BHARTI AIRTEL (HONG KONG) LIMITED

Reports and Financial Statements

For the year ended 31 March 2018

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Reports and Financial Statements
For the year ended 31 March 2018

CONTENTS	PAGE(S)

DIRECTOR'S REPORT

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2018.

Principal activities

The principal activities of the Company consist of international telecommunications operations. There were no significant changes in the nature of the Company's principal activities during the year.

Business Review

The Company is a wholly-owned subsidiary of Bharti International (Singapore) Pte Ltd. for the financial year and therefore, according to section 388(3)(b) of the Hong Kong Companies Ordinance, it was exempted to prepare a business review as required by the Schedule 5 of the Hong Kong Companies Ordinance (Cap. 622) for the financial year.

Permitted Indemnity Provision

During the financial year and the time when the directors' report is approved, a permitted indemnity provision that meets the requirements specified in section 469(2) of the Hong Kong Companies Ordinance for the benefit of the directors of the Company is in force.

Results

The Company's profit for the year ended 31 March 2018 and its financial position at that date are set out in the financial statements on pages 5 and 6.

Share Capital

Details of movements in the share capital of the Company during the year are set out in note [17] to the financial statements.

Directors

The directors of the Company during the year and up to the date of issue of this report were:

Devendra Khanna
Jantina Catharina Van De Vreede

There being no provision in the Company's articles of association regarding the retirement of directors by rotation, the remaining directors will continue in office.

Directors' interests in transactions, arrangements and contracts of significance

Other than as disclosed in note [20] to the financial statements, no transactions, arrangements and contracts of significance, to which the Company, its parent Company, intermediate parent entity, ultimate controlling entity or fellow subsidiaries was a party and in which a director or a connected entity of a directors of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or any time during the year.

Directors' interests in shares, underlying shares and debentures.

Pursuant to the share option scheme of, Bharti Airtel Ltd, the Company's directors have been granted options to purchase ordinary shares of Bharti Airtel Limited. These options were granted to the Company's directors in respect of their services to the group companies of Bharti Airtel Limited other than the Company.

The following director has an interest in shares and share options of Bharti Airtel Limited as stated below:

Name of director	**At the beginning of financial year**	**At the end of financial year**
Bharti Airtel Limited		
Ordinary shares		
Devendra Khanna	47,309	73,796
Options to purchase ordinary shares		
Devendra Khanna	76,562	81,316

Other than as disclosed above, none of the directors nor his associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 31 March 2018.

Auditors

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

ON BEHALF OF THE BOARD

Sd/-
Jantina Catharina Van De Vreede
Director

Date: 12 July 2018

INDEPENDENT AUDITOR'S REPORT

To the member of Bharti Airtel (Hong Kong) Limited

(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of Bharti Airtel (Hong Kong) Limited (the "Company") set out on pages [5] to [32], which comprise the statement of financial position as at 31 March 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2018, and of its financial performance and its 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 Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company 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.

Other Information

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

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Directors and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, the directors are responsible for assessing the Company'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 Company or to cease operations, or have no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT (continued)
To the member of Bharti Airtel (Hong Kong) Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Company'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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
[*Date*]

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018

All amounts are in Hong Kong Dollar – 'HK$'

	Notes	2018	2017
Revenue		74,554,283	63,325,642
Other income		-	52,445
Depreciation and amortisation	10&11	(4,412,469)	(5,066,227)
Exchnage (gain) loss		(1,513,146)	85,781
General and administrative expenses	5	(50,742,470)	(48,049,436)
Finance costs	6	(809,393)	(968,067)
Profit before taxation		17,076,805	9,380,138
Income tax expense	9	(708,814)	(1,534,713)
Net Profit for the year		**16,367,991**	**7,845,425**
Other comprehensive losses			
Item that will not be reclassified to profit or loss :			
Exchange differences arising on translation to presentation currency		(86,448)	(1,071,080)
Total comprehensive profit for the year		**16,281,543**	**6,774,345**

BHARTI AIRTEL (HONG KONG) LIMITED

STATEMENT OF FINANCIAL POSITION

AT 31 March 2018

All amounts are in Hong Kong Dollar – 'HK$'

