and all other members of the Audit Committee attended such meeting.

# CORPORATE GOVERNANCE REPORT

## BOARD COMMITTEES *(Continued)*

### Corporate Governance Functions

The Audit Committee is responsible for performing the corporate governance functions as set out in code provision A.2.1 of the CG Code, which include but are not limited to:

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

## REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Remuneration Committee is responsible for establishing a formal and transparent procedure for developing a remuneration policy. Based on the remuneration policy, the Remuneration Committee considers factors including salaries paid by comparable companies, employment conditions elsewhere in the Group, and the desirability of performance-based remuneration. The Remuneration Committee makes recommendations to the Board relating to the remuneration package of individual Executive Directors and senior management, and it also makes recommendations to the Board on the remuneration of Non-Executive Directors. The Remuneration Committee meets at least once a year and is provided with sufficient resources enabling it to discharge its duties.

Particulars of the Directors' remuneration for the Year are set out in note 10 to the Consolidated Financial Statements contained in this Annual Report.

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

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

## INDEPENDENT AUDITOR'S REMUNERATION

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

	HK\$'000
Baker Tilly	
2024 annual audit – Audit services	760
Non-audit services	150
Total	910

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



## DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

As disclosed in note 3.2 to the consolidated financial statements in this Annual Report, the Group's current liabilities exceeded its current assets by HK\$94,924,000 as at 31 March 2024. In addition, as at 31 March 2024, the Group breached a covenant of its bank borrowings amounting to HK\$39,149,000.

These consolidated financial statements in this Annual Report have been prepared on a going concern basis, the validity of which depends upon plans and measures taken by the Directors to improve the Group's financial position, cash flows and profitability and the financial supports from the substantial shareholders of the Company, at a level sufficient to finance the working capital requirements of the Group as explained in note 3.2 to the consolidated financial statements in this Annual Report.

Having considered the above and reviewed the cash flow forecast of the Group, the Independent Auditors draw attention to Note 3.2 to the consolidated financial statements in this Annual Report, and indicated that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern (the "**Emphasis of Matter**"). The Independent Auditors' opinion is not modified in respect of this matter.

The Audit Committee has discussed with management of the Company, reviewed the consolidated financial statements for the year ended 31 March 2024, discussed with the Independent Auditors and considered the Emphasis of Matter set out in the Independent Auditor's Report. The Audit Committee agreed with the preparation of the consolidated financial statements of the Company for the Year on a going concern basis.

## 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.

The Board has overall responsibility for evaluating and determining the nature and extent of the risks (including ESG-related 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. During the Year, the Audit Committee also reviewed the risk management and internal control systems of the Group with an independent internal audit service provider engaged by the Company to perform its internal audit function. No material findings had been identified.

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

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

## SHAREHOLDERS' RIGHT

### Procedures for Shareholders to Convene an EGM

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

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

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

### Procedures for Putting Forward Proposals at a General Meeting

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

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

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

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

## COMMUNICATION WITH THE SHAREHOLDERS

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

The Company updates its Shareholders on its latest business developments and financial performance through its announcements, circulars, annual and interim reports, as well as annual general meetings (“**AGMs**”) and EGMs that may be convened. The corporate website of the Company has provided an effective communication platform to the public and the Shareholders to communicate their views on various matters affecting the Company.

To solicit and get feedback from Shareholders, the Company provides Shareholders with channels to express their views on matters affecting the Company including the Hong Kong Branch Share Registrar of the Company, Tricor Investor Services Limited, for enquiries on shareholdings and the company secretary of the Company for direct questions, request for publicly available information and provide comments and suggestions.

# CORPORATE GOVERNANCE REPORT

## COMMUNICATION WITH THE SHAREHOLDERS *(Continued)*

The Board has reviewed the implementation and effectiveness of the Shareholders' Communication Policy including steps taken at the general meetings, the handling of queries received (if any) and the multiple channels of communication and engagement in place, and considered that the Shareholders' Communication Policy has been properly implemented during the Year and is effective.

## CONSTITUTIONAL DOCUMENTS

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

An up-to-date consolidated version of the Company's constitutional documents is available on the respective websites of the Stock Exchange and the Company.

## DIRECTORS' SECURITIES TRANSACTIONS

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

## DISCLOSURE OF INSIDE INFORMATION

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

- the Group conducts its affairs with close regard to the disclosure requirement under the GEM Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission of Hong Kong in June 2012;
- the Group has implemented and disclosed its policy on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, public announcements and the Company's website;
- the Group has strictly prohibited unauthorised use of confidential or inside information; and
- the Group has established and implemented procedures for responding to external enquiries about the Group's affairs, so that only the Executive Directors, the Company Secretary and the financial officer of the Company are authorised to communicate with parties outside the Group.

## COMPANY SECRETARY

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

Mr. Chow has taken no less than 15 hours of relevant professional training during the Year in compliance with Rule 5.15 of the GEM Listing Rules.

# DIRECTORS' REPORT

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

## PRINCIPAL ACTIVITIES

The Company is an investment holding company and the principal activities of its subsidiaries are (i) the operation of chain of bar and restaurants in Hong Kong under brands "Bar Pacific", "Katachi", "Moon Ocean", "Pacific"; and (ii) properties investment in Hong Kong. Details of the Company's principal subsidiaries are set out in note 32 to the Consolidated Financial Statements contained in this Annual Report.

## BUSINESS REVIEW

A review of the business of the Group during the Year and a discussion on the Group's future business development during the Year, the material factors underlying its financial performance are set out in the section headed "Chairlady's Statement" on page 5 and section headed "Management Discussion and Analysis" on pages 6 to 9 of this Annual Report. An analysis of the Group's performance during the Year using financial key performance indicators is provided in the "Financial Summary" on page 140 of this Annual Report.

In addition, discussions on the Group's ESG practices, relationships with its key stakeholders and compliance with relevant laws and regulations which have a significant impact on the Group are contained in the section headed "Environmental, Social and Governance Report" on pages 45 to 65 and the section headed "Corporate Governance Report" on pages 13 to 26 of this Annual Report.

## PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations, businesses and prospects would be affected by a number of risks and uncertainties, including market risk, credit risk and impairment assessment, and liquidity risk. The risk management objectives and policies of the Group are set out in note 30(b) to the Consolidated Financial Statements contained in this Annual Report.

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

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



## RESULTS AND DIVIDENDS

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

No interim dividend was paid for the six months ended 30 September 2023 (2022: Nil).

The Board has resolved not to recommend the payment of a final dividend for the Year (2023: Nil).

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

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company is expected to be closed from Tuesday, 27 August 2024 to Friday, 30 August 2024 (both days inclusive), during which period no transfer of Shares will be registered, for ascertaining Shareholders' entitlement to attend the forthcoming annual general meeting of the Company (the "2024 AGM") which is currently expected to be held on or about Friday, 30 August 2024. In order to qualify for attending and voting at the 2024 AGM, non-registered Shareholders are expected to lodge all duly completed transfer forms accompanied by the relevant share certificates with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited (the "Hong Kong Branch Share Registrar") for registration no later than 4:30 p.m. on Monday, 26 August 2024. The address of the Hong Kong Branch Share Registrar is 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong. A circular containing the notice of the 2024 AGM will be published on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company at [www.barpacific.com.hk](http://www.barpacific.com.hk), and despatched to the Shareholders in due course.

## FINANCIAL SUMMARY

A summary of the published results and the assets and liabilities of the Group for the last five financial years, as set out on page 140 of this Annual Report, is extracted from this Annual Report and the annual reports of the Company for the preceding four financial years.

## PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the Year are set out in note 13 to the Consolidated Financial Statements contained in this Annual Report.

## DISTRIBUTABLE RESERVES

As at 31 March 2024, there were no reserves of the Company which were available for distribution to the Shareholders (as at 31 March 2023: 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 or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

## SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in note 22 to the Financial Statements.

# DIRECTORS' REPORT

## DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors during the Year and up to the date of approval of this report are:

### Executive Directors:

Ms. Chan Tsz Kiu Teresa

Ms. Chan Ching Mandy

Ms. Chan Tsz Tung

### INEDs:

Mr. Chan Chun Yeung Darren

Mr. Chin Chun Wing

Mr. Tang Wing Lam David

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

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

Accordingly, Ms. TK Chan and Mr. Chan will retire from office as Director at the 2024 AGM and, being eligible, will offer themselves for re-election by virtue of article 84(1) of the Articles of Association.

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

Profile of the Directors and senior management of the Group as at the date of approval of this report are set out on pages 10 to 12 of this Annual Report.

No Director being proposed for re-election at the 2024 AGM has any service contract with the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

## DISCLOSURE OF INTERESTS

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

As at 31 March 2024, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions in which they are taken or deemed to have under such provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register required to be kept; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange were as follows:

#### Interests in the Company

*Long position in the shares of the Company (the "Shares") and underlying Shares*

Name of Directors	Capacity/Nature of interest	Number of issued Shares/ underlying Shares interested	Approximate percentage of the issued shares (Note 3)
Ms. Chan Tsz Kiu Teresa ("Ms. TK Chan") (Note 1)	Beneficiary of a trust	431,543,700	50.18%
	Beneficial owner	9,632,000	1.12%
Ms. Chan Tsz Tung ("Ms. TT Chan") (Note 1)	Beneficiary of a trust	431,543,700	50.18%
	Beneficial owner	9,632,000	1.12%
Ms. Chan Ching Mandy ("Ms. C Chan") (Note 2)	Interest of controlled corporation	431,543,700	50.18%
	Beneficial owner	9,632,000	1.12%

#### Notes:

- Moment to Moment Company Limited ("**Moment to Moment**") held 431,543,700 Shares, representing approximately 50.18% of the issued share capital in the Company. The sole shareholder of Moment to Moment is Harneys Trustees Limited ("**Harneys**"), the trustee of the Bar Pacific Trust, of which Ms. TK Chan and Ms. TT Chan are beneficiaries. Ms. TK Chan and Ms. TT Chan were deemed to be interested in the Shares held by Moment to Moment under the SFO. Also, each of Ms. TK Chan and Ms. TT Chan was interested in 9,632,000 Shares underlying the share awards granted to each of them on 29 September 2023 pursuant to the Share Scheme of the Company.
- Pursuant to a deed of settlement dated 25 March 2014 in respect of the Bar Pacific Trust, Ms. C Chan is the protector of the Bar Pacific Trust, and Harneys is required to exercise the voting rights in any company which the fund of the Bar Pacific Trust is invested in accordance with the joint written instruction from the protector (i.e. Ms. C Chan) and the settlor (i.e. Ms. Tse) of the Bar Pacific Trust. Ms. C Chan was deemed to be interested in the Shares held by Moment to Moment under the SFO. Also, Ms. C Chan was interested in 9,632,000 Shares underlying the share awards granted to her on 29 September 2023 pursuant to the Share Scheme of the Company.
- The percentages of shareholding interest in the Company shown in the table above were calculated on the basis of 860,000,000 Shares in issue as at 31 March 2024.

## DISCLOSURE OF INTERESTS *(Continued)*

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

#### Interests in associated corporation of the Company

*Long position in the shares of the associated corporation*

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

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

Save as disclosed above and so far as the Directors are aware, as at 31 March 2024, none of the Directors and the chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register, or were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange.



## DISCLOSURE OF INTERESTS *(Continued)*

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

So far as the Directors are aware of, as at 31 March 2024, the following persons/entities other than a Director or the chief executive of the Company had interests or short positions in the Shares and underlying Shares, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the Register required to be kept under section 336 of the SFO (the "Substantial Shareholders' Register"), or who were directly or indirectly interested in 5% or more of the issued voting Shares:

#### Long position in the Shares

Name of substantial shareholders	Capacity/Nature of interest	Number of issued Shares	Approximate percentage of issued share capital in the Company <i>(Note 3)</i>
Moment to Moment <i>(Note 1)</i>	Beneficial owner	431,543,700	50.18%
Harneys <i>(Note 1)</i>	Trustee (other than a bare trustee)	431,543,700	50.18%
Ms. Tse <i>(Note 1)</i>	Beneficiary of a trust	431,543,700	50.18%
	Beneficial owner	12,094	0.00%
Mr. Chan Wai <i>(Note 2)</i>	Beneficiary of a trust	431,543,700	50.18%
	Beneficial owner	24,925,038	2.90%

#### Notes:

- Moment to Moment held 431,543,700 Shares, representing approximately 50.18% of the issued share capital of the Company. The sole shareholder of Moment to Moment is Harneys, the trustee of the Bar Pacific Trust, of which Ms. TK Chan and her mother Ms. Tse, are the first batch of beneficiaries (Please refer to note 2 below). Pursuant to a deed of settlement dated 25 March 2014 in respect of the Bar Pacific Trust, Ms. C Chan is the protector of the Bar Pacific Trust, and Harneys is required to exercise the voting rights in any company the fund of the Bar Pacific Trust is invested in accordance with the joint written instruction from the protector (i.e. Ms. C Chan) and the settlor (i.e. Ms. Tse) of the Bar Pacific Trust. Each of Harneys, Ms. TK Chan, Ms. C Chan and Ms. Tse was deemed to be interested in the Shares held by Moment to Moment under the SFO. Ms. Tse directly held 12,094 Shares.
- On 7 June 2018, Mr. Chan Wai and Ms. TT Chan became the beneficiaries of Bar Pacific Trust. Hence, both Mr. Chan Wai and Ms. TT Chan were also deemed to be interested in the 431,543,700 Shares held by Moment to Moment under the SFO. In addition, Mr. Chan Wai directly held 24,925,038 Shares.
- The percentage of shareholding interest in the Company shown in the table above were calculated on the basis of 860,000,000 Shares in issue as at 31 March 2024.

Save as disclosed above, as at 31 March 2024, the Directors were not aware of any persons who/entities which had any interest or short position in the Shares or underlying Shares that would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the Substantial Shareholders' Register required to be kept under section 336 of the SFO.

## SHARE SCHEMES

### Share Option Scheme

The Company adopted a share option scheme (the "**Share Option Scheme**") on 17 December 2016 (the "**SOS Adoption Date**").

The following is a summary of the principal terms of the Share Option Scheme:

1. Purpose of the Share Option Scheme

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

2. Participants of the Share Option Scheme

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

- a) Any employee (whether full-time or part-time, including any executive director but excluding any non-executive director) of the Company, any of its subsidiaries ("**Subsidiaries**") or any entity ("**Invested Entity**") in which the Group holds an equity interest ("**Eligible Employee**");
- b) Any non-executive Directors (including INEDs) of the Company, any Subsidiaries or any Invested Entity;
- c) Any supplier of goods or services to any member of the Group or any Invested Entity;
- d) Any customer of any member of the Group or any Invested Entity;
- e) Any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;
- f) Any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;
- g) Any adviser (professional or otherwise) or consultant to any area of Business or business development of any member of the Group or any Invested Entity; and
- h) Any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the growth of the Group.

## SHARE SCHEMES *(Continued)*

### Share Option Scheme *(Continued)*

3. Total number of Shares available for issue
  - a) The maximum number of Shares which may be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Group shall not exceed 30% of the issued share capital of the Company from time to time.
  - b) The total number of Shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of our Group) to be granted under the Share Option Scheme and any other share option scheme of our Group must not in aggregate exceed 10.0% of the Shares in issue on the day on which dealings in the Shares first commence on GEM (i.e. not exceeding 86,000,000 Shares, representing 10% of the Shares in issue as at the date of this report). No option had been granted under the Share Option Scheme since the SOS Adoption Date and up to the termination of the Share Option Scheme on 29 September 2023. Accordingly, no share will be available for issue under the Share Option Scheme.
4. Maximum entitlement of each participant
  - (i) Subject to 4.(ii)(b) below, the total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1.0% of the issued share capital of the Company for the time being ("**Individual Limit**"). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to the Shareholders and the Shareholders' approval in general meeting of the Company with such participant and his close associates (or his associates, if such participant is a connected person) abstaining from voting. The number and terms (including the exercise price) of options to be granted to such participant must be fixed before Shareholders' approval and the date of board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under note (1) to Rule 23.03(9) of the GEM Listing Rules.
  - (ii) (a) Without prejudice to (ii)(b) below, any grant of options under the Share Option Scheme to a director, chief executive or substantial shareholder of our Company or any of their respective associates (as defined under the GEM Listing Rules) must be approved by the INEDs (excluding any INED who or whose associate is the proposed grantee of the options).