	Notes	2018	2017
Non-current assets			
Property, plant and equipment	10	5,752,061	7,488,588
Intangible asset	11	25,568,805	24,362,003
Deferred tax assets	16	77,992	-
Other financial assets		816,155	834,763
Total non-current assets		32,215,013	32,685,354
Current assets			
Trade receivables	12	10,491,181	6,622,264
Prepayments		1,439,786	295,964
Bank balances and cash		3,884,958	9,520,609
Total current assets		15,815,925	16,438,837
Current liabilities			
Trade and other payables	13	11,918,908	26,317,623
Deferred revenue	14	5,915,553	5,383,494
Borrowings	15	27,579,322	27,898,970
Income tax payable		934,568	3,791,998
Total current liabilities		46,348,351	63,392,085
Net current liabilities		**(30,532,426)**	**(46,953,248)**
Net assets (liabilities)		**1,682,587**	**(14,267,894)**
Non-current liabilities			
Deferred tax liabilities	16	-	282,344
Deferred revenue	14	-	48,718
Total non-current liabilities		-	331,062
Net liabilities		**1,682,587**	**(14,598,956)**
Equity			
Share capital	17	4,959,480	4,959,480
Reserves		(3,276,893)	(19,558,436)
Net equity (deficiency) in assets		**1,682,587**	**(14,598,956)**

______Sd/-________
Devendra Khanna
Director

__________ Sd/-_______________
Jantina Catharina Van De Vreede
Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 March 2018

All amounts are in Hong Kong Dollar – 'HK$'

	Share capital	Accumulated losses	Translation reserve	**Total equity**
At 1 April 2016	**4,959,480**	(26,332,781)	-	**(21,373,301)**
Profit for the year	-	7,845,425	-	**7,845,425**
Exchange differences arising on Translation to presentation currency	-	-	(1,071,080)	**(1,071,080)**
At 31 March 2017 and 1 April 2018	**4,959,480**	(18,487,356)	(1,071,080)	**(14,598,956)**
Profit for the year	-	16,367,991	-	16,367,991
Exchange differences arising on Translation to presentation currency	-	-	(86,448)	(86,448)
At 31 March 2018	**4,959,480**	(2,119,365)	(1,157,528)	**1,682,587**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 March 2018

All amounts are in Hong Kong Dollar – 'HK$'

	Notes	2018	2017
Cash flows from operating activities			
Profit before taxation		17,076,805	9,380,138
Adjustments for :			
Finance costs	6	809,393	968,067
Unrealised foreign exchange gains		(310,588)	(49,940)
Depreciation	10	2,004,323	2,733,927
Amortisation	11	2,408,146	2,332,300
Allowance for doubtful accounts		1,477,941	800,648
		23,466,020	**16,165,140**
Operating cash flow before changes in working capital			
Changes in working capital			
Trade receivables		(4,133,221)	8,565,665
Prepayments		(876,840)	514,302
Other financial assets		14,265	10,328
Trade and other payables		(6,601,031)	340,932
Other liabilities		247,913	810,056
Net cash flows from operating activities before tax		**12,117,106**	**26,406,423**
Income tax (paid) / recoverable		(3,644,236)	4,052
Net cash flows from operating activities		**8,472,870**	**26,410,475**
Cash flows from investing activities			
Purchase of property, plant and equipment		(660,942)	(361,991)
Purchase of items of intangible assets		(12,414,609)	-
Net cash flows used in investing activities		**(13,075,551)**	**(361,991)**
Cash flows from financing activities			
Repayment of borrowings		(8,846,488)	(25,414,602)
Proceeds from borrowings		7,855,413	-
Finance costs paid		(137,966)	(145,394)
Net cash flows used in financing activities		**(1,129,041)**	**(25,559,996)**
Net (decrease) / increase in cash and cash equivalents		(5,731,722)	488,488
Effect of foreign exchange rate changes		96,071	12,471
Cash and cash equivalents at the beginning of year		9,520,609	9,019,650
Cash and cash equivalents at the end of the year, represented by bank balances and cash		**3,884,958**	**9,520,609**

All amounts are in Hong Kong Dollar – 'HK$' ; unless stated otherwise

1. Corporate information

Bharti Airtel (Hong Kong) Limited ("the Company") is a limited liability company domiciled and incorporated in Hong Kong. The registered office of the Company is located at 4th Floor, Cheung Hing Industrial Building, 12P Smithfield Road, Kennedy town, Hong Kong.

The principle activities of the Company are international telecommunication operation.

The Company is a wholly-owned subsidiary of Bharti International (Singapore) Pte Ltd, a company incorporated in Singapore. Bharti Airtel Limited, the Intermediate parent entity, is company incorporated in India and listed on the stock exchange in India.

2. Basis of preparation

The financial statements have been prepared on a going concern basis because Bharti Airtel Limited has agreed to renew the loan facility to ensure that the Company is able to meet its financial obligation as fall due for a period of 12 months from the report date.

The accounting policies, as set out in the following paragraphs of this note, have been consistently applied, by the Company, to all the periods presented in the said financial statements. Further, previous year figures have been re-grouped, wherever necessary to conform to current year's classification.

3. Application of new and revised Hong Kong financial reporting standards ('HKFRSs")

For the purpose of preparing and presenting the financial statements for the year, the Company has consistently applied all HKFRSs, Hong Kong Accounting Standards ("HKASs"), amendments and interpretations ("HK(IFRIC) - Int") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are effective for the accounting periods beginning on 1 January 2017 consistently throughout the year.

Amendments to HKFRSs that are mandatorily effective for the current year

The Company has adopted the following new and revised HKFRSs issued by HKICPA for the first time for the current year:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014 - 2016 Cycle

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

<u>Amendments to HKAS 7</u>

The Company has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) the effect of changes in foreign exchange rates; (iii) changes in fair value; and (iv) other changes.

All amounts are in Hong Kong Dollar – 'HK$' ; unless stated otherwise

A reconciliation between the opening and closing balances of these items is provided in note 23. Consistent with the transition provisions of the amendments, the Company has not disclosed comparative information for the prior year. Apart from the addition disclosure in note 23, the application of these amendments has had no impact on the company's financial statements.

New and revised HKFRSs in issue but not yet effective

The company has not early applied the following new and revised HKFRSs that have been issued but are not yet effective for the accounting year ended 31 March 2018, in these financial statements.

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[4]
HK(IFRIC) - Int 22	Foreign Currency Transactions and Advance consideration[1]
HK(IFRIC) - Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[2]
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 - 2016 Cycle[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 - 2016 Cycle[2]

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2019
[3] Effective for annual periods beginning on or after a date to be determined
[4] Effective for annual periods beginning on or after 1 January 2021

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

HKFRS 9 Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Company are:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income. All other financial assets are measured at their fair value at subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss; and

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Company's financial instruments and risk management policies as at 31 March 2018, the Directors anticipates the following potential impact on initial application of HKFRS 9:

Classification and measurement:

- Debt instruments classified as loans and receivables carried at amortised cost as disclosed in note 22a: these are held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding. Accordingly, these financial assets will continue to be subsequently measured at amortised cost upon the application of HKFRS 9; and

- Except for financial assets which are subject to expected credit losses model upon application of HKFRS 9, all other financial assets and financial liabilities will continue to be measured on the same bases as are currently measured under HKAS 39.

Impairment

In general, the Directors anticipates that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Company's financial assets measured at amortised costs and other items that subject to the impairment provisions upon application of HKFRS 9 by the Company.

Based on the assessment by the directors of the Company, if the expected credit loss model were to be applied by the Company, the accumulated amount of impairment loss to be recognised by the Company as at 1 April 2018 would be increased as compared to the accumulated amount recognised under HKAS 39 mainly attributable to expected credit losses provision on trade and other receivables. Such further impairment recognised under expected credit loss model would reduce the opening retained profits at 1 April 2018.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity 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. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

[The Director anticipates that the application of HKFRS 15 in the future may result in more disclosures, however, the Director does not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.]

HKFRS 16 Leases

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

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

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

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2018, the Company has non-cancellable operating lease commitments of HK$[96,569] as disclosed in note [18]. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Company will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Company currently considers refundable rental deposits paid as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use assets.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

Except as described above, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs and Interpretations will have no material impact on the financial statements in the foreseeable future.

4. Significant Accounting Policies

The financial statements have been prepared in accordance with HKFRSs issued by the HKICPA and in compliance with the Hong Kong Companies Ordinance .

The financial statements have been prepared on the historical cost basis 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 Company 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 the financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payments, leasing transactions that are within the scope of HKAS 17 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.

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.

The principal accounting policies are set out below.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated rebates and other similar allowances. Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Company and when specific criteria have been met, as described below.

Revenue from telecommunication services are recognised when the relevant services are rendered or over the period of the arrangement.