## SHARE SCHEMES *(Continued)*

### Share Option Scheme *(Continued)*

- (b) Without prejudice to (ii)(a) above, where any grant of options to a substantial shareholder of the Company or an INED or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:
    - i. representing in aggregate over 0.1% of the Shares in issue; and
    - ii. having an aggregate value, based on the closing price of the Shares at the date of each grant of each offer of the grant of options, in excess of HK\$5 million;
5. Period during which the options must be exercised to subscribe for Shares and minimum period for which an option must be held before it can be exercised

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

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

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

7. Remaining life of the Share Option Scheme

The Share Option Scheme was terminated on 29 September 2023 upon the adoption of a new share scheme by the Company in accordance with Chapter 23 of the GEM Listing Rules at the extraordinary general meeting of the Company held on 29 September 2023.

No share option had been granted under the Share Option Scheme since the SOS Adoption Date and therefore, there was no share option outstanding as at 31 March 2024 and no share options were granted, exercised, or cancelled or lapsed during the Year.

As at the beginning and the end of the Year, the number of options available for grant under the scheme mandate of the Share Option Scheme was 86,000,000 and 0, respectively.



## SHARE SCHEMES *(Continued)*

### Share Scheme

A new share scheme was adopted by the Company in accordance with Chapter 23 of the GEM Listing Rules (the “**Share Scheme**”) at the extraordinary general meeting of the Company held on 29 September 2023 (the “**Adoption Date**”).

The following is a summary of the principal terms of the Share Scheme:

1. Purpose

The purpose of the Share Scheme is to provide incentive to the eligible participants, in order to promote the development and success of the business of the Group. The Share Scheme will give the eligible participants an opportunity to have a personal stake in the Company and will help motivate the eligible participants in optimising their performance and efficiency and attract and retain the eligible participants whose contributions are important to the long-term growth of the Group.

2. Eligible Participants

The eligible participants are the directors and employees (whether full-time, part-time or other employment arrangement) of any member of the Group (including persons who are granted awards under the Share Scheme as inducement to enter into employment contracts with any member of the Group).

3. Scheme Limits

The total number of Shares which may be issued in respect of all awards, which may be a share option or a share award, granted at any time under the Share Scheme together with options and awards which may be granted under any other schemes of the Company shall not exceed such number of Shares representing 10% of the Shares in issue as at the Adoption Date, being 86,000,000 Shares, representing 10% of the Shares in issue as at the date of this annual report.

4. Maximum entitlement of each eligible participant

Where (i) any grant of an award, which may be a share option or a share award, to an INED or a substantial shareholder of the Company, or any of their respective associates, would result in the Shares issued and to be issued in respect of all options and awards granted under the Share Scheme or any other schemes of the Company (excluding any options and awards lapsed in accordance with the terms of the relevant schemes) to such person in the twelve (12)-month period up to and including the date of such grant representing in aggregate exceeding 0.1% of the Shares in issue, or (ii) any grant of share awards (i.e. excluding grant of share options) to any Director (other than an INED) or chief executive of the Company, or any of their respective associates, would result in the shares issued and to be issued in respect of all awards granted under the Share Scheme or any other schemes of the Company (excluding any awards lapsed in accordance with the terms of the relevant schemes) to such person in the twelve (12)-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue at the date of such grant, such grant of award must be approved by the Shareholders in a general meeting of the Company.

## SHARE SCHEMES *(Continued)*

### Share Scheme *(Continued)*

Where any grant of an award to an eligible participant would result in the Shares issued and to be issued in respect of all options and awards granted to such eligible participant under the Share Scheme and any other schemes of the Company (excluding any options and awards lapsed in accordance with the terms of the relevant schemes) in the twelve (12)-month period up to and including the date of such grant representing in aggregate over 1% of the Shares in issue, such grant must be separately approved by the Shareholders in a general meeting of the Company with such eligible participant and his close associates (or associates if the eligible participant is a connected person) abstaining from voting.

#### 5. Time of exercise of options

Subject to the terms of the Share Scheme, an award may be exercised in whole or in part at any time during the period stipulated in the offer, provided that such period shall not go beyond the day immediately prior to the tenth (10th) anniversary of the offer date with respect of the relevant award.

#### 6. Vesting period

Save for the circumstances prescribed below, an award must be held by the grantee for a period that is not shorter than twelve (12) months from the offer date before the award can be exercised.

The Board may at its absolute discretion grant awards to eligible participants only with a vesting period shorter than twelve (12) months from the offer date in the following specific circumstances:

- (1) grants of "make-whole" awards to new joiners to replace the award shares they forfeited when leaving the previous employers;
- (2) grants to an eligible participant whose employment is terminated due to death or disability or occurrence of any out of control event;
- (3) grants that are made in batches during a year for administrative and compliance reasons, which include awards that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch;
- (4) grants of awards with a mixed or accelerated vesting schedule such as where the awards may vest evenly over a period of twelve (12) months; or
- (5) grants with performance-based vesting conditions in lieu of time-based vesting criteria.

If there is an event of change in control of the Company as a result of a merger, scheme of arrangement or general offer, or in the event of a dissolution or liquidation of the Company, the Company shall at its sole discretion determine whether the vesting dates of any awards to the eligible participants will be accelerated and/or determine such conditions or limitations to which the exercise of such award will be subject.

## SHARE SCHEMES *(Continued)*

### Share Scheme *(Continued)*

#### 7. Acceptance

An offer to an eligible participant for the grant of an award shall be deemed to have been accepted by an eligible participant concerned in respect of all the new Shares underlying an award which are offered to such eligible participant when the duplicate letter comprising acceptance of the offer duly signed by the eligible participant, together with a payment in favour of the Company of HK\$1.00 or such other amount (if any) as may be determined by the Board as consideration for the grant thereof, is received by the Company.

#### 8. Exercise price and issue price

- (a) In respect of a share option, the exercise price shall, subject to any adjustment made pursuant to the terms of the Share Scheme, be determined by the Board at its absolute discretion, provided that it shall be not less than the highest of (i) the closing price of the Shares as shown in the daily quotations sheet of the Stock Exchange on the offer date, which must be a business day; (ii) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five (5) consecutive days on which the Shares are traded on the Stock Exchange immediately preceding the offer date; and (iii) the nominal value of the Share on the offer date.
- (b) In respect of a share award, the issue price shall be such price determined by the Board in its absolute discretion and notified to the grantee in the offer letter, with reference to the factors set out in (a) above. For the avoidance of doubt, the Board may determine the issue price to be nil.

#### 9. Remaining life of the Share Scheme

The Share Scheme shall be valid and effective for the period commencing the Adoption Date (i.e. 29 September 2023) and expiring on the close of business of the Company on the date immediately preceding the tenth (10th) anniversary of the Adoption Date, or such earlier date as the Share Scheme is terminated in accordance with the terms thereof. As at the date of this annual report, the remaining life of the Share Scheme is approximately 9 years and 3 months.

On 29 September 2023, a total of 28,896,000 share awards were granted to Ms. TK Chan, Ms. TT Chan and Ms. C Chan (all being the Executive Directors and substantial shareholders of the Company). Save as disclosed, no other share awards or share options had been granted under the Share Scheme as at 31 March 2024.

Particulars of the outstanding share awards under the Share Scheme and their movements during the Year are as follows:

Name of grantee	Position	Unvested share awards					Unvested share awards
		as at 1 April 2023	Share awards granted during the Year	Share awards vested during the Year	Share awards cancelled during the Year	Share awards lapsed during the Year	as at 31 March 2024
Ms. TK Chan	Executive Director	–	9,632,000	–	–	–	9,632,000
Ms. TT Chan	Executive Director	–	9,632,000	–	–	–	9,632,000
Ms. C Chan	Executive Director	–	9,632,000	–	–	–	9,632,000
Total			28,896,000	–	–	–	28,896,000

## SHARE SCHEMES *(Continued)*

### Share Scheme *(Continued)*

Notes:

1. The share awards were granted on 29 September 2023 (the "Date of Grant").
2. One-third (1/3) of the awarded Shares will be vested 12 months from the Date of Grant (i.e. 29 September 2024); one-third (1/3) of the awarded Shares will be vested 24 months from the Date of Grant (i.e. 29 September 2025); and one-third (1/3) of the awarded Shares will be vested 36 months from the Date of Grant (i.e. 29 September 2026).
3. The purchase price for the awarded Shares is nil.
4. Vesting of the share awards is not subject to any performance target. The awards will not be subject to any clawback mechanism of the Share Scheme.
5. The closing price of the Shares as quoted on the Stock Exchange on 28 September 2023, being the date immediately before the Date of Grant, was HK\$0.078.
6. The fair value of the share awards as at the Date of Grant was HK\$0.081, calculated based on the fair value of the equity instruments as at the Date of Grant. The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. When shares granted are vested, the amount previously recognised in share-based payments reserve will be transferred to share capital and share premium.

The number of awards available for grant under the scheme mandate of the Share Scheme was 0 as at 1 April 2023 and 57,104,000 as at 31 March 2024.

The number of Shares that may be issued in respect of awards granted under the Share Scheme during the Year divided by the weighted average number of Shares in issue for the Year is 0.0336.

## ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

## EQUITY-LINKED AGREEMENTS

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

## RELATED PARTY TRANSACTIONS

The significant related party transactions entered into by the Group during the Year are set out in note 26 to the Financial Statements.

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



## **EMOLUMENT POLICY AND DIRECTORS' REMUNERATION**

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

The Board has delegated the Remuneration Committee with assisting the Board in formulating a remuneration policy and reviewing the emoluments of senior management of the Company and the Directors. The emolument of each of the Directors and the employees of the Group is on the basis of their merit, qualification, competence and experience in the industry, the profitability of the Group as well as remuneration benchmarks from other local and international companies and prevailing market conditions.

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

Details of the Directors' remuneration and the five highest paid individuals in the Group during the Year are set out in note 10 to the Consolidated Financial Statements contained in this Annual Report.

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

## **PERMITTED INDEMNITY PROVISION**

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

## **PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES**

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

## **MAJOR CUSTOMERS AND SUPPLIERS**

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

During the Year, the aggregate purchases attributable to the Group's five largest suppliers accounted for approximately 62.82% of the Group's total purchases while the purchases attributable to the Group's largest supplier accounted for approximately 16.71% 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' REPORT

## DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

## MANAGEMENT CONTRACTS

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

## INDEPENDENT AUDITOR

As disclosed in the Company's announcement dated 30 December 2022, BDO Limited ("**BDO**") has resigned as the auditor of the Company with effect from 30 December 2022 due to the inability to reach a consensus with the Company on audit fee for the year ending 31 March 2023. In this connection, with the recommendation of the Audit Committee, Baker Tilly was appointed by the Board as the auditor of the Company with effect from 30 December 2022 to fill the casual vacancy following the resignation of BDO, and was re-appointed as the auditor of the Company by the Shareholders at the AGM held on 29 September 2023.

The financial statements for the year ended 31 March 2024 were audited by Baker Tilly, who shall hold office until the conclusion of the 2024 AGM. A resolution for the re-appointment of Baker Tilly as the auditor of the Company for the forthcoming year will be proposed at the 2024 AGM.

Save as disclosed above, as at the date of approval of this report, there was no change in the auditor of the Company in any of the preceding three years.

## SUFFICIENCY OF PUBLIC FLOAT

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

## NON-COMPETITION UNDERTAKING

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

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

The Company received from each of the Covenantors an annual confirmation in June 2024 on each of their compliance of the non-competition undertaking under the Deed of Non-competition. The INEDs have reviewed the compliance of each of these undertakings and evaluated the effectiveness of the implementation of the Deed of Non-competition, and were satisfied that each of the Covenantors has complied with their undertaking during the Year.

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

Save for those disclosed under note 26 to the Financial Statements, during the Year, there was no transaction, arrangement or contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or a connected entity of that Director has or had, directly or indirectly, a material interest.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the paragraphs headed "Directors' and chief executives' interests and short position in Shares, underlying Shares and debentures of the Company and its associated corporations" on page 30 to 31 and "Share Schemes" on pages 33 to 38 in this Annual Report, at no time during the Year and as at the end of the Year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors or the 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 Corporate Governance Report contained on pages 13 to 26 of this Annual Report.

## SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER

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

Date of facilities	Nature of facilities	Aggregate Amount	Life of the facilities	Specific performance obligation
17 May 2024	Revolving loan facility and combined facility	HK\$16,000,000 USD271,737	No fixed term but subject to review and will continue up to and including 17 May 2025	Note
30 August 2019	Term loan facility	HK\$10,000,000	– ditto –	Note
3 January 2020	Term loan facility	HK\$25,800,000	– ditto –	Note
30 November 2020	Term loan facility	HK\$21,500,000	– ditto –	Note
3 June 2021	Term loan facility	HK\$4,000,000	– ditto –	Note

*Note:* The Company has undertaken to the borrower that, (i) Ms. TK Chan, an Executive Director and the Chairlady, shall remain as the single major Shareholder through beneficial ownership, controlled corporation, trust or other means, (ii) Ms. C Chan, an Executive Director and the Chief Executive Officer, will serve as the Chief Executive Officer and be actively involved in the management and business of the Group, and (iii) the Tangible Net Worth (as defined in the relevant facility letters) of the Company will be maintained at a minimum level of HK\$30 million at all times.

Except for disclosed above, the Group had no circumstances which would give rise to a disclosure obligation under Rules 17.22 to 17.24 of the GEM Listing Rules as at 31 March 2024.

# DIRECTORS' REPORT

## COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

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

## ENVIRONMENTAL POLICIES AND PERFORMANCES

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

The ESG Report is set out on pages 45 to 65 of this Annual Report.

## KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND BUSINESS PARTNERS

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

## DEBENTURES

The Company did not issue any debentures during the Year.

## RESERVES

Details of the movement in the reserves of the Group and the Company during the Year are set out in the consolidated statement of changes in equity and in note 34 to the Financial Statements, respectively.

## AUDIT COMMITTEE

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

## RELIEF OF TAXATION

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

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



# DIRECTORS' REPORT

## CHANGE IN DIRECTORS' INFORMATION

Save as disclosed in the section headed "Profile of Directors and Senior Management", there was no other change in Directors' biographical details which is required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules since the date of the interim report of the Company for the six months ended 30 September 2023 up to the date of approval of this report.

## EVENTS AFTER THE END OF THE YEAR

The Directors are not aware of any event having a significant effect on the Group after the end of the Year and up to the date of approval of this report.

## DONATIONS

During the Year, the Group has donated approximately HK\$10,000 (2023: HK\$10,000).

On behalf of the Board

**Chan Tsz Kiu Teresa**

*Chairlady*

27 June 2024

## APPROACH

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

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

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

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

1. To achieve environmental sustainability
2. To respect human rights and social culture
3. To engage with stakeholders
4. To support our employees
5. To sustain local communities

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ABOUT THIS ESG REPORT

Bar Pacific is pleased to present its Environmental, Social and Governance (“**ESG**”) Report. The content contained herein focuses on providing an overview of the ESG performance of our major operations in Hong Kong for the financial year ended 31 March 2024 (the “**Financial Year**” or “**FY2023/24**”). This also facilitates the Group to conduct thorough performance review and evaluation to enhance the overall performance results in the future.