Point of Presence (POP) Services: The revenue from these services are recognised based on the capacities interconnected at each such POP and varies from time to time.

IP port services: The Revenue from IP port services is recognised when data start transmitting.

Bandwidth services: The revenue from these services (including installation) is recognised over the period of arrangement.

Airtel Talk: This includes revenue from voice calling, video calling and messaging using mobile application. Revenues from prepaid customer are recognised based on actual usage.

Deferred revenue

Deferred revenue represents the service fees received in advance for the provision of telecommunications services, which is amortised over the remaining service period based on the service pattern.

Leasing

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

The Company as lessee

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

Functional and foreign currency

Transactions and balances

The Company's functional currency is US$, which is different from the Company's presentation currency. These financial statements are presented in HK$ as the Company is domiciled in Hong Kong and, in the opinion of the directors of the Company, most of the external users of the financial statements are located in Hong Kong. Foreign currency transactions recorded by the Company are initially recorded using the functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currencies are translated using the exchange rates at the dates of the initial transactions.

As at the end of the reporting period, the assets and liabilities of the Company are translated into HK$ at the exchange rate prevailing at the end of the reporting period and its profit or loss is translated into HK$ at the weighted average exchange rate for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the currency translation reserve.

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme ("MPF Scheme") are recognised as an expense when employees have rendered service entitling them to the contributions.

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, annual leave and sick leave) after deducting any amount already paid.

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 taxation' as reported in the statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company'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 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 difference 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.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, except where the Company 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 and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise 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 is realised, based on tax rate (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 Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The Company has established the estimated range of useful lives of different categories of PPE as follows:

Telecommunications equipment	8 -10 Years
Computer equipment	3 Years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the period the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Telecommunications projects under construction are stated at cost less any impairment losses and are not depreciated. Cost comprises the costs of equipment and any directly attributable costs of bringing the assets to become ready for use. Telecommunications projects under construction are reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

Impairment losses on tangible and intangible assets

At the end of the reporting period, the company reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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 a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. 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. 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. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) 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 a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and other short term highly liquid investments with an original maturity of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingencies

Contingent liabilities, if any, are disclosed by way of notes to the statement of financial position. Provision is made in respect of those which are materialised after the year end, till the finalisation of accounts and having material effect on position stated in the statement of financial position.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

Financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (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 debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

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

Loans and receivables

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

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

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

Objective evidence of impairment could include:

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

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

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

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

Financial liabilities and equity instruments

Debts and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets 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.

Effective interest method

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

Financial liabilities at amortised cost

Financial liabilities, including trade and other payables and borrowings from Bharti International (Singapore) Pte. Limited are subsequently measured at amortised cost, using the effective interest method.

Derecognition

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

On derecognition of financial assets, the difference between the asset's carrying amount and the sum of the consideration received and receivable.

The Company derecognises financial liabilities when, and only when, the Company'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.

All amounts are in Hong Kong Dollar – 'HK$' ; unless stated otherwise

5. General and administrative expenses

	2018	2017
Access charges	10,506,192	13,616,329
Network operating costs	32,130,095	27,904,399
Employee costs	2,089,714	1,896,870
License fee	100,153	101,894
Other expenses and losses	5,916,316	4,529,944
	50,742,470	**48,049,436**

6. Finance costs

	2018	2017
Interest on a loan from a Bharti International (Singapore) Pte. Limited (notes 15 and 20(b))	671,427	822,673
Bank charges	137,966	145,394
	809,393	**968,067**

7. Profit before tax

The Company's profit before tax is arrived at after charging (crediting):

	2018	2017
Auditor's remuneration	90,266	65,106
Depreciation	2,004,323	2,733,927
Amortisation	2,408,146	2,332,300
Operating lease expenses	8,059,301	7,544,750
Staff costs - wages and salaries including retirement benefits scheme contributions (including directors' emoluments (note 8))	2,089,714	1,896,870
Allowance for doubtful accounts	1,477,941	800,648
Exchange expenses (gain)	1,513,146	(85,781)

8. Directors' emoluments

Directors' remuneration for the year, disclosed pursuant to section 383(1)(a) of the Hong Kong Companies Ordinance is as follows:

	2018	2017
Director's fees	-	-
Other emoluments:		
Salaries, bonuses, commissions and allowances	1,528,279	1,696,856
Provident fund contributions (defined contribution schemes)	18,091	18,000
	1,546,370	1,714,856

All amounts are in Hong Kong Dollar – 'HK$' ; unless stated otherwise

9. Income tax expense

	2018	2017
Tax Charge for the year		
Corporate Tax	1,069,150	1,808,573
Deferred Tax	(360,336)	(273,860)
	708,814	**1,534,713**

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

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

	2018	2017
Profit Before Tax	17,076,805	9,380,138
Tax at the Hong Kong Tax rate of 16.5%	2,817,673	1,547,723
Tax effect of expenses not deductible for tax purpose	53,982	275,464
Over provision in prior year	(2,162,614)	-
Others	(227)	(288,474)
Income tax expense for the year	**708,814**	**1,534,713**

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazette on the following day.

Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of qualifying corporations will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%. The two-tiered profits tax rates regime will be applicable to the Company for its annual reporting periods ending on or after 1 April 2018.

The application of the two-tiered profits tax rates regime is expected to decrease the amount of current tax payable by the Company by a maximum amount of HK$165,000 per year with a corresponding decrease in current tax expense.

The directors of the Company are currently analysing the effect of the two-tiered profits tax rates regime on the Company's deferred tax balances and is not able to provide an estimate of the potential financial effect.

All amounts are in Hong Kong Dollar – 'HK$' ; unless stated otherwise

10. Property, plant and equipment

	Telecom-munications equipment	Computer equipment	Construction work in progress	Total
31 March 2018				
Cost at 1 April 2017, net of accumulated depreciation	7,349,373	-	139,215	7,488,588
Additions	660,941	-	-	660,941
Capitalisation	65,515	-	(65,515)	-
Depreciation provided during the year	(2,004,323)	-	-	(2,004,323)
Currency translation	(393,145)	-	-	(393,145)
At 31 March 2018, net of accumulated depreciation	5,678,361	-	73,700	5,752,061
At 31 March 2018:				
Cost	22,418,604	17,000	73,700	22,509,304
Accumulated depreciation	(16,740,243)	(17,000)	-	(16,757,243)
Net carrying amount	5,678,361	-	73,700	5,752,061
31 March 2017				
Cost at 1 April 2016, net of accumulated depreciation	8,528,549	2	922,343	9,450,894
Additions	753,985	-	-	753,985
Capitalisation	783,331	-	(783,331)	-
Depreciation provided during the year	(2,733,925)	(2)	-	(2,733,927)
Currency translation	17,433	-	203	17,636
At 31 March 2017, net of accumulated depreciation	7,349,373	-	139,215	7,488,588
At 31 March 2017:				
Cost	21,927,921	17,000	139,215	22,084,136
Accumulated depreciation	(14,578,548)	(17,000)	-	(14,595,548)
Net carrying amount	7,349,373	-	139,215	7,488,588

All amounts are in Hong Kong Dollar – 'HK$' ; unless stated otherwise

11. Intangible asset

	Bandwidth
31 March 2018	
Cost at 1 April 2017, net of accumulated amortisation	24,362,003
Additions	3,367,741
Amortisation provided during the year	(2,408,146)
Currency translation	247,207
At 31 March 2018	25,568,805
At 31 March 2018:	
Cost	38,767,496
Accumulated amortisation	(13,198,691)
Net carrying amount	25,568,805
31 March 2017	
Cost at 1 April 2016, net of accumulated amortisation	26,660,645
Additions	-
Amortisation provided during the year	(2,332,300)
Currency translation	33,658
At 31 March 2017	24,362,003
At 31 March 2017:	
Cost	35,032,924
Accumulated amortisation	(10,670,921)
Net carrying amount	24,362,003

All amounts are in Hong Kong Dollar – 'HK$' ; unless stated otherwise

12. Trade receivables

	2018	2017
Trade receivable	10,301,285	7,775,719
Less : Allowance for doubtful accounts	(4,553,822)	(3,034,370)
	5,747,463	4,741,349
Due from related parties (note 20(c))	4,743,718	1,880,915
	10,491,181	**6,622,264**

The Company allows a credit period of 45 days throughout the year to its trade customers. Over [68]% (2017: [78]%) of the trade receivables are neither past due nor impaired as at 31 March 2018. The management considers that these receivables have good credit rating attributable under the credit review policy used by the Company.

In determining the recoverability of trade receivables, the Company considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period.