## Scope of the ESG Report

The scope of this ESG report covers the period from 1 April 2023 to 31 March 2024. This ESG Report makes relevant disclosures in accordance with the requirements of the “Environmental, Social and Governance Reporting Guide” set out in Appendix C2 to the GEM Listing Rules issued by the Hong Kong Stock Exchange and complies with the “comply or explain” provisions therein. This report summarises the ESG implementation of all the subsidiaries including bar outlets, restaurants and the Headquarter under Bar Pacific which helps to evaluate the ESG performance of the Group’s business operations in Hong Kong. The two ESG subject areas, namely Environmental and Social, are disclosed separately, highlighting the impacts of the operations of the Group during the Financial Year.

## Reporting Principle of the ESG Report

This ESG report follows the requirements of the ESG Reporting Guide in Appendix C2 to the GEM Listing Rules issued by the Hong Kong Stock Exchange, covering the reporting principles of materiality, quantitative and consistency, details of which are set out below:

## Materiality

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

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

## Quantitative

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

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ABOUT THIS ESG REPORT *(Continued)*

### Reporting Principle of the ESG Report *(Continued)*

#### Consistency

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

#### Feedback

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

## ABOUT BAR PACIFIC

### Our Business

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

### Our Vision

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

### Our Mission

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

### Board of Directors ("the Board")

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

#### Executive Directors

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

#### Independent Non-executive Directors

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



## BOARD STATEMENT

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

The Board is responsible for:

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

The management is responsible for:

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

Functional departments are responsible for:

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

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## BOARD STATEMENT *(Continued)*

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

We believe that risk management and internal control have a significant and far-reaching impact on sustainable development, therefore, we have incorporated relevant concepts into our daily operations. The Group's risk management structure consists of the management and business departments. In addition, the Audit Committee reviews the Group's risk management and internal control systems annually with an independent internal review consultant. For details of the Group's risk management and internal control system, please refer to the section headed "Internal Controls and Risk Management" under the "Corporate Governance Report" in the this Annual Report.

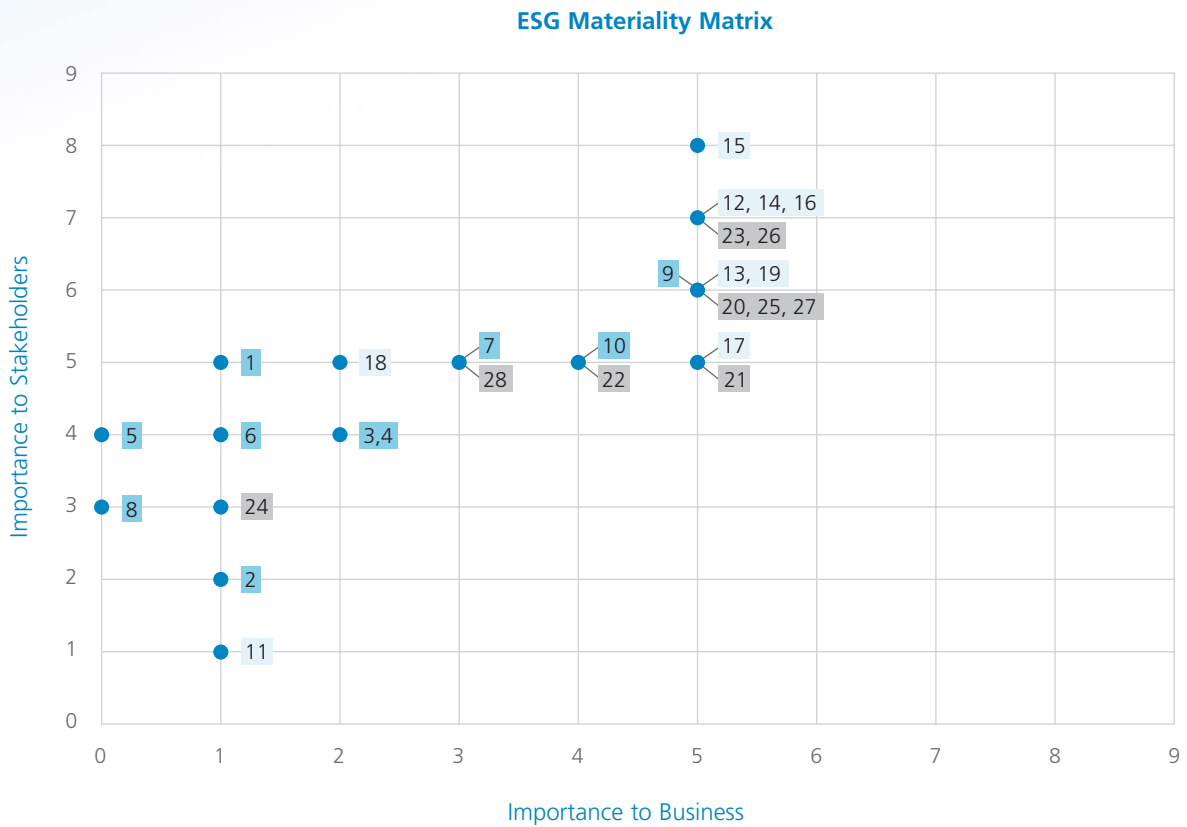
## OUR STAKEHOLDERS

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

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

## MATERIALITY ASSESSMENT

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



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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

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

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



## Section A: Environmental

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

### A1 – Emissions

#### Air pollution Emission

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

#### Greenhouse Gas Emissions

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

During the Financial Year, the total GHG emissions of the Group amounted to approximately 1,908 tonnes (FY2022/23: 1,444 tonnes), including approximately 1,887 tonnes (FY2022/23: 1,431 tonnes) indirect GHG emissions (Scope 2) and approximately 21 tonnes (FY2022/23: 16 tonnes) other indirect GHG emission (Scope 3). There was no direct GHG emission (Scope 1) for the Financial Year with an increase of approximately 32% compared to the financial year ended 31 March 2023 (the "Previous Financial Year" or "FY2022/23"). Correspondingly, the GHG emission intensity amounted to approximately 35 tonnes per premises<sup>5</sup> (FY2022/23: 28 tonnes per premises), with an increase of approximately 25% compared to the Previous Financial Year.

<sup>1</sup> The latest carbon emission factors announced in the Sustainability Report 2022/23 issued by CLP Holdings Limited and HK Electric Investments Limited were 0.39 kgCO<sub>2</sub>e/kWh and 0.66 kgCO<sub>2</sub>e/kWh respectively.

<sup>2</sup> Town gas consumption is attributed to the new restaurants opened during the Financial Year. The latest carbon emission factors announced in the Environmental, Social and Governance Report 2023 issued by The Hong Kong and China Gas Company Limited (Towngas) was 0.549 kgCO<sub>2</sub>e/kWh.

<sup>3</sup> The latest unit electricity consumption factor of freshwater processing announced in the Annual Report 2022/23 issued by Hong Kong Water Supply Department was 0.624 kWh/m<sup>3</sup>.

<sup>4</sup> The latest unit electricity consumption factor of sewage processing announced in the Sustainability Report 2022/23 issued by Hong Kong Drainage Services Department was 0.29 kWh/m<sup>3</sup>.

<sup>5</sup> As of the year ended 31 March 2024, the Group operated 54 bar outlets and restaurants and with 1 Headquarter in Hong Kong (collectively, the "premises") (FY2022/23: 51 bar outlets and restaurants and with 1 Headquarter in Hong Kong).

## **Section A: Environmental** *(Continued)*

### **A1 – Emissions** *(Continued)*

#### **Greenhouse Gas Emissions** *(Continued)*

During the Financial Year, the total greenhouse gas emission from electricity consumption increased from 1,153 tonnes to 1,551<sup>6</sup> tonnes, which had an increase of 35% comparing to the last Financial Year. This was primarily a result of the Group operating for more days during the Financial Year, as compared to the Previous Financial Year (during which the Government of the Hong Kong Special Administrative Region (“**HKSAR**”) imposed a mandatory closure from 1 April 2022, to 18 May 2022, which required all bars and pubs to shut down (FY2022/23: operated for 317 days)). Additionally, the business was expanding during the Financial Year. Consequently, the business operation has led to an increase in electricity consumption. Besides, as the Group has newly opened a restaurant during the Financial Year, approximately 19% of its Scope 2 emissions was attributed from Towngas consumption in which resulted in 336 tonnes of GHG emissions.

As a result of the Group’s expansion of business and the bar outlets and restaurants of the Group operated more days than the Previous Financial Year), GHG emissions has increased accordingly.

In the light of reducing GHG emissions, the Group embraced in advocating green practices in our day-to-day operations. The Group reduced the consumptions of electricity, water and paper as much as possible. Reminders were posted next to the switches, encouraging employees to switch off all idle electronic appliances. A collection box was placed next to the printer for collecting single-side-printed paper for reuse. On top of that, the Group also encourages our employees to use of public transportation, reduce unnecessary business trips and promote the use of tele-conference or video conference instead in order to reduce the accompanied carbon footprint. During the Financial Year, the Group purchased an environmental friendly vehicle for business purpose.

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

<sup>6</sup> Due to the limitation of complexity, for some period in which some bar outlets and restaurants under the Group could not provide the relevant electricity bills, estimation of electricity usage had been made based on its average electricity usage during the Financial Year.

## **Section A: Environmental** *(Continued)*

### **A1 – Emissions** *(Continued)*

#### **Waste Management**

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

With decreasing availability of suitable land for landfill and increasing environmental impacts of waste disposal, waste reduction has always been one of the objectives of the Group. The Group produced no hazardous wastes during the Financial Year. The non-hazardous wastes produced by the Group were mainly the paper waste, wine bottles and edible oil leftovers. During the Financial Year, the total paper waste produced amounted to approximately 625 kg (FY2022/23: 625 kg), with no notable change compared to the Previous Financial Year. The corresponding non-hazardous waste intensity was approximately 1.1 kg per employee (FY2022/23: 1.1 kg per employee), with regards of our 564 employees for Financial Year (FY2022/23: 552 employees), no notable change compared to Previous Financial Year. This is due to the Group continued to advocate a paperless office in the workplace during the Financial Year.

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

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

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

## Section A: Environmental *(Continued)*

### A2 – Use of Resources

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

#### Energy Consumption<sup>7</sup>

During the Financial Year, the total direct electricity consumption amounted to approximately 3,562 MWh (FY2022/23: 2,583 MWh), with a notable increase of 38% compared with the Previous Financial Year. Correspondingly, the intensity was approximately 65 MWh per premises (FY2022/23: 50 MWh per premises), with an increment of approximately 19% compared with the Previous Financial Year, with a total of 55 premises within the Financial Year. This was mainly due to the bar outlets and restaurants of the Group operated more days than the Previous Financial Year, and the number of bar outlets and restaurants of the Group increased during the Financial Year, in which resulted in the corresponding increase in electricity usage. There was no indirect electricity consumption during the Financial Year.

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

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

During the Financial Year, the total direct town gas consumption amounted to approximately 613,000 megajoule (FY2022/23: 483,000 megajoule), with a notable increase of 27% compared with the Previous Financial Year. Correspondingly, the intensity was approximately 122,600 megajoule per restaurant (FY2022/23: 120,750 megajoule per restaurant), with an increment of approximately 2% compared with the Previous Financial Year, with a total of 5 restaurants within the Financial Year. This was mainly due to a new restaurant was opened during the Financial Year, which resulted in the corresponding increase in town gas usage. There was no indirect town gas consumption during the Financial Year.

<sup>7</sup> Due to the limitation of complexity, for some period in which some bar outlets and restaurants under the Group could not provide the relevant electricity bills, estimation of electricity usage had been made based on its average electricity usage during the Financial Year.



## **Section A: Environmental** *(Continued)*

### **A2 – Use of Resources** *(Continued)*

#### **Water Consumption<sup>8</sup>**

Water consumption is essential for the operations of the Group in offering beverage to customers. Yet, the Group still encourages the reduction of unnecessary water consumption. As processing fresh water and sewage both involved electricity usage, reducing water consumption is key to reduce the adverse impact on the environment of the Group. During the Financial Year, the water consumption of the Group was approximately 30,091 m<sup>3</sup> (FY2022/23: 20,965 m<sup>3</sup>), with an increase of approximately 44% compared with Previous Financial Year. The corresponding intensity was approximately 547 m<sup>3</sup> per premises (FY2022/23: 403 m<sup>3</sup> per premises), showing an increase of 36% from the Previous Financial Year. This was mainly due to the Group operated more days than the Previous Financial Year, in which resulted in the corresponding increase in water usage.

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

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

#### **Packaging Materials**

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

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

## **Section A: Environmental** *(Continued)*

### **A3 – The Environment and Natural Resources**

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

With the aforementioned environmental measures and continuously increase our employees' awareness on environmental protection to require employees to pay attention to their own behaviour and be responsible for the environment and encourage employees to pass on environmental protection messages to each other, the Group strongly believes that it can further reduce the impact of the Group and employees on the environment and natural resources. During the Financial Year, the Group strictly followed and paid attention to the updates of the environmental protection laws, regulations and requirements of the Government of HKSAR, there was no material non-compliance issue regarding relevant laws and regulations for the Financial Year on environment and natural resources aspect.

### **A4 – Climate Change**

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

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

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

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

## Section B: Social

### B1 – Employment

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

#### Our Employees

As of the year ended 31 March 2024, the Group consisted of 564 employees (FY2022/23: 552 employees), of which 28% were full-time employees and 72% were part-time employees. Since the main business activity of the Group was operating bar outlets and restaurants in Hong Kong, all of our employees were employed and working in the area of Hong Kong.

Our employees’ male-to-female ratio was approximately 1:1 (FY2022/23: 1:1). The Group believes that maintaining a diverse and inclusive workforce with due respect given to our employees is critical for running a sustainable and successful business. The detailed compositions of our employees are as follows:

By Gender	By Years of Service		By Age Group		
Male	54%	<1 year	65%	18-25	55%
	(FY2022/23: 51%)		(FY2022/23: 68%)		(FY2022/23: 55%)
Female	46%	1-3 years	25%	26-35	30%
	(FY2022/23: 49%)		(FY2022/23: 17%)		(FY2022/23: 27%)
		3-5 years	3%	36-45	10%
			(FY2022/23: 7%)		(FY2022/23: 14%)
		5-10 years	5%	46-55	4%
			(FY2022/23: 6%)		(FY2022/23: 3%)
		>10 years	2%	56-65	1%
			(FY2022/23: 2%)		(FY2022/23: 1%)

#### Employee Benefits

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

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

## **Section B: Social** *(Continued)*

### **B1 – Employment** *(Continued)*

#### **Employee Benefits** *(Continued)*

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

#### **Harmonious Workspace**

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

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

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

As rewarded by the above mature HR management policies and in view of the industry norm, the Group recorded a healthy monthly average turnover rate of approximately 4.7% (FY2022/23: 4.3%). The monthly average turnover rate by gender was approximately 5.1% and 4.4% for male and female respectively, while by age group was 3.2% (18-25), 6.7% (26-35), 8.6% (36-45), 1.1% (46-55), 0% (56-65), and 0% (over 65) respectively. Since all employees are from Hong Kong, the monthly average turnover rate by geographical region was also 4.7%.

#### **Work-life Balance of Employees**

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

In addition, the Group regularly organizes various kinds of company activities, such as annual dinner, Christmas party, birthday party, etc., in the previous financial years, to provide our staff a chance to relax in the work environment as well as build a stronger bond with the Group.