As at 31 March 2018, included in the Company's trade receivables balance with aggregate carrying amount of HK$ 4,059,215 (2017: HK$ 3,819,059) which are past due at the reporting date for which the Company has not provided for impairment loss, as there has not been a significant change in credit quality and the amounts are still considered recoverable based on historical experience. The Company does not hold any collateral over these balances.

Ageing of trade receivables which are based on invoice date but not impaired

	2018	2017
Not due	1,824,709	1,035,905
0-30 days	2,513,267	1,800,680
31 - 60 days	1,295,751	1,263,145
61-90 days	113,736	641,619
	5,747,463	**4,741,349**

The Company has assessed individual cases and provided allowance for bad and doubtful receivables when the management considers the receivables are unlikely to recover in foreseeable future.

Movement in the allowance for bad and doubtful receivables

	2018	2017
At beginning of the year	3,034,370	2,231,056
Allowance for bad and doubtful receivables	1,477,941	800,648
Exchange differences	41,511	2,666
At March 31	**4,553,822**	**3,034,370**

Receivables that were past due but not impaired relate to a number of customers that have a good track record with the Company. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

All amounts are in Hong Kong Dollar – 'HK$' ; unless stated otherwise

13. Trade and other payables

	2018	2017
Equipment supply payables	26,829	9,073,699
Accrued expenses	7,844,502	9,237,230
Trade payables	3,083,924	4,602,911
Due to related parties (note 20(c))	729,369	2,476,899
Other payables	234,284	926,884
	11,918,908	**26,317,623**

14. Deferred revenue

	2018	2017
At beginning of the year	5,432,212	4,706,512
Addition	76,773,529	63,697,005
Credit to profit and loss	(74,554,283)	(63,325,642)
Currency Translation	(1,735,905)	354,337
At March 31	**5,915,553**	**5,432,212**

Analysed by :	**2018**	**2017**
Current	5,915,553	5,383,494
Non-current	-	48,718
	5,915,553	**5,432,212**

15. Borrowings

The amount due to Bharti International (Singapore) Pte. Limited, amounting to HK$ 21,723,616 as at 31 March 2018 (2017: HK$19,871,172) is unsecured and interest-bearing at average Hong Kong Inter-bank Offered Rate (" HIBOR") for the three month period plus 190 basis points (2017: at average HIBOR for the three month period plus 190 basis points). Further, the interest payable on the above balance amounting to HK$ 5,855,706 as at 31 March 2018 (2017: HK$8,027,798) is unsecured and interest free. The amount repayable to Bharti International (Singapore) Pte Limited would be on or before 31 March 2018.

16. Deferred Taxation

The movement in deferred tax (assets) / liabilities of the Company during the year is as follows:

	Depreciation Allowance in excess of related depreciation	Provision for impairment for Trade Receivables	Others	Total
As at 31 March 2017	783,014	(500,670)	-	282,344
Deferred Tax Credited to profit & loss account during the year	(177,487)	(236,161)	53,312	(360,336)
As at March 31, 2018	**605,527**	**(736,831)**	**53,312**	**(77,992)**
As at 31 March 2016	1,053,352	(368,124)	(129,024)	556,204
Deferred Tax Credited to profit & loss account during the year	(270,338)	(132,546)	129,024	(273,860)
As at 31 March 2017	**783,014**	**(500,670)**	-	**282,344**

All amounts are in Hong Kong Dollar – 'HK$' ; unless stated otherwise

17. Share capital

	Number of shares	HK$
Issued and fully paid:		
As at 31 March 2017 and 2018	4,959,480	4,959,480

18. Operating leases

<u>The Company as lessee</u>

	2018 HK$	2017 HK$
Minimum lease payments paid under operating lease during the year	8,059,301	7,544,750
	8,059,301	7,544,750

At the end of each reporting period, the Company had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2018 HK$	2017 HK$
Within one year	96,569	84,114
	96,569	84,114

Operating lease payments represent rentals payable by the Company for its rental premises. Lease are negotiated and rentals are fixed for terms of one year.

19. Capital commitments

As at 31 March 2018, in addition to the operating lease commitments detailed in note 18 above, the Company had contracted, but not provided for, capital commitments in respect of purchases of telecommunication equipment of HK$ 13,246 (2017: Nil).