## Section B: Social *(Continued)*

### B2 – Health and Safety

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

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

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

During the Financial Year, there were 9 cases (FY2022/23: 3 cases) of work injury reported, with approximately 1,460 working days lost (FY2022/23: 226 working days lost). Moreover, no case of work-related fatalities is record in the Financial Year (FY2022/23: Nil, FY2021/22: Nil).

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

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

## **Section B: Social** *(Continued)*

### **B2 – Health and Safety** *(Continued)*

The Group also pays much attention to the health of all employees, thus the Group has arranged vaccination for seasonal influenza vaccination by providing subsidies to the employees in need.

### **B3 – Development and Training**

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

During the Financial Year, 290 of our employees (FY2022/23: 245 employees) attended trainings including both induction trainings and regular trainings, in which approximately 51% of our employees are trained, with a trained male-to-female ratio as approximately 1:1.1 (FY2022/23: 1:1.1) and a total of 580 hours (FY2022/23: 548 hours) of training for an average of 2 hours per trained employee (FY2022/23: 2.2 hour per trained employee). The percentage of trained employees by gender was 53% and 50% for male and female respectively, while by employment level was 70%, 21% and 9% for frontline staff, middle management and senior management respectively. On the other hand, the average training hours by gender was 2 hours for male and 2 hours for female, while the average training hours by employment level was 2 hours for frontline staff, 2 hours for middle management, and 2 hours for senior management respectively.

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

## **Section B: Social** *(Continued)*

### **B4 – Labour Standards**

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

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

### **Communication with Employees**

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

### **B5 – Supply Chain Management**

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

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

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

## **Section B: Social** *(Continued)*

### **B5 – Supply Chain Management** *(Continued)*

In addition, in order to further promote green operations, the Group has established green procurement guidelines for operation departments to give priority to enterprises using environment-friendly materials or recycled materials when selecting office equipment suppliers. We will also continue to explore the feasibility of incorporating environmental and social factors into our supply chain risk assessment or to review our supplier management guidelines.

As of 31 March 2024, the Group had a total of 83 (FY2022/23: 73) major suppliers which were all located in Hong Kong, supplying food and beverages to the Group. The Group will continue to implement the aforementioned measures strictly, so that the Group can uphold the standard of our supply chain.

### **B6 – Product Responsibility**

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

#### **Quality Assurance**

To guarantee the beverage product and food quality, the Group's procurement policy is to select only the suppliers from its approved supplier list, in order to ensure that they have passed selection procedures with required standards. Annual assessment on suppliers will also be conducted to monitor the quality of products regularly. The Bar Managers, Restaurant Managers and Operation Team are responsible to check the outer appearance of the beverage products and food products regularly for identifying if there is any abnormality upon delivery to the bar outlets, restaurants and Headquarter, respectively. Any beverage products which show signs of abnormality are returned to the supplier for replacement or refund. The Group's inventory mainly comprises of beverages. The Bar Managers, Restaurant Managers and Operation Team are also responsible for inventory management, ensuring the turnover rate of beverage and food is shorter than the beverage shelf life. The Group places huge importance on the quality of food and beverage so as to protect our customers from any potential health and safety issue. During the Financial Year, the Group did not recall any products due to safety and health reasons, and did not violate any laws and regulations relating to product safety and health, advertising and labelling issues.

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

#### **Customers' Complaint Handling Procedures**

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

During the Financial Year, there were 7 cases of (FY2022/23: 1 case) customer complaints recorded, of which all matters were fully resolved. The Group will continue to keep good relationships with our customers and uphold our current standard of customer service.



## **Section B: Social** *(Continued)*

### **B6 – Product Responsibility** *(Continued)*

#### **Intellectual Property Rights**

The Group strives to safeguard its brands, goodwill, image and intellectual property rights. As the Group is principally engaged in operation of bar outlets and restaurants under the brands “Bar Pacific”, “Pacific”, “Moon Pacific” and “Katachi” in Hong Kong, the Group has registered trademarks in Hong Kong to protect its brand names. The Group has also registered the domain name of www.barpacific.com.hk. As of 31 March 2024, the Group had 5 trademark registrations in Hong Kong. The Group may take necessary legal actions if any infringement of trademarks or any misappropriation of its brand name(s) is discovered.

#### **Personal Data Protection**

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

#### **Bar Outlet and Restaurant Management**

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

In addition, in order to provide a safe and comfortable place to our customers, the Group has established a written policy to guide its staff to handle any violence cases or drunk customers. CCTVs are installed in every bar outlet and restaurants to monitor the operations. Video data will be stored for at least 1 month for easy retrieval if required.

### **B7 – Anti-corruption**

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

## **Section B: Social** *(Continued)*

### **B7 – Anti-corruption** *(Continued)*

The Group formulated relevant policies, including anti-corruption, anti-fraud, whistle-blowing, and investigation mechanisms etc. Any employee who discovers any suspected cases of corruption or other irregularities should immediately notify the head of department or human resources or make anonymous reports through other channels. During the Financial Year, the company secretary had circulated the “Corporate Governance Guide for Boards and Directors” to the Board and senior management personnel to enhance their awareness of corruption prevention. Whistleblowing policies are in place for employees to report suspected misconduct of their colleagues, subordinates, senior management or even suppliers. They are welcomed to express their concerns through face-to-face conversation, email or telephone with the Supervisors, Assistant Managers, Managers, or even the Executive Directors in serious cases. The Management will review and take follow-up actions to investigate for every single possible misconduct case. It is the Group’s core values for reminding its employees to uphold their integrity and professionalism as aforementioned.

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

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

### **B8 – Community Investment**

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

Since 2018, the Group had launched the Entrepreneurship Program to help business entrepreneurs in taking their first step in starting a business. We understand that renting a retail space could be expensive and we would like to help the interested parties to start up their own business by providing a retail space within our venues without any rental charges. As of 31 March 2024, the Company has assisted 1 entrepreneur to start up their stores. The Group will continue to provide such a platform in order to encourage local entrepreneurs to pursue their dreams and hopes that they could create more job opportunities to the society and bring innovative ideas to maintain the competitiveness of Hong Kong.

During the Financial Year, 295 of our employees participated in a series of local community service, such as food distribution, mask distribution and visiting underprivileged groups living in subdivided flats, amounting to approximately of 590 hours of charitable service.

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

# INDEPENDENT AUDITOR'S REPORT



## TO THE SHAREHOLDERS OF BAR PACIFIC GROUP HOLDINGS LIMITED

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

### OPINION

We have audited the consolidated financial statements of Bar Pacific Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 71 to 139, which comprise the consolidated statement of financial position as at 31 March 2024, 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 material accounting policy information.

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 2024, 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 ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the "Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 3.2 to the consolidated financial statements, which indicates that as of 31 March 2024, the Group's current liabilities exceeded its current assets by HK\$94,924,000. In addition, as at 31 March 2024, the Group breached a covenant of its bank borrowings amounting to HK\$39,149,000. As stated in Note 3.2, these conditions, along with other matters as set forth in Note 3.2 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

# INDEPENDENT AUDITOR'S REPORT

## KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was 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 this matter. In addition to the matter described in the "Material Uncertainty Related to Going Concern" section, we have determined the matter described below to be key audit matter to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<i>Impairment of property, plant and equipment and right-of-use assets</i>	
<ul style="list-style-type: none"><li>The carrying amounts of the Group's property, plant and equipment and right-of-use assets as presented on its consolidated statement of financial position as at 31 March 2024 amounted to approximately HK\$26,213,000 and HK\$109,991,000, respectively are attributable to the cash-generating units ("CGUs") relating to operation of bars and restaurants.</li><li>Management performed impairment assessment on those CGUs that were identified to be underperforming or has indication of impairment loss. No impairment losses were recognised on the Group's property, plant and equipment and right-of-use assets for the year ended 31 March 2024.</li><li>The determination of the recoverable amount of CGUs, being the individual bars and restaurants, requires significant judgements made by management, in particular over those key internal inputs and external market conditions which impact expected future cash flows and the discount rates.</li><li>We identified impairment assessment of property, plant and equipment and right-of-use assets as a key audit matter because of the significant judgement and estimation uncertainty involved in the determination of recoverable amount of CGUs.</li><li>Refer to Notes 13, 14 and 23 to the consolidated financial statements, accounting policy in Note 3 and key sources of estimation uncertainty in Note 4 to the consolidated financial statements.</li></ul>	<p>Our procedures in relation to impairment of property, plant and equipment and right-of-use assets included:</p> <ul style="list-style-type: none"><li>Reviewed and understood management's impairment assessment process, including identification of indicators of impairment and appropriateness of the method used to determine recoverable amounts of CGUs;</li><li>Assessed appropriateness of management's identification of CGUs based on our understanding of the Group's business;</li><li>Benchmarked and challenged key assumptions used by management to determine the recoverable amounts, including assumptions of projected results of CGUs, long-term growth rates and discount rates, taking into account industry data and the future operating plans for the Group;</li><li>Reconciled input data to supporting evidence, such as historical financial information; and</li><li>Evaluated the sensitivity analysis prepared by the management on the inputs used to evaluate the extent of impact on the estimated future cash flows.</li></ul>



# INDEPENDENT AUDITOR'S REPORT

## OTHER INFORMATION

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

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

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

## RESPONSIBILITIES OF THE DIRECTORS AND THE AUDIT COMMITTEE 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 disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Audit Committee is 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. This report is made 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 HKSAAs 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.

# INDEPENDENT AUDITOR'S REPORT

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

*(Continued)*

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

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

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

# INDEPENDENT AUDITOR'S REPORT

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

*(Continued)*

From the matters communicated with the Audit Committee, 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 director on the audit resulting in this independent auditor's report is Chu, Johnny Chun Yin.

**Baker Tilly Hong Kong Limited**

*Certified Public Accountants*

**Chu, Johnny Chun Yin**

Practising Certificate no. P08355

Hong Kong, 27 June 2024

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	NOTES	2024 HK\$'000	2023 HK\$'000
<b>Revenue</b>	5	<b>208,085</b>	174,933
Other income	6	<b>7,984</b>	16,752
COVID-19-related rent concessions		–	2,150
Cost of inventories sold		<b>(56,392)</b>	(45,183)
Staff costs		<b>(68,957)</b>	(57,254)
Depreciation of property, plant and equipment		<b>(11,442)</b>	(9,484)
Depreciation of right-of-use assets		<b>(38,864)</b>	(34,087)
Property rentals and related expenses		<b>(6,526)</b>	(4,402)
Other operating expenses		<b>(27,369)</b>	(26,020)
Fair value loss on investment properties	15	<b>(1,080)</b>	(1,574)
Finance costs	7	<b>(4,816)</b>	(4,498)
<b>Profit before tax</b>	9	<b>623</b>	11,333
Income tax	8	<b>168</b>	(423)
<b>Profit for the year</b>		<b>791</b>	10,910
<b>Other comprehensive expense for the year, net of income tax:</b>			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		<b>(5)</b>	–
<b>Total comprehensive income for the year</b>		<b>786</b>	10,910
Profit for the year attributable to:			
Owners of the Company		<b>604</b>	9,674
Non-controlling interests		<b>187</b>	1,236
		<b>791</b>	10,910
Total comprehensive income attributable to:			
Owners of the Company		<b>599</b>	9,674
Non-controlling interests		<b>187</b>	1,236
		<b>786</b>	10,910
<b>Earnings per share</b>			
	12		
– Basic (HK cents)		<b>0.07</b>	1.12
– Diluted (HK cents)		<b>0.07</b>	1.12



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	NOTES	2024 HK\$'000	2023 HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	26,213	23,956
Right-of-use assets	14	109,991	129,960
Investment properties	15	21,500	22,580
Prepayment for acquisition of property, plant and equipment	17	1,704	3,794
Rental deposits	17	8,025	9,447
Deferred tax assets	21	6	6
Total non-current assets		167,439	189,743
<b>Current assets</b>			
Inventories	16	3,006	2,983
Trade and other receivables	17	10,934	9,610
Tax recoverable		352	359
Cash and cash equivalents	18	2,107	1,568
Total current assets		16,399	14,520
<b>Total assets</b>		<b>183,838</b>	<b>204,263</b>
<b>Current liabilities</b>			
Trade and other payables	19	15,819	15,237
Bank borrowings	20	51,745	52,602
Lease liabilities	14	43,061	44,428
Tax payables		698	675
Total current liabilities		111,323	112,942
<b>Net current liabilities</b>		<b>(94,924)</b>	<b>(98,422)</b>
<b>Total assets less current liabilities</b>		<b>72,515</b>	<b>91,321</b>
<b>Non-current liabilities</b>			
Trade and other payables	19	995	1,053
Lease liabilities	14	41,732	61,626
Deferred tax liabilities	21	426	781
Total non-current liabilities		43,153	63,460
<b>Total liabilities</b>		<b>154,476</b>	<b>176,402</b>
<b>NET ASSETS</b>		<b>29,362</b>	<b>27,861</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	NOTES	2024 HK\$'000	2023 HK\$'000
<b>EQUITY</b>			
Share capital	22	8,600	8,600
Reserves		14,029	12,715
Equity attributable to owners of the Company		22,629	21,315
Non-controlling interests	27	6,733	6,546
<b>TOTAL EQUITY</b>		<b>29,362</b>	<b>27,861</b>

The consolidated financial statements on pages 71 to 139 were approved and authorised for issue by the Board of Directors on 27 June 2024 and are signed on its behalf by:

**CHAN TSZ KIU TERESA**

*Director*

**CHAN CHING MANDY**

*Director*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

	Attributable to owners of the Company										
	Share Capital HK\$'000	Share premium HK\$'000	Share-based payment reserve HK\$'000	Capital reserve HK\$'000 (Note a)	Special reserve HK\$'000 (Note b)	Translation reserve HK\$'000	Other reserve HK\$'000 (Note c)	Accumulated losses HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 April 2022	8,600	57,060	-	6,065	(8,093)	-	(1,347)	(50,644)	11,641	5,310	16,951
Profit and total comprehensive income for the year	-	-	-	-	-	-	-	9,674	9,674	1,236	10,910
At 31 March 2023 and 1 April 2023	8,600	57,060	-	6,065	(8,093)	-	(1,347)	(40,970)	21,315	6,546	27,861
Profit for the year	-	-	-	-	-	-	-	604	604	187	791
Currency translation differences	-	-	-	-	-	(5)	-	-	(5)	-	(5)
Total comprehensive income for the year	-	-	-	-	-	(5)	-	604	599	187	786
Recognition of share-based payments	-	-	715	-	-	-	-	-	715	-	715
At 31 March 2024	8,600	57,060	715	6,065	(8,093)	(5)	(1,347)	(40,366)	22,629	6,733	29,362

## Notes:

- (a) The capital reserve represents the difference between the value of the consideration paid for the acquisition of additional interests in subsidiaries and the nominal value of the issued ordinary shares of Bar Pacific Group Limited ("**Bar Pacific BVI**"), a subsidiary of Bar Pacific Group Holdings Limited ("**the Company**").
- (b) Pursuant to a group reorganisation (the "**Reorganisation**") in preparation for the listing of the Company's shares on the GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), the Company became the holding company of the companies now comprising the Group on 15 December 2016 with the issue of shares of the Company to acquire Bar Pacific BVI from the then shareholders.

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

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2024

	NOTES	2024 HK\$'000	2023 HK\$'000
<b>OPERATING ACTIVITIES</b>			
<b>Profit before tax</b>		<b>623</b>	11,333
Adjustments for:			
Depreciation of property, plant and equipment		<b>11,442</b>	9,484
Depreciation of right-of-use assets		<b>38,864</b>	34,087
Share-based payment expense		<b>715</b>	–
COVID-19-related rent concessions		–	(2,150)
Fair value loss on investment properties	15	<b>1,080</b>	1,574
Bank Interest income	6	<b>(6)</b>	(2)
Imputed interest income from rental deposit	6	<b>(327)</b>	(281)
Finance costs	7	<b>4,816</b>	4,498
<b>Operating cash flows before movements in working capital</b>		<b>57,207</b>	58,543
(Increase)/decrease in inventories		<b>(23)</b>	12
Decrease/(increase) in trade and other receivables and rental deposits		<b>98</b>	(1,749)
Increase/(decrease) in trade and other payables		<b>524</b>	(4,970)
<b>Cash generated from operations</b>		<b>57,806</b>	51,836
Income tax paid		<b>(157)</b>	(425)
<b>Net cash from operating activities</b>		<b>57,649</b>	51,411
<b>INVESTING ACTIVITIES</b>			
Purchases of property, plant and equipment		<b>(11,609)</b>	(13,681)
Additions/modification of right-of-use assets		<b>(228)</b>	(58)
Bank interest received		<b>6</b>	2
<b>Net cash used in investing activities</b>		<b>(11,831)</b>	(13,737)



# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2024

	<i>NOTES</i>	<b>2024</b> <b>HK\$'000</b>	2023 HK\$'000
<b>FINANCING ACTIVITIES</b>	<i>31</i>		
New bank and other borrowings raised		<b>32,000</b>	24,361
Repayment of bank and other borrowings		<b>(33,387)</b>	(32,834)
Interest paid		<b>(4,816)</b>	(4,498)
Repayment of principal portion of lease liabilities		<b>(39,601)</b>	(26,433)
<b>Net cash used in financing activities</b>		<b>(45,804)</b>	(39,404)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>14</b>	(1,730)
<b>Cash and cash equivalents at beginning of year</b>		<b>(878)</b>	852
<b>Effect of foreign exchange rate changes</b>		<b>(5)</b>	–
<b>Cash and cash equivalents at end of year</b>	<i>18</i>	<b>(869)</b>	(878)
Represented by:			
Cash and bank balances		<b>2,107</b>	1,568
Bank overdrafts		<b>(2,976)</b>	(2,446)
		<b>(869)</b>	(878)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 1. GENERAL INFORMATION

Bar Pacific Group Holdings Limited (the “**Company**”) is a public limited company incorporated in the Cayman Islands and its shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Its immediate holding company is Moment to Moment Company Limited (incorporated in the British Virgin Islands (“**BVI**”)) and its ultimate holding company is Harneys Trustees Limited (incorporated in the BVI). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company.

The principal activities of the Company and its subsidiaries (the “**Group**”) are the operation of chain of bars and restaurants in Hong Kong under the brands of “Bar Pacific”, “Pacific”, “Moon Ocean” and “Katachi”, as well as property investments in Hong Kong.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

### **New and amendments to HKFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 April 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### **Impacts on application of Amendments to HKAS 8 Definition of Accounting Estimates**

The Group has applied the amendments for the first time in the current year. The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

The application of the amendments in the current year had no material impact on the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

**New and amendments to HKFRSs that are mandatorily effective for the current year** (Continued)

### Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 “Presentation of Financial Statements” is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 “Making Materiality Judgements” (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies set out in Note 3.3 to the consolidated financial statements.

### Abolition of the Mandatory Provident Fund (“MPF”) – Long Service Payment (“LSP”) offsetting mechanism in Hong Kong

The Group has several subsidiaries operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee’s accrued retirement benefits derived from employers’ MPF contributions was allowed under the Employment Ordinance (Cap.57). In June 2022, the Government of the HKSAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “Amendment Ordinance”) which abolishes the use of the accrued benefits derived from employers’ mandatory MPF contributions to offset severance payment and LSP (the “Abolition”). The Abolition will officially take effect on 1 May 2025 (the “Transition Date”). In addition, under the Amendment Ordinance, the last month’s salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF – LSP offsetting mechanism in Hong Kong” which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. The abolition of the offsetting mechanism did not have a material impact on the Group’s results and financial position.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

### New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants (the “2022 Amendments”) <sup>2</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>2</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2025.

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

### Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the “2020 Amendments”) and Amendments to HKAS 1 Non-current Liabilities with Covenants (the “2022 Amendments”)

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.
- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity’s right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

### **New and amendments to HKFRSs in issue but not yet effective** (Continued)

#### **Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the “2020 Amendments”) and Amendments to HKAS 1 Non-current Liabilities with Covenants (the “2022 Amendments”) (Continued)**

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if an entity classifies liabilities arising from loan arrangements as non-current when the entity’s right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 Amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

Based on the Group’s outstanding liabilities as at 31 March 2024, including the related terms and conditions stipulated in the agreements between the Group and the relevant lenders the application of the 2020 and 2022 Amendments will not result in reclassification of the Group’s liabilities.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 March 2024*

## **3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION**

### **3.1 Basis of preparation of consolidated financial statements**

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited and by the disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain properties that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

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

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Going concern assessment

At the end of reporting period, the Group's current liabilities exceeded its current assets by HK\$94,924,000. In addition, as at 31 March 2024, the Group breached a covenant of its bank borrowings amounting to HK\$39,149,000 (Note 20).

For the purpose of assessing the appropriateness of the use of going concern basis in preparing these consolidated financial statements, the directors of the Company have prepared a cash flow forecast covering a period of 15 months from the date of approval of these consolidated financial statements (the "**Forecast**"). The directors of the Company have taken into account the cash flows generated from its principal operations and the following plans and measures taken by management to improve the Group's liquidity and financial position in the preparation of the forecast:

- (i) Having communicated with the bank about the breach of the covenant of its bank borrowings amounting to HK\$39,149,000 (Note 20) and subsequent to the end of the reporting period, the bank has agreed with the Company for it to rectify its breach on or before 17 May 2025. Accordingly, management expects that the Group would be able to maintain such banking loan facilities as last year. In addition, when necessary, the Group would dispose of the properties owned by the Group which are pledged as collaterals for securing the banking facilities in order to repay the Group's bank borrowings and use any remaining proceeds to finance the Group's operations; and
- (ii) Where necessary, the Group would apply for additional loans under the SME Financing Guarantee Scheme that is launched by The Hong Kong Mortgage Corporation Insurance Limited ("**HKMCI Limited**") and the loans under such scheme are fully guaranteed by the Government of the Hong Kong Special Administrative Region ("**HKSAR**") and the personal guarantees from Ms. Chan Ching Mandy, Ms. Chan Tsz Kiu Teresa and Ms. Chan Tsz Tung, the executive directors of the Company, and Mr. Chan Wai ("**Mr. Chan**") and Ms. Tse Ying Sin Eva ("**Ms. Tse**"), who are deemed to be interested in the shares held by the Company's substantial shareholders in accordance with the Hong Kong Securities and Future Ordinance ("**SFO**"). After the end of the reporting period, the Group has drawn down loans amounting to HK\$12,316,000.

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

Notwithstanding that there is inherent uncertainty associated with the future outcomes of the Group's plans and measures as described above, including whether the Group is able to maintain the Group's banking facilities, realise its assets to obtain additional funds and obtain additional sources of financing when needed, the directors are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the foreseeable future. Accordingly, the directors believe that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 March 2024 on a going concern basis.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Going concern assessment *(Continued)*

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

### 3.3 Material accounting policy information

#### (a) Basis of consolidation

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

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

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

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

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

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

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

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.3 Material accounting policy information *(Continued)*

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

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

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

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

#### (b) Revenue from contracts with customers

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

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

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

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

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

##### *Revenue from bar and restaurant operations*

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.3 Material accounting policy information *(Continued)*

#### (b) Revenue from contracts with customers *(Continued)*

##### *Sponsorship income and promotion income*

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

##### *Interest income*

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

#### (c) Property, plant and equipment

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

Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of assets less their residual values 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.

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.3 Material accounting policy information *(Continued)*

#### (d) Investment properties

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

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

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

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

#### (e) Leases

##### *Definition of a lease*

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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

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

###### Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease components, unless such allocation cannot be made reliably.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.3 Material accounting policy information *(Continued)*

#### (e) Leases *(Continued)*

*The Group as a lessee (Continued)*

Short-term leases and leases of low-value assets

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

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities, other than adjustments to lease liabilities resulting from Covid-19-related rent concessions in which the Group applied the practical expedient.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.3 Material accounting policy information *(Continued)*

#### (e) Leases *(Continued)*

*The Group as a lessee (Continued)*

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

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

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

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

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/ expected payment under a guaranteed residual value in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.3 Material accounting policy information *(Continued)*

#### (e) Leases *(Continued)*

*The Group as a lessee (Continued)*

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Covid-19-related rent concessions

In relation to rent concessions that occurred as a direct consequence of the COVID-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 March 2024*

## **3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION** *(Continued)*

### **3.3 Material accounting policy information** *(Continued)*

#### **(e) Leases** *(Continued)*

##### *The Group as a lessor*

##### Classification and measurement of leases

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

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

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

##### Refundable rental deposits

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

##### Lease modification

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.3 Material accounting policy information *(Continued)*

#### (f) Borrowing costs

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

#### (g) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. HK\$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.3 Material accounting policy information *(Continued)*

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

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

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

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

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

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

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

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

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.3 Material accounting policy information *(Continued)*

#### (i) Inventories

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

#### (j) Financial instruments

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

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

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

#### (i) *Financial assets*

Classification and subsequent measurement of financial assets

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.3 Material accounting policy information *(Continued)*

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

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

Amortised cost and interest income

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

Impairment loss on financial assets

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

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.3 Material accounting policy information *(Continued)*

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

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

Impairment loss on financial assets *(Continued)*

##### Significant increase in credit risk

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

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

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.3 Material accounting policy information *(Continued)*

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

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

Impairment loss on financial assets *(Continued)*

##### Definition of default

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

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

##### Credit-impaired financial assets

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

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

##### Write-off policy

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.3 Material accounting policy information *(Continued)*

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

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

Impairment loss on financial assets *(Continued)*

##### Measurement and recognition of ECL

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

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

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

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

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

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

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.3 Material accounting policy information *(Continued)*

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

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

###### Derecognition of financial asset

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

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

##### (ii) Financial liabilities and equity instruments

###### Classification as debt or equity

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

###### Equity instruments

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

###### Financial liabilities at amortised cost

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

###### Derecognition of financial liabilities

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

#### (k) Government subsidy

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.3 Material accounting policy information *(Continued)*

#### (l) Provisions

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

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

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

#### (m) Cash and cash equivalents

Cash and cash equivalents comprises cash at bank and on hand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

#### (n) Employee benefits

##### (i) Short-term employee benefits

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

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

##### (ii) Defined contribution retirement plans

Payments to the contribution retirement benefits scheme under the MPF are recognised as an expense in profit or loss as and when employees have rendered service entitling them to the contributions. The Group's obligation under the MPF is limited to the fixed percentage contributions payable.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.3 Material accounting policy information *(Continued)*

#### (o) Share-based payments

##### *Equity-settled share-based payment transactions*

Shares/Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

When shares granted are vested and issued, the amount previously recognised in share-based payments reserve will be transferred to the share capital and share premium accordingly.

#### (p) Taxation

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.3 Material accounting policy information *(Continued)*

#### (p) Taxation *(Continued)*

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

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

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

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

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

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to right-of-use assets and lease liabilities separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised and a deferred tax liability for all taxable temporary difference.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.3 Material accounting policy information *(Continued)*

#### (q) Related parties

- (a) A person or a close member of that person's family is related to the Group if that person:
  - (i) has control or joint control of the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of key management personnel of the Group or the Company's parent.
- (b) An entity is related to the Group if any of the following conditions apply:
  - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependants of that person or that person's spouse or domestic partner.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 March 2024*

## **4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Group's accounting policies, which are described in Note 3.3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

### **Critical judgments in applying accounting policies**

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

### **Classification between investment properties and owner-occupied properties**

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

### **Deferred taxation on investment properties**

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

### **Determination on lease term of contracts with renewal options**

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

*(Continued)*

### **Determination on lease term of contracts with renewal options** *(Continued)*

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

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

During the year ended 31 March 2024, the exercise of the renewal options, which is detailed in Note 14(a)(i), resulted in an additional amount of HK\$1,220,000 of lease liabilities recognised.

### **Key sources of estimation uncertainty**

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

### **Useful lives and residual values of property, plant and equipment**

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

### **Estimated impairment of property, plant and equipment and right-of-use assets**

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash-generating-unit to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash-generating-units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

*(Continued)*

### **Key sources of estimation uncertainty** *(Continued)*

#### **Estimated impairment of property, plant and equipment and right-of-use assets** *(Continued)*

As at 31 March 2024, the carrying amounts of right-of-use assets and property, plant and equipment subject to impairment assessment were HK\$109,991,000 and HK\$26,213,000 (2023: HK\$129,960,000 and HK\$23,956,000) respectively.

Details of the impairment of right-of-use assets and property, plant and equipment are disclosed in note 23.

#### **Fair values of investment properties**

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. The determination of the fair value involves certain assumptions of market conditions which are set out in note 15.

In relying on the valuation report, the directors of the Company have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions. In light of the recent property market downturn, the independent valuers included uncertainty clauses in the valuation reports in respect of investment properties located in Hong Kong amounted to HK\$21,500,000 (2023: HK\$22,580,000) as at 31 March 2024. Changes to these assumptions, including the potential risk of any market violation, policy, geopolitical and social changes or other unexpected incidents as the results of change in macroeconomic environment, changes in policy direction and mortgage requirements, or other unexpected incidents would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.

As at 31 March 2024, the carrying amount of the Group's investment properties is HK\$21,500,000 (2023: HK\$22,580,000).

#### **Going concern basis**

As disclosed in Note 3.2, these consolidated financial statements have been prepared on a going concern basis. The appropriateness of the going concern basis was assessed by the directors of the Company after taking into account all relevant available information about the future of the Group, including cash flow forecast of the Group covering a period of 15 months from the date of approval of these consolidated financial statements. Such forecast about the future inherently involves various assumptions and uncertainties. Actual results could differ significantly and hence may render the adoption of the going concern basis not appropriate.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 5. REVENUE AND SEGMENT INFORMATION

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

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

- Operation of bars and restaurants – sales of beverages, light refreshments and food in bars and restaurants in Hong Kong; and
- Property investment – leasing of property in Hong Kong.