20. Related party transactions

(a) The Company had transactions and balances with the following related parties during the year:

i Parent company
Bharti International (Singapore) Pte. Limited (w.e.f. March 13, 2018)
Bharti Airtel Limited (Until March 13, 2018)

ii **Intermediate parent entity**
Network i2i Limited (w.e.f. March 13, 2018)
Bharti Airtel Limited (Parent of Network i2i Limited) (w.e.f. March 13, 2018)

iii **Ultimate controlling entity**
Bharti Airtel Limited (Until November 03, 2017)
Bharti Enterprises (Holding) Private Limited (w.e.f November 03, 2017). It is held by private trusts of Bharti family, with Mr. Sunil Bharti Mittal's family trust effectively controlling the said company.

iv Entity having significant influence over Bharti Airtel Limited
Singapore Telecommunications Limited

v Other entities with whom transactions have taken place during the year
a. Fellow Subsidiaries
Bharti International (Singapore) Pte. Limited (Until March 13, 2018)
Network i2i Limited (Until March 13, 2018)
Bharti Airtel (UK) Limited
Bharti Airtel (USA) Limited
Bharti Airtel (Japan) Private Limited
Bharti Airtel (France) SAS

All amounts are in Hong Kong Dollar – 'HK$' ; unless stated otherwise

(b) In addition to the transactions and balances set out elsewhere in the financial statements, the Company had the following transactions with related parties during the year:

	Notes	**2,018**	**2,017**
Telecommunications service revenue from Bharti Airtel Limited	(i)	18,652,785	11,637,388
Telecommunications service fee charged by Bharti Airtel Limited	(i)	13,799,789	17,588,571
Telecommunications service revenue from Bharti International (Singapore) Pte. Limited	(i)	10,251,892	3,728,277
Telecommunications service fee charged by Bharti International (Singapore) Pte. Limited	(i)	3,611,105	3,226,395
Telecommunications service revenue from Singapore Telecommunications Limited	(i)	608,853	190,990
Telecommunications service fee charged by Singapore Telecommunications Limited	(i)	-	184,571
Telecommunications service revenue from Bharti Airtel (USA) Limited	(i)	6,175,346	6,435,712
Telecommunications service revenue from Bharti Airtel (UK) Limited	(i)	237,940	902,858
Telecommunications service fee charged by Bharti Airtel (UK) Limited	(i)	1,072,292	1,081,437
Telecommunications service fee charged by Network i2i Limited	(i)	1,867,342	1,467,399
Telecommunications service fee charged by Bharti Airtel (Japan) Private Limited	(i)	494,913	655,068
Telecommunications service fee charged by Bharti Airtel (France) SAS	(i)	55,878	109,312
Repayment of loan from Bharti International (Singapore) Pte. Limited		8,846,488	25,414,602
Proceeds of loan from Bharti International (Singapore) Pte. Limited		8,526,841	-
Purchase of fixed assets from Network i2i Limited		(3,365,465)	-
Interest charged by Bharti International (Singapore) Pte. Limited	(ii)	671,427	822,673

Notes:

(i) The fees were charged based on terms mutually agreed between the relevant parties.

(ii) The interest rate is disclosed in note 15 to the financial statements.

All amounts are in Hong Kong Dollar – 'HK$' ; unless stated otherwise

(c) Outstanding balances with related parties:

	Bharti Airtel Limited	Bharti International (Singapore) Pte. Limited	Singapore Telecommunications Limited	Bharti Airtel (USA) Limited	Bharti Airtel (UK) Limited	Network i2i Limited	Bharti Airtel (Japan) Private Limited	Bharti Airtel (France) SAS
As of March 31, 2018								
Trade payables	-	-	-	-	(189,378)	(408,312)	(124,469)	(7,211)
Trade receivables	425,731	2,633,165	136,462	1,548,360	-	-	-	-
Borrowings (including accrued interest)	-	(27,579,322)	-	-	-	-	-	-
	425,731	**(24,946,157)**	**136,462**	**1,548,360**	**(189,378)**	**(408,312)**	**(124,469)**	**(7,211)**
As of March 31, 2017								
Trade payables	-	(1,218,320)	-	-	(551,441)	-	(656,469)	(50,670)
Trade receivables	279,250	-	113,620	1,022,329	-	465,716	-	-
Borrowings (including accrued interest)	-	(27,898,970)	-	-	-	-	-	-
	279,250	**(29,117,290)**	**113,620**	**1,022,329**	**(551,441)**	**465,716**	**(656,469)**	**(50,670)**

As at 31 March 2018, except as disclosed in note 15, all balances with the parent entity, intermediate parent entity, fellow subsidiaries and entity having significant influence over Bharti Airtel Limited are unsecured, interest-free and have no fixed terms of repayment.