### Business segment

The following is an analysis of the Group’s revenue and results by operating and reportable segments during the years ended 31 March 2024 and 2023:

#### For the year ended 31 March 2024

	Operation of bars and restaurants HK\$'000	Property investment HK\$'000	Inter-segment elimination HK\$'000	Consolidated HK\$'000
<b>Revenue</b>				
Revenue from external customers	207,319	766	–	208,085
Revenue from inter-segment	–	1,942	(1,942)	–
Reportable segment revenue	207,319	2,708	(1,942)	208,085
Reportable segment results	4,040	(430)	–	3,610
<b>Unallocated:</b>				
Corporate and other unallocated expenses				(861)
Depreciation of property, plant and equipment				(171)
Depreciation of right-of-use assets				(449)
Imputed interest income from rental deposits				2
Finance costs				(1,508)
Profit before income tax				623

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 5. REVENUE AND SEGMENT INFORMATION (Continued)

### Business segment (Continued)

For the year ended 31 March 2023

	Operation of bars and restaurants HK\$'000	Property investment HK\$'000	Inter-segment elimination HK\$'000	Consolidated HK\$'000
<b>Revenue</b>				
Revenue from external customers	174,169	764	–	174,933
Revenue from inter-segment	–	1,942	(1,942)	–
Reportable segment revenue	174,169	2,706	(1,942)	174,933
Reportable segment results	14,081	(893)	–	13,188
<b>Unallocated:</b>				
Corporate and other unallocated expenses				(17)
Depreciation of property, plant and equipment				(38)
Depreciation of right-of-use assets				(430)
Imputed interest income from rental deposits				2
Finance costs				(1,372)
Profit before income tax				11,333

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3.3. Segment result represents the profit earned by/(loss from) each segment without allocation of central administration costs, directors' emoluments, certain other income and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 5. REVENUE AND SEGMENT INFORMATION (Continued)

### Business segment (Continued)

For the year ended 31 March 2024

	Operation of bars and restaurants HK\$'000	Property investment HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
<b>Assets</b>				
Reportable segment assets	159,287	21,623	2,928	183,838
<b>Liabilities</b>				
Reportable segment liabilities	(90,509)	(582)	(63,385)	(154,476)
Reportable segment net assets/(liabilities)	68,778	21,041	(60,457)	29,362

For the year ended 31 March 2023

	Operation of bars and restaurants HK\$'000	Property investment HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
<b>Assets</b>				
Reportable segment assets	178,001	22,632	3,630	204,263
<b>Liabilities</b>				
Reportable segment liabilities	(116,415)	(572)	(59,415)	(176,402)
Reportable segment net assets/(liabilities)	61,586	22,060	(55,785)	27,861

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than cash and cash equivalents which are held as general working capital of the Group and other corporate assets of the Group's headquarter which were not directly attributable to the business activities of any operating segment; and
- all liabilities are allocated to operating segments other than bank borrowings, tax payables, deferred tax liabilities and other liabilities of the Group's headquarter which were not directly attributable to the business activities of any operating segment.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 5. REVENUE AND SEGMENT INFORMATION (Continued)

### Other information

Amounts included in the measure of segment results or segment assets:

#### For the year ended 31 March 2024

	Operation of bars and restaurants HK\$'000	Property investment HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Imputed interest income from rental deposits	325	–	2	327
Bank interest income	6	–	–	6
Finance costs	3,308	–	1,508	4,816
Purchase of property, plant and equipment	10,111	–	3,588	13,699
Addition of right-of-use assets	1,902	–	1,262	3,164
Depreciation of property, plant and equipment	11,271	–	171	11,442
Depreciation of right-of-use assets	38,415	–	449	38,864
Fair value loss on investment properties	–	1,080	–	1,080

#### For the year ended 31 March 2023

	Operation of bars and restaurants HK\$'000	Property investment HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Imputed interest income from rental deposits	279	–	2	281
Bank interest income	2	–	–	2
Finance costs	3,126	–	1,372	4,498
Purchase of property, plant and equipment	10,187	–	–	10,187
Addition of right-of-use assets	20,577	–	–	20,577
Depreciation of property, plant and equipment	9,446	–	38	9,484
Depreciation of right-of-use assets	33,657	–	430	34,087
Fair value loss on investment properties	–	1,574	–	1,574

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 5. REVENUE AND SEGMENT INFORMATION (Continued)

### Geographical information

The Group's operations are in Hong Kong and the People's Republic of China ("PRC").

Information about the Group's revenue from continuing operations from external customers is presented based on the location of the operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Hong Kong	208,030	174,933	158,990	180,290
PRC	55	–	418	–
	<b>208,085</b>	174,933	<b>159,408</b>	180,290

Note: Non-current assets excluded financial instruments and deferred tax assets.

### Information about major customers

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

### Disaggregation of revenue

	2024 HK\$'000	2023 HK\$'000
<b>Revenue from contracts with customers under HKFRS 15</b>		
<b>Operation of bars and restaurants</b>		
Sales of food, beverage and refreshment	202,914	171,418
Electronic dart machines	4,405	2,751
	<b>207,319</b>	174,169
<b>Revenue from other sources</b>		
<b>Property investment</b>		
Rental income from investment properties	766	764
	<b>208,085</b>	174,933
<b>By timing of revenue recognition under HKFRS 15</b>		
A point in time	207,319	174,169

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 5. REVENUE AND SEGMENT INFORMATION (Continued)

### Performance obligations for contracts with customers under HKFRS 15

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

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

## 6. OTHER INCOME

	2024 HK\$'000	2023 HK\$'000
Government subsidies (Note)	323	9,153
Sponsorship income	5,876	4,033
Bank interest income	6	2
Imputed interest income from rental deposits	327	281
Promotion income	–	1,059
Rebates from suppliers	599	928
Others	853	1,296
	<b>7,984</b>	<b>16,752</b>

Note: During the year ended 31 March 2024, the Group recognised government subsidies of HK\$311,000 (2023: HK\$9,153,000) in respect of Anti-epidemic Fund launched by the Government of Hong Kong Special Administrative Region (“HKSAR”), of which HK\$269,000 (2023: HK\$9,153,000) and HK\$42,000 (2023: nil) relates to Catering Business Subsidy Schemes for each of the Group’s subsidiaries which holds general restaurant, light refreshment restaurant or liquor licences and Convention and Exhibition Industry Subsidy Scheme, respectively. Other government subsidies of HK\$12,000 (2023: nil) represent the Hong Kong Night Treats for Locals Scheme. There are no unfulfilled conditions and other contingencies attached to the receipts of those subsidies.

## 7. FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Interest on bank borrowings	2,211	1,766
Interest on other borrowings	–	5
Interest on lease liabilities	2,605	2,727
	<b>4,816</b>	<b>4,498</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 8. INCOME TAX

	2024 HK\$'000	2023 HK\$'000
Current tax		
– Hong Kong Profits Tax	131	290
– PRC Enterprise Income Tax	14	–
– Under/(over)-provision in respect of prior years	42	(155)
	187	135
Deferred tax ( <i>Note 21</i> )		
– Origination of temporary difference	(355)	288
Income tax	(168)	423

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

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

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

	2024 HK\$'000	2023 HK\$'000
Profit before tax	623	11,333
Tax at the statutory income tax rate	107	1,870
Tax effect of expenses not deductible for tax purposes	443	274
Tax effect of income not taxable for tax purpose	(46)	(1,509)
Tax effect of tax losses not recognised	958	1,549
Tax effect of temporary differences not recognised	943	388
Utilisation of tax losses previously not recognised	(1,543)	(1,752)
Under/(over)-provision in respect of prior years	42	(155)
Tax reduction	(15)	(36)
Income tax at concessionary rate	(122)	(103)
Others	(935)	(103)
Income tax	(168)	423

During the year ended 31 March 2024 and 2023, the subsidiaries of the Company were entitled to a tax reduction of 100% (2023: 100%) of Hong Kong Profits Tax subject to a ceiling of HK\$3,000 (2023: HK\$6,000) of each subsidiary.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 9. PROFIT BEFORE TAX

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

	2024 HK\$'000	2023 HK\$'000
Auditor's remuneration (included in other operating expenses)	910	973
Gross rental income from investment properties	(766)	(764)
Less: Direct operating expenses incurred for investment properties that generated rental income during the year	76	56
Direct operating expenses incurred for investment properties that did not generate rental income during the year	–	7
	<b>(690)</b>	(701)
Operating lease payments (included in other operating expenses)		
– Practical expedient in respect of		
– Low-value lease expenses	124	46
– Short-term lease expenses	1,772	1,697
	<b>1,896</b>	1,743
Directors' remuneration (Note 10(a))	4,645	3,108
Other staff costs		
– Salaries and other benefits	61,491	51,744
– Retirement benefit scheme contributions	2,821	2,402
Total staff costs	<b>68,957</b>	57,254
Other operating expenses included the followings:		
– Cleaning expenses	3,496	2,709
– License fees	1,602	1,428
– Utilities	5,789	3,882
– Repair and maintenance	2,819	3,857
– Internet and cable expenses	2,317	2,479

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 10. REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

### (a) Directors' remuneration

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

#### For the year ended 31 March 2024

	Fees HK\$'000	Salaries HK\$'000	Discretionary bonus HK\$'000	Equity- settled share-based payment HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
Executive directors						
Ms. Chan Tsz Kiu Teresa ( <i>Note i</i> )	-	1,320	-	239	18	1,577
Ms. Chan Ching Mandy ( <i>Note ii</i> )	-	1,140	-	238	18	1,396
Ms. Chan Tsz Tung	-	1,020	-	238	18	1,276
Independent non-executive directors						
Mr. Tang Wing Lam David	132	-	-	-	-	132
Mr. Chin Chun Wing	132	-	-	-	-	132
Mr. Chan Chun Yeung Darren	132	-	-	-	-	132
	396	3,480	-	715	54	4,645

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 10. REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

### (a) Directors' remuneration (Continued)

For the year ended 31 March 2023

	Fees HK\$'000	Salaries HK\$'000	Discretionary bonus HK\$'000	Retirement benefits scheme contributions HK\$'000	Total HK\$'000
Executive directors					
Ms. Tse (Note iii)	–	744	256	18	1,018
Ms. Chan Tsz Kiu Teresa (Note i)	–	792	216	15	1,023
Ms. Chan Ching Mandy (Note ii)	–	360	41	18	419
Ms. Chan Tsz Tung	–	240	–	12	252
Independent non-executive directors					
Mr. Tang Wing Lam David	132	–	–	–	132
Mr. Chin Chun Wing	132	–	–	–	132
Mr. Chan Chun Yeung Darren	132	–	–	–	132
	396	2,136	513	63	3,108

Notes:

- (i) Ms. Chan Tsz Kiu Teresa was appointed on 12 August 2022.
- (ii) Ms. Chan Ching Mandy was appointed as the Chief Executive of the Company on 31 March 2023 and her emoluments above include those for services rendered by her as Chief Executive.
- (iii) Ms. Tse resigned on 31 March 2023. She is also the former Chief Executive of the Company and her emoluments above include those for services rendered by her as Chief Executive.

### (b) Five highest paid individuals

The five highest paid individuals of the Group during the year included three (2023: two) directors, details of their emoluments are set out above. The emoluments of the remaining two (2023: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries, allowances and benefits-in-kind	1,041	1,424
Retirement benefits scheme contributions	36	54
Discretionary bonus	–	–
	1,077	1,478

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 10. REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

### (b) Five highest paid individuals (Continued)

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

	2024 Number of individuals	2023 Number of individuals
Nil to HK\$1,000,000	2	3

During the years ended 31 March 2024 and 2023, no emoluments were paid by the Group to the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors have waived any emoluments during both years.

## 11. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during year ended 31 March 2024, nor has any dividend been proposed since the end of the reporting period (2023: Nil).

## 12. EARNINGS PER SHARE

	2024 HK\$'000	2023 HK\$'000
<b>Earnings</b>		
Earnings for the year attributable to owners of the Company for the purpose of calculating basic earnings per share	604	9,674
<b>Number of ordinary shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	860,000,000	860,000,000
Add: Effect of dilutive potential ordinary shares arising from share awards	437,000	–
Weighted average number of ordinary shares from purpose of calculating diluted earnings per share	860,437,000	860,000,000

Diluted earnings per share was the same as basic earnings per share as there were no potential ordinary shares in issue during the year ended 31 March 2023.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 13. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK\$'000	Leasehold improvements HK\$'000	Computer systems and equipment HK\$'000	Furniture and fixtures HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>COST</b>						
At 1 April 2022	5,844	44,730	2,791	26,693	1,577	81,635
Additions	–	6,390	227	3,570	–	10,187
At 31 March 2023 and 1 April 2023	5,844	51,120	3,018	30,263	1,577	91,822
Additions	–	9,601	555	3,543	–	13,699
<b>At 31 March 2024</b>	<b>5,844</b>	<b>60,721</b>	<b>3,573</b>	<b>33,806</b>	<b>1,577</b>	<b>105,521</b>
<b>ACCUMULATED DEPRECIATION</b>						
At 1 April 2022	283	28,321	2,109	16,396	1,577	48,686
Provided for the year	171	6,607	172	2,534	–	9,484
At 31 March 2023 and 1 April 2023	454	34,928	2,281	18,930	1,577	58,170
Provided for the year	171	7,747	280	3,244	–	11,442
<b>At 31 March 2024</b>	<b>625</b>	<b>42,675</b>	<b>2,561</b>	<b>22,174</b>	<b>1,577</b>	<b>69,612</b>
<b>ACCUMULATED IMPAIRMENT</b>						
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	852	5,274	202	3,368	–	9,696
<b>CARRYING VALUE</b>						
<b>At 31 March 2024</b>	<b>4,367</b>	<b>12,772</b>	<b>810</b>	<b>8,264</b>	<b>–</b>	<b>26,213</b>
At 31 March 2023	4,538	10,918	535	7,965	–	23,956

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

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

As at 31 March 2024, the Group's buildings with net carrying amount of HK\$4,367,000 (2023: HK\$4,538,000) was pledged to secure bank borrowings (Note 20) and general bank facilities granted to the subsidiaries of the Company.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 14. LEASES

### (a) The Group as lessee

#### (i) Right-of-use assets

	Leasehold land HK\$'000	Motor vehicle HK\$'000	Office equipment HK\$'000	Office premise HK\$'000	Shops HK\$'000	Total HK\$'000
<b>COST</b>						
At 1 April 2022	52,450	–	622	2,903	176,115	232,090
Additions	–	–	–	–	20,577	20,577
Lease modification	–	–	–	–	18,011	18,011
At 31 March 2023 and 1 April 2023	52,450	–	622	2,903	214,703	270,678
Additions	–	1,262	–	–	1,902	3,164
Early termination	–	–	–	(90)	–	(90)
Lease modification	–	–	–	–	15,776	15,776
Exchange realignment	–	–	–	–	(4)	(4)
<b>At 31 March 2024</b>	<b>52,450</b>	<b>1,262</b>	<b>622</b>	<b>2,813</b>	<b>232,377</b>	<b>289,524</b>
<b>ACCUMULATED DEPRECIATION</b>						
At 1 April 2022	3,000	–	397	1,276	75,090	79,763
Provided for the year	1,699	–	49	381	31,958	34,087
At 31 March 2023 and 1 April 2023	4,699	–	446	1,657	107,048	113,850
Provided for the year	1,699	63	49	336	36,717	38,864
Early termination	–	–	–	(48)	–	(48)
Exchange realignment	–	–	–	–	(1)	(1)
<b>At 31 March 2024</b>	<b>6,398</b>	<b>63</b>	<b>495</b>	<b>1,945</b>	<b>143,764</b>	<b>152,665</b>
<b>ACCUMULATED IMPAIRMENT</b>						
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	3,356	–	–	616	22,896	26,868
<b>CARRYING VALUE</b>						
<b>At 31 March 2024</b>	<b>42,696</b>	<b>1,199</b>	<b>127</b>	<b>252</b>	<b>65,717</b>	<b>109,991</b>
At 31 March 2023	44,395	–	176	630	84,759	129,960

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 14. LEASES (Continued)

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

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

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

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

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

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

Shops are rented for fixed periods ranging from 1 to 3 years. The lease payments for all of the Group's shops lease contracts are fixed.

Certain lease contracts for shops contain a renewal option ranging from 1 to 3 years. These leases are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. All extension options held are exercisable only by the Group and not by the respective lessors. As at 31 March 2024, the Group had 9 leases (2023: 15) for shops that contains an extension option.

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

For the year ended 31 March 2024, the Group has recognised additional lease liabilities of approximately HK\$1,220,000 (2023: 10,240,000) in respect of 1 shop (2023: 4) with extension options that are reasonably certain to be exercised.

In addition, the Group reassesses whether it is reasonably certain to exercise an extension option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the year, there is no such triggering event (2023: Nil).

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

As at 31 March 2024, leasehold land under the Group's right-of-use assets represented the leasehold land components of two properties (2023: two properties) owned by the Group located in Hong Kong for the Group's bar operations.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 14. LEASES (Continued)

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

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

As at 31 March 2024, the Group's leasehold land under right-of-use assets with net carrying amount of approximately HK\$42,696,000 (2023: HK\$44,395,000) were pledged to secure bank borrowings (Note 20) and general bank facilities granted to certain subsidiaries of the Company.