(d) Compensation to the key management personnel of the Company during the year represents directors' remuneration and is disclosed in note 8 to the financial statements.

21. Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from prior year.

The capital structure of the Company consists of net of debt (which include borrowings as disclosed in note 15 and equity attributable to owners of the Company, comprising issued share capital.

The Directors review the capital structure on a regular basis and will request funding from Bharti Airtel Limited on the basis that Bharti Airtel Limited has agreed to provide adequate funds for the Company to meet in full its liabilities as they fall due for a period of at least 12 months from the report date. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the director, the Company will balance its overall capital structure through raising of new capital as well as the issue of new debts.

All amounts are in Hong Kong Dollar – 'HK$' ; unless stated otherwise

The gearing ratios are as follows:

	2018	2017
Interest bearing borrowings	21,722,784	19,871,172
Less: Cash and cash equivalents	3,884,958	9,520,609
Net debt	17,837,826	10,350,563
Equity	1,682,587	(14,598,956)
Capital and net debt	19,520,413	(4,248,393)
Gearing ratio	91%	-244%

22. Financial Instruments

a. Categories of financial instruments

	2018	2017
Financial assets		
Loans and receivables (including cash and cash equivalents)	15,192,294	16,977,636
Financial liabilities		
Amortised cost	31,775,672	44,398,847

b. Financial risk management objectives and policies

The Company's major financial instruments include bank balances and cash, trade receivables, other financial assets, trade and other payables and borrowings from Bharti International (Singapore) Pte. Limited. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure that appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Interest rate risk

The Company is exposed to cash flow interest rate risk in relation to variable-rate borrowing from Bharti International (Singapore) Pte. Limited (see Note 15 for details). The Company's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR arising from the Company's US$ dominated borrowings.

The directors of the Company consider that the overall interest rate risk is not significant as the fluctuation of interest rates on HIBOR is minimal. Accordingly, no sensitivity analysis is prepared and presented.

(ii) Currency risk

The Company has no significant exposure to foreign exchange risk arising from various currency exposures. The transactions and recognised assets and liabilities are mainly denominated in either United States dollars ("US$") (the Company's functional currency) or HK$. As HK$ is pegged to US$, the Company does not anticipate significant movements in US$ to HK$ exchange rate. The Company will continuously monitor its foreign currency risk exposures in light of various market conditions to determine if any hedging arrangements are required in the future.

Credit risk

As at 31 March 2018, other than those financial assets whose carrying amounts best represent the maximum exposure to credit risk, the Company's maximum exposure to credit risk which will cause a financial loss to the Company 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 statement of financial position.

In order to minimise the credit risk, the management of the Company has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Company's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Other than concentration of credit risk on liquid funds which are deposited with banks with good reputation, the Company does not have any other significant concentration of credit risk, with exposure spread over a number of counterparties.

Liquidity risk

The Company had net current liabilities and net liabilities as at 31 March 2018. Therefore the Company is exposed to liquidity risk. In the management of the liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management and will ensure adequate funding would obtain from Bharti Airtel Limited to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

All amounts are in Hong Kong Dollar – 'HK$' ; unless stated otherwise

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities which are repayable on demand or in less than 1 year. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

Liquidity table

	2018	2017
Trade and other payables	4,196,350	16,499,877
Due to a holding company *	28,275,770	28,480,699
	32,472,120	**44,980,576**

* includes contractual interest payments based on the interest rate prevailing at the end of the reporting period, over the tenure of the borrowings.

c. Fair value measurement of financial instruments

The fair value of financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The Directors consider that the carrying amounts of the financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

23. Reconciliation of liabilities arising from financing activities

The table below details changes in the Company's liabilities arising from financing activities, both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, of future cash flows will be, classified in the Company's statements of cash flows as cash flows from financing activities.

	Borrowings from Bharti International (Singapore) Pte. Ltd
As at 31 March 2017	27,898,970
Financing cash flow	(991,075)
Non cash changes	
Interest expense recognised (note 6)	671,427
As at 31 March 2018	**27,579,322**

24. Approval of the financial statements

The financial statements were approved and authorised for issue by the board of directors on 12 July 2018.