The lease agreements entered by the Group do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

	2024 HK\$'000	2023 HK\$'000
Total cash outflow for leases	44,330	30,961

#### (ii) Lease liabilities

The movements during the year are as follows:

	2024 HK\$'000	2023 HK\$'000
Analysed for reporting purpose as:		
Current liabilities	43,061	44,428
Non-current liabilities	41,732	61,626
	<b>84,793</b>	106,054
Carrying amount at 1 April	106,054	96,687
New leases	2,180	20,162
Lease termination	(42)	–
Lease modification	16,205	17,788
Accretion of interest recognised during the year	2,605	2,727
COVID-19-related rent concessions (note)	–	(2,150)
Payments	(42,206)	(29,160)
Exchange realignment	(3)	–
Carrying amount at 31 March	<b>84,793</b>	106,054

*Note:* The Group has elected to apply the practical expedient introduced by the amendments to HKFRS 16 to all rent concessions that satisfy the criteria as disclosed in Note 3.3(e). All of the rent concessions entered into during the year ended 31 March 2023 satisfy the criteria to apply the practical expedient. The application of the practical expedient has resulted in the reduction of total lease liabilities of nil (2023: HK\$2,150,000). The effect of this reduction has been recorded in profit or loss in the period in which the event or condition that triggered those payments occurred.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 14. LEASES (Continued)

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

#### (ii) Lease liabilities (Continued)

	2024		2023	
	Minimum lease payments HK\$'000	Present value of minimum lease payments HK\$'000	Minimum lease payments HK\$'000	Present value of minimum lease payments HK\$'000
<b>Lease liabilities</b>				
Within one year	44,778	43,061	46,619	44,428
More than one year, but not more than two years	24,310	23,400	29,436	28,152
More than two years, but not more than five years	18,824	18,332	34,102	33,118
Over five years	–	–	358	356
	<b>87,912</b>	<b>84,793</b>	110,515	106,054
Less: future interest expense	(3,119)	–	(4,461)	–
Present value of lease liabilities	<b>84,793</b>	<b>84,793</b>	106,054	106,054
Less: Amounts due for settlement within 12 months		(43,061)		(44,428)
Amounts due for settlement after 12 months		<b>41,732</b>		61,626

The Group discounts the lease liabilities at the weighted average incremental borrowing rates ranging from 2.00% to 4.02% (2023: 2.00% to 3.52%) per annum for the year ended 31 March 2024.

### (b) The Group as lessor

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

	2024 HK\$'000	2023 HK\$'000
Not later than one year	268	766
Later than one year and not later than two years	184	268
Later than two years and not later than five years	–	184
	<b>452</b>	1,218

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 15. INVESTMENT PROPERTIES

	2024 HK\$'000	2023 HK\$'000
Fair value		
At 1 April	22,580	24,154
Fair value loss	(1,080)	(1,574)
At 31 March	21,500	22,580

The Group leases out the shops under operating leases with rentals payable monthly. The leases typically run for an initial period of 1 to 4 years (2023: 1 to 4 years).

As at 31 March 2024, the Group's investment properties with carrying amount of approximately HK\$21,500,000 (2023: HK\$22,580,000) were pledged to secure bank borrowings (Note 20) and general bank facilities granted to the subsidiaries of the Company.

The fair values of the Group's investment properties at 31 March 2024 and 2023 have been arrived at by market approach carried out by Roma Appraisals Limited, which is an independent valuer who holds recognised and relevant professional qualifications and has recent experience in the location and category of the investment properties being valued.

The fair value of investment properties was determined by applying the direct comparison approach by making reference to comparable sales transaction in the market. The fair value measurement of such properties was classified as Level 3 with the following significant unobservable input:

Properties	Valuation technique	Fair value hierarchy	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Properties in Hong Kong	Direct comparison approach	Level 3	Market unit rate*	HK\$8,500 per square feet to HK\$14,200 per square feet (2023: HK\$9,400 per square feet to HK\$14,500 per square feet)	The higher the market unit rate, the higher the fair value

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

\* Market Unit rate of observable transactions of similar properties are adjusted for timing of reference transactions and property-specific adjustments including nature, location and condition of the property. As at 31 March 2024, average adjusted market unit rate between the comparable was approximately HK\$12,000 per square feet (2023: HK\$12,600 per square feet).



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 16. INVENTORIES

	2024 HK\$'000	2023 HK\$'000
Beverages and other items for bar and restaurant operations	3,006	2,983

During the current year, inventories of HK\$56,392,000 (2023: HK\$45,183,000) were recognised as an expense during the year and included in 'Cost of inventories sold'.

No inventories were written-off during both years.

## 17. TRADE AND OTHER RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables (Note (a))	2,568	1,225
Lease receivables (Note (b))	93	–
Other receivables	115	645
Prepayments	2,421	6,213
Rental deposits	11,839	11,289
Utilities deposits	3,627	3,479
	<b>20,663</b>	22,851
Less: Non-current assets		
Rental deposits	<b>(8,025)</b>	(9,447)
Prepayment for acquisition of property, plant and equipment	<b>(1,704)</b>	(3,794)
	<b>10,934</b>	9,610

### (a) Trade receivables

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

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

### (b) Lease receivables

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

Details of impairment assessment of trade and other receivables are set out in Note 30(b).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 18. CASH AND CASH EQUIVALENTS

	2024 HK\$'000	2023 HK\$'000
Cash and bank balances	2,107	1,568
Less: Bank overdrafts	(2,976)	(2,446)
<b>Total cash and cash equivalents in consolidated statement of cash flows</b>	<b>(869)</b>	<b>(878)</b>

Bank balances carry interest at prevailing market rates and are denominated in Hong Kong dollars and Renminbi.

## 19. TRADE AND OTHER PAYABLES

	2024 HK\$'000	2023 HK\$'000
<b>Current:</b>		
Trade payables	8,714	7,983
Salary accruals and payables	3,546	2,870
Other accruals and payables	3,071	4,004
Provision for reinstatement costs	488	380
	<b>15,819</b>	<b>15,237</b>
<b>Non-current:</b>		
Rental deposits received	46	46
Provision for reinstatement costs	949	1,007
	<b>995</b>	<b>1,053</b>

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

	2024 HK\$'000	2023 HK\$'000
Trade payables:		
0-30 days	3,418	3,617
31-60 days	4,533	3,656
61-90 days	763	–
91-120 days	–	565
Over 180 days	–	145
	<b>8,714</b>	<b>7,983</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 20. BANK BORROWINGS

	2024 HK\$'000	2023 HK\$'000
Current liabilities:		
Bank loans	48,769	50,156
Bank overdrafts	2,976	2,446
	<b>51,745</b>	52,602

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

As at 31 March 2024, bank loans of HK\$48,769,000 (2023: HK\$50,156,000) are scheduled to be repaid within 60 days to 8 years (2023: 60 days to 5 years). They are classified as current liabilities as the related loan agreements that contain a clause that gives the bank with an unconditional right to demand repayment at any time at its own discretion. The bank overdrafts of HK\$2,976,000 (2023: HK\$2,446,000) are repayable on demand.

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

	2024 HK\$'000	2023 HK\$'000
Carrying amounts repayable (based on scheduled repayable terms):		
On demand or within one year	15,829	16,907
More than one year, but not more than two years	5,289	7,754
More than two years, but not more than five years	27,594	27,941
More than five years	3,033	–
	<b>51,745</b>	52,602

Certain of the Group's banking facilities contain both financial and non-financial covenants, which include the maintenance of net tangible worth of the Group (as defined in the banking facility letter) at HK\$30,000,000 (2023: HK\$30,000,000) at all times. As at 31 March 2024, the Group had bank borrowings in an aggregate amount of HK\$39,149,000 (2023: HK\$44,565,000) drawn under these banking facilities. If the Group breached these covenants, the relevant bank would be entitled to demand immediate repayment of the outstanding principal and interest from the Group.

Same as last year, the directors of the Company were aware that the Group's net tangible worth dropped below HK\$30 million and failed the compliance of the aforesaid covenant for the year ended 31 March 2024. The Group has communicated with the bank about the breach and subsequent to the end of the reporting period, the bank has agreed with the Company for it to rectify the breach on or before 17 May 2025.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 20. BANK BORROWINGS (Continued)

As at 31 March 2024, aggregate of bank overdrafts and bank loans of HK\$39,149,000 (2023: HK\$44,565,000) and other banking facilities of the Group are secured by:

- (i) corporate guarantees up to HK\$60,800,000 (2023: HK\$60,800,000) given by the Company and one of its subsidiaries, Bar Pacific Group Limited;
- (ii) unlimited corporate guarantee given by certain subsidiaries of the Company, namely Hacienda International Corporation Limited, Tank Success International Limited, Smart Express Development Limited and CW Property Limited and TYS Property Limited;
- (iii) the Group's buildings classified as property, plant and equipment with a net carrying amount of HK\$4,367,000 (2023: HK\$4,538,000) (Note 13);
- (iv) the Group's leasehold land classified as right-of-use assets with a net carrying amount of HK\$42,696,000 (2023: HK\$44,395,000) (Note 14(a)(i)); and
- (v) the Group's investment properties with a net carrying amount of HK\$21,500,000 (2023: HK\$22,580,000) (Note 15).

As at 31 March 2024, included in the Group's bank loans are loans of HK\$12,596,000 (2023: HK\$8,037,000) drawn under SME Financing Guarantee Scheme launched by HKMCI Limited that are guaranteed by the Government of HKSAR and the personal guarantees from Ms. Chan Ching Mandy, Ms. Chan Tsz Kiu Teresa and Ms. Chan Tsz Tung, the executive directors of the Company, and Mr. Chan and Ms. Tse, the substantial indirect shareholders of the Company.

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

	2024	2023
Effective interest rates (per annum):		
Variable-rate bank borrowings	3.38%–7.30%	3.13%–5.63%

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 21. DEFERRED TAXATION

The deferred tax assets/(liabilities) recognised and the movements thereon during the current year:

	Tax loss HK\$'000	Decelerated/ (accelerated) tax depreciation HK\$'000	Total HK\$'000
At 1 April 2022	6	(493)	(487)
Charged to profit or loss for the year (note 8)	–	(288)	(288)
At 31 March 2023 and 1 April 2023	6	(781)	(775)
Credited to profit or loss for the year (note 8)	–	355	355
<b>At 31 March 2024</b>	<b>6</b>	<b>(426)</b>	<b>(420)</b>

As at 31 March 2024, the Group has unused tax losses of HK\$82,756,000 (2023: HK\$86,307,000) available for offset against future profit.

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

	2024 HK\$'000	2023 HK\$'000
Unused tax losses	82,756	86,307
Deductible temporary differences	26,834	21,119
	<b>109,590</b>	107,426

The deductible temporary differences of depreciation allowance regarding the property, plant and equipment and the unused tax losses can be carried forward indefinitely. No deferred tax asset has been recognised in relation to the deductible temporary differences of depreciation allowance and the unused tax losses they have arisen in subsidiaries that have been loss-making for some time.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 22. SHARE CAPITAL

	Number of shares	Share capital HK\$
Ordinary shares of the Company of HK\$0.01 each		
<b>Authorised:</b>		
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	10,000,000,000	100,000,000
<b>Issued and fully paid:</b>		
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	860,000,000	8,600,000

## 23. IMPAIRMENT ASSESSMENT OF PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF-USE ASSETS

Management of the Group concluded that there was indication of impairment and conducted impairment assessment on the property, plant and equipment and right-of-use assets of the Group due to the underperformance of some bars and restaurants. As at 31 March 2024, the carrying amounts of the property, plant and equipment and right-of-use assets of the Group were HK\$26,213,000 (2023: HK\$23,956,000) and HK\$109,991,000 (2023: HK\$129,960,000) respectively.

The recoverable amount of individual CGU has been determined based on a value in use calculation. The calculation uses cash flow projections based on financial budgets approved by management of the Group covering the remaining lease terms with the pre-tax discount rate of 11.5% (2023: 12.6%). The assumptions of annual revenue growth rates are determined based on expectation for the market development and is not expected to exceed the average long-term growth rate for the catering industry in Hong Kong. Another key assumption for the value in use calculations are the budgeted gross profits and operating expenses which are determined based recent performance of the relevant bars and restaurants during operating period under the recovery from COVID-19 pandemic situation and the social distancing measures. The cash flow projections, growth rates and discount rate as at the end of the reporting period have been reassessed taking into consideration higher degree of estimation uncertainties due to how the post-COVID-19 pandemic may progress and evolve.

No additional impairment losses were recognised on property, plant and equipment and right-of-use assets for both years in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 March 2024*

## 24. SHARE-BASED PAYMENTS

Pursuant to an ordinary resolution passed on 17 December 2016, a share option scheme (the “**Old Scheme**”) was adopted for the primary purpose of providing incentives to directors, employees and eligible participants.

Originally the Old Scheme will expire on 16 December 2026, however, pursuant to a resolution passed on 29 September 2023, the Old Scheme was terminated, and a new share scheme (the “**Share Scheme**”) was adopted with the primary purpose of providing incentives to directors and eligible employees. The Share Scheme will expire on 28 September 2033. Under the Share Scheme, the directors may grant shares or share options (collectively, the “**Awards**”) to eligible employees including directors of the Company and its subsidiaries.

The total number of shares which may be issued upon exercise of all Awards together with options and share awards which may be granted under any other schemes of the Company shall not exceed 10% of the shares of the Company in issue at 29 September 2023, being 86,000,000 shares. The total number of shares which may be issued upon exercise of all Awards and any awards to be granted under other schemes of the Company granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company’s shareholders. Awards granted under the Share Scheme to substantial shareholders or independent non-executive directors resulting in shares issued and to be issued representing more than 0.1% of the Company’s share capital must be approved in advance by the Company’s shareholders.

A share option granted under the Share Scheme may be exercised at any point in time during the period stipulated in the offer letter to the eligible employees or directors, provided that such period shall not go beyond the day immediately prior to the 10th anniversary of the date of the grant. The exercise price is determined by the directors of the Company and will not be less than the higher of (i) the closing price of the Company’s shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company’s share. No share options has been granted under the Share Scheme.

On 29 September 2023, the Company awarded 28,896,000 shares (the “**Award Shares**”) to certain directors of the Company at nil consideration. The Award Shares will be vested over a period of 3 years in 3 equal tranches. The first tranche will be vested within twelve months from the date of grant (i.e. 29 September 2024) and the remaining two tranches will become vested equally in each of the subsequent two years (i.e. 29 September 2025 and 29 September 2026). Upon vesting, the awardee will have the unconditional right to obtain the Award Shares. The Award Shares upon issue shall rank pari passu in all respects with shares in issue at the date of allotment.

As at 31 March 2024, the Company has 28,896,000 unvested shares outstanding representing 3.36% of the shares of the Company in issue at that date.

The fair value of the Award Shares at the date of grant determined with reference to the closing market price at the date of grant was HK\$2,341,000. During the year, the Group recognised share-based payment expense of HK\$715,000 on the Award Shares.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 25. RETIREMENT BENEFITS SCHEME

The Group operates a MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance. Under the MPF Scheme, the employees are required to contribute 5% of their monthly salaries or up to a maximum of HK\$1,500 and they can choose to make additional contributions. The employer's monthly contributions are calculated at 5% of the employee's monthly salaries or up to a maximum of HK\$1,500 (the "mandatory contributions"). The employees are entitled to 100% of the employer's mandatory contributions upon their retirement at the age of 65, death or total incapacity. No forfeited contributions are available to reduce the contribution payable by the Group in the future years.

## 26. RELATED PARTY TRANSACTIONS

Other than those disclosed elsewhere in these consolidated financial statements, the Group had the following related party transactions during the year:

- (a) During the year ended 31 March 2023, the Group paid interest expenses of approximately HK\$5,000 in respect of its other borrowings from Mr. Chan. The borrowing was fully settled during the year ended 31 March 2023.
- (b) The remuneration paid or payable to the key management personnel, which are the executive directors during the year, is set out below. Their remuneration was determined with reference to the performance of the individuals and market trends.

	2024 HK\$'000	2023 HK\$'000
Fees salaries and other benefits	4,195	2,649
Retirement benefits scheme contributions	54	63
	<b>4,249</b>	2,712

## 27. NON-CONTROLLING INTERESTS

As at 31 March 2024, the Group had 27 subsidiaries (2023: 26 subsidiaries) which in aggregate have a material non-controlling interest balance, however each of them are individually not material.

## 28. CAPITAL COMMITMENTS

	2024 HK\$'000	2023 HK\$'000
Commitments for the acquisition of: Property, plant and equipment	949	2,050

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 29. CAPITAL RISK MANAGEMENT

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

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

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

## 30. FINANCIAL INSTRUMENTS

### (a) Categories of financial assets and liabilities

	2024 HK\$'000	2023 HK\$'000
<b>Financial assets at amortised cost</b>		
Trade and other receivables and deposits	18,242	16,638
Cash and cash equivalents	2,107	1,568
	<b>20,349</b>	18,206
<b>Financial liabilities at amortised cost</b>		
Trade and other payables	12,390	11,739
Bank borrowings	51,745	52,602
	<b>64,135</b>	64,341

### (b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, cash and cash equivalents, trade and other payables, bank borrowings and lease liabilities. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include interest rate risk, credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The directors of the Company manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 30. FINANCIAL INSTRUMENTS *(Continued)*

### (b) 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 and secured bank borrowings. The Group currently does not enter into any hedging instrument for cash flow interest rate risk. The Group monitors interest rate risk exposure and will consider hedging significant interest rate risk should the need arises.

Several of the Group's Hong Kong Interbank Offered Rate ("**HIBOR**") bank borrowings with details included in note 20 may be subject to the interest rate benchmark reform. The Group is closely monitoring the market and managing the transition to new benchmark interest rates, including announcements made by the relevant HIBOR regulators.

While the Hong Kong Dollar Overnight Index Average ("**HONIA**") has been identified as an alternative to HIBOR, there is no plan to discontinue HIBOR. The multi-rate approach has been adopted in Hong Kong, whereby HIBOR and HONIA will co-exist.

#### *Sensitivity analysis*

The sensitivity analysis below has been determined based on the exposure to interest rates for bank balances and variable rate bank borrowings at the end of each reporting period and assumed that the amount of liabilities outstanding at the end of each period was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year would decrease/increase by HK\$421,000 (2023: post-tax loss would decrease/increase by HK\$434,000).

#### Credit risk and impairment assessment

The Group's credit risk is primarily attributable to trade and other receivables and bank balances as at 31 March 2024 and 2023.

As at 31 March 2024 and 2023, the maximum exposure to credit risk of the Group which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

#### *Trade receivables arising from contracts with customers*

Trade receivables are assessed individually and/or collectively using a provision matrix with appropriate grouping for impairment allowance based on the historical credit losses experience, adjusted for factors that are specific to the debtors and certain forward-looking information. The trade receivables are due from financial institutions with no history of default and have good credit ratings assigned, as such the directors of the Company consider that the Group's credit risk on trade receivables is minimal.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 30. FINANCIAL INSTRUMENTS (Continued)

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

#### Credit risk and impairment assessment (Continued)

##### Lease receivable

Lease receivable are assessed individually for impairment allowance based on the historical credit losses experience, adjusted for factors that are specific to the debtors and certain forward-looking information. The trade receivables are due from tenants with no history of default, as such the directors of the Company consider that the Group's credit risk on lease receivable is minimal.

##### Other receivables

Management of the Group assessed the recoverability of other receivables based on historical settlement records, past experience, and also available reasonable and supportive forward-looking information under ECL model upon application of HKFRS 9. Management of the Group believes that there is no material credit risk inherent in the Group's outstanding balance of other receivables.

##### Bank balances

The credit risk on bank balances and cash is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. Accordingly, no impairment loss allowance is recognised for bank balances.

#### Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding in the short and longer term. Details of those plans and measures currently undertaken to improve the Group's liquidity and financial position are set out in note 3.2 to the consolidated financial statements.

The maturity profile of the Group's financial liabilities as at the reporting dates, based on the contracted undiscounted payments, was as follows:

	Weighted average effective interest rate	Carrying amounts HK\$'000	Total undiscounted cash flows HK\$'000	Repayable on demand/ less than 1 year HK\$'000	1 to 2 years HK\$'000	2 to 5 years HK\$'000	over 5 years HK\$'000
<b>At 31 March 2024</b>							
Trade and other payables	N/A	12,390	12,390	12,390	–	–	–
Bank borrowings	4.14%	51,745	55,928	55,928	–	–	–
Lease liabilities	3.01%	84,793	87,912	44,778	24,310	18,824	–
		<b>148,928</b>	<b>156,230</b>	<b>113,096</b>	<b>24,310</b>	<b>18,824</b>	<b>–</b>
<b>At 31 March 2023</b>							
Trade and other payables	N/A	11,739	11,739	11,739	–	–	–
Bank borrowings	3.77%	52,602	54,585	54,585	–	–	–
Lease liabilities	2.84%	106,054	110,515	46,619	29,436	34,102	358
		<b>170,395</b>	<b>176,839</b>	<b>112,943</b>	<b>29,436</b>	<b>34,102</b>	<b>358</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 30. FINANCIAL INSTRUMENTS (Continued)

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

#### Liquidity risk (Continued)

For bank borrowings which contain a repayment on demand clause that can be exercised at the bank's sole discretion, the analysis above shows the cash outflows based on the earliest period in which the Group can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect.

Regarding the renewal of bank loan granted by the bank, the directors do not consider it probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such bank loans will be repaid in accordance with the scheduled repayment dates as set out in the loan agreements which are summarised in the table below:

	Weighted average effective interest rate	Carrying amounts HK\$'000	Total undiscounted cash flows HK\$'000	Repayable on demand/ less than			
				1 year HK\$'000	1 to 2 years HK\$'000	2 to 5 years HK\$'000	over 5 years HK\$'000
<b>At 31 March 2024</b>							
Trade and other payables	N/A	12,390	12,390	12,390	–	–	–
Bank borrowings	4.14%	51,745	55,928	17,249	6,458	29,063	3,158
Lease liabilities	3.01%	84,793	87,912	44,778	24,310	18,824	–
		<b>148,928</b>	<b>156,230</b>	<b>74,417</b>	<b>30,768</b>	<b>47,887</b>	<b>3,158</b>
<b>At 31 March 2023</b>							
Trade and other payables	N/A	11,739	11,739	11,739	–	–	–
Bank borrowings	3.77%	52,602	56,830	18,330	8,792	29,708	–
Lease liabilities	2.84%	106,054	110,515	46,619	29,436	34,102	358
		<b>170,395</b>	<b>179,084</b>	<b>76,688</b>	<b>38,228</b>	<b>63,810</b>	<b>358</b>

### (c) Fair value measurements of financial instruments

The fair value of financial assets and financial liabilities is determined based on discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate to their fair values.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities is as follows:

	Other borrowings HK\$'000	Bank borrowings (excluding bank overdrafts) (Note 20) HK\$'000	Lease liabilities (Note 14) HK\$'000	Total HK\$'000
<b>At 1 April 2022</b>	1,900	56,729	96,687	155,316
<b>Financing cash flows:</b>				
New bank borrowings/other borrowings raised	–	24,361	–	24,361
Repayment of bank borrowings/lease liabilities/other borrowings	(1,900)	(30,934)	(26,433)	(59,267)
Interest paid	(5)	(1,672)	(2,727)	(4,404)
<b>Total changes from cash flows</b>	<b>(1,905)</b>	<b>(8,245)</b>	<b>(29,160)</b>	<b>(39,310)</b>
<b>Other changes:</b>				
Addition of lease liabilities	–	–	20,162	20,162
Lease modification	–	–	17,788	17,788
COVID-19-related rent concessions	–	–	(2,150)	(2,150)
Interest expense	5	1,672	2,727	4,404
<b>Total other changes</b>	<b>5</b>	<b>1,672</b>	<b>38,527</b>	<b>40,204</b>
<b>At 31 March 2023 and 1 April 2023</b>	<b>–</b>	<b>50,156</b>	<b>106,054</b>	<b>156,210</b>
<b>Financing cash flows:</b>				
New bank borrowings/other borrowings raised	–	32,000	–	32,000
Repayment of bank borrowings/lease liabilities/other borrowings	–	(33,387)	(39,601)	(72,988)
Interest paid	–	(2,079)	(2,605)	(4,684)
<b>Total changes from cash flows</b>	<b>–</b>	<b>(3,466)</b>	<b>(42,206)</b>	<b>(45,672)</b>
<b>Other changes:</b>				
Addition of lease liabilities	–	–	2,180	2,180
Lease termination	–	–	(42)	(42)
Lease modification	–	–	16,205	16,205
Interest expense	–	2,079	2,605	4,684
Exchange realignment	–	–	(3)	(3)
<b>Total other changes</b>	<b>–</b>	<b>2,079</b>	<b>20,945</b>	<b>23,024</b>
<b>At 31 March 2024</b>	<b>–</b>	<b>48,769</b>	<b>84,793</b>	<b>133,562</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

### Major non-cash transactions

- (i) During the year ended 31 March 2024, the Group had non-cash additions to right-of-use assets, lease liabilities and provision for reinstatement costs of HK\$3,164,000, HK\$2,180,000 and HK\$50,000 respectively, in respect of lease arrangements for office premise, bars and restaurants.
- (ii) During the year ended 31 March 2023, the Group had non-cash additions to right-of-use assets, lease liabilities and provision for reinstatement cost of HK\$20,577,000, HK\$20,162,000 and HK\$154,000, respectively, in respect of lease arrangements for office premise and bars.

## 32. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Name of subsidiary	Place of Incorporation and operation	Paid-up share capital	Equity attributable to the Group		Principal activities
			2024	2023	
Hacienda International Corporation Limited	Hong Kong	HK\$1,000	100%	100%	Bulk purchase of beverages for fellow subsidiaries
Tank Success International Limited	Hong Kong	HK\$2	100%	100%	Recruitment and management services for fellow subsidiaries
Smart Express Development Limited	Hong Kong	HK\$1,000	100%	100%	Property Investment
CW Property Limited	Hong Kong	HK\$1	100%	100%	Property Investment
TYS Property Limited (Formerly known as "Bar Pacific XC International Limited")	Hong Kong	HK\$1	100%	100%	Property Investment
Bar Pacific VII International Limited	Hong Kong	HK\$1,000	100%	100%	Operation of a bar
Bar Pacific VIII International Limited	Hong Kong	HK\$1,000	100%	100%	Operation of a bar
Bar Pacific IX International Limited	Hong Kong	HK\$1,000	100%	100%	Operation of a bar
Bar Pacific XII International Limited	Hong Kong	HK\$1,000	100%	100%	Operation of a bar

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

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

Name of subsidiary	Place of Incorporation and operation	Paid-up share capital	Equity attributable to the Group		Principal activities
			2024	2023	
Bar Pacific XVI International Limited	Hong Kong	HK\$1,000	95%	95%	Operation of a bar
Bar Pacific XX International Limited	Hong Kong	HK\$1,000	90%	90%	Operation of a bar
Bar Pacific XXI International Limited	Hong Kong	HK\$1,000	95%	95%	Operation of a bar
Bar Pacific XXVIII International Limited	Hong Kong	HK\$1,000	86.5%	86.5%	Operation of a bar
Bar Pacific XXIX International Limited	Hong Kong	HK\$188	85.7%	85.7%	Operation of a bar
Bar Pacific XXX International Limited	Hong Kong	HK\$171,398	79.4%	79.4%	Operation of a bar
Bar Pacific XXXI International Limited	Hong Kong	HK\$522,214	83.8%	83.8%	Operation of a bar
Bar Pacific XXXII International Limited	Hong Kong	HK\$228	85.1%	85.1%	Operation of a bar
Bar Pacific XXXIII International Limited	Hong Kong	HK\$579,728	90.5%	90.5%	Operation of a bar
Bar Pacific LXIII International Limited	Hong Kong	HK\$1,527,823	80%	80%	Operation of a bar
Bar Pacific LXVIII International Limited	Hong Kong	HK\$2,280,000	91.2%	91.2%	Operation of a bar



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

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

Name of subsidiary	Place of Incorporation and operation	Paid-up share capital	Equity attributable to the Group		Principal activities
			2024	2023	
Bar Pacific LXXI International Limited	Hong Kong	HK\$1	100%	100%	Operation of a bar
Bar Pacific LXXII International Limited	Hong Kong	HK\$1	100%	100%	Operation of a bar
Bar Pacific LXXX International Limited	Hong Kong	HK\$25	96%	96%	Operation of a restaurant
Bar Pacific XCI International Limited	Hong Kong	HK\$25	96%	96%	Operation of a restaurant
Katachi III International Limited	Hong Kong	HK\$1	100%	100%	Operation of a restaurant

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

None of the Group's subsidiaries had issued any debt securities during the year.

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

Principal activities	Principal place of business	Number of subsidiaries	
		2024	2023
Operation of bars and restaurants	Hong Kong	29	28
Investment holding	Hong Kong	2	2
Inactive	Hong Kong	11	10
		<b>42</b>	<b>40</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 33. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation of the consolidated financial statements.

## 34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

	2024 HK\$'000	2023 HK\$'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment in a subsidiary	–	–
Amounts due from subsidiaries	16,178	16,893
<b>NET ASSETS</b>	<b>16,178</b>	16,893
<b>EQUITY</b>		
Share capital	8,600	8,600
Reserves ( <i>Note</i> )	7,578	8,293
<b>TOTAL EQUITY</b>	<b>16,178</b>	16,893

*Note:*

Movement in the Company's reserves are as follows:

	Share premium HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2022	57,060	(48,760)	8,300
Loss and total comprehensive expense for the year	–	(7)	(7)
At 31 March 2023 and 1 April 2023	57,060	(48,767)	8,293
Loss and total comprehensive expense for the year	–	(715)	(715)
At 31 March 2024	57,060	(49,482)	7,578

# FINANCIAL SUMMARY

	Year ended 31 March				2024 HK\$'000
	2020 HK\$'000	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	
Revenue	167,171	57,839	95,733	174,933	<b>208,085</b>
Profit/(loss) before taxation	7,249	(37,414)	(8,890)	11,333	<b>623</b>
Taxation	(1,008)	(1,031)	(1,560)	(423)	<b>168</b>
Profit/(loss) for the year	6,241	(38,445)	(10,450)	10,910	<b>791</b>
Attributable to:					
Owners of the Company	4,429	(36,907)	(10,262)	9,674	<b>604</b>
Non-controlling interests	1,812	(1,538)	(188)	1,236	<b>187</b>
	6,241	(38,445)	(10,450)	10,910	<b>791</b>

	As at 31 March				2024 HK\$'000
	2020 HK\$'000	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	
Assets and liabilities					
Total assets	185,383	160,925	196,039	204,263	<b>183,838</b>
Total liabilities	(114,807)	(133,524)	(179,088)	(176,402)	<b>(154,476)</b>
	70,576	27,401	16,951	27,861	<b>29,362</b>
Equity contributable to:					
Owners of the Company	63,540	21,903	11,641	21,315	<b>22,629</b>
Non-controlling interests	7,036	5,498	5,310	6,546	<b>6,733</b>
	70,576	27,401	16,951	27,861	<b>29,362</b>