

**NU TEK (HK) PRIVATE LIMITED**  
**REPORTS AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST MARCH 2016**

**徐成基會計師事務所**  
**S. K. CHUI & CO.**  
Certified Public Accountants

**NU TEK (HK) PRIVATE LIMITED**  
**REPORTS AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST MARCH 2016**

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**NU TEK (HK) PRIVATE LIMITED**  
**REPORT OF A DIRECTOR**

The director has pleasure in submitting his annual report together with the audited financial statements of the Company and its subsidiaries for the year ended 31st March 2016.

**PRINCIPAL ACTIVITIES**

The principal activities of the Company are that of provision of consultancy services. The activities of its subsidiaries are set out in note 8 to the financial statements.

**RESULTS AND APPROPRIATION**

The Group's results for the year ended 31st March 2016 are set out in the annexed financial statements.

The director does not recommend any payment of dividends for the year.

**RESERVES**

No transfer to reserves has been made or proposed for the year.

**SHARE ISSUED IN THE YEAR**

Details of shares issued in the year ended 31st March 2016 are set out in note 16 to the financial statements. There were no movements during the year.

**DIRECTORS**

The directors who held office during the year and up to date of this report were:

Murugaiyan Karthikeyan	(Appointed on 01st June 2015)
Sharma Inder	(Resigned on 01st June 2015)

There being no provision in the Company's Articles of Association for rotation, the director shall continue in office.

**DIRECTORS' MATERIAL INTEREST IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS**

As more fully described in notes 9, 12, 13, 14 and 18 to the financial statements, the Company made advances to and from related parties.

Apart from above, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company's subsidiaries, fellow subsidiary or its parent company was a party, and in which any director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

At no time during the year was the Company, its subsidiaries, fellow subsidiary or its parent company a party to any arrangements to enable the directors of the Company to hold any interests in the shares or debentures of, the Company or its specified undertakings.

**NU TEK (HK) PRIVATE LIMITED**  
**REPORT OF THE DIRECTORS**  
(Continued)

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

AUDITORS

The consolidated financial statements have been audited by Messrs. S. K. Chui & Co., Certified Public Accountants who retire and being eligible, offer themselves for re-appointment.

On behalf of the Board

Chairman  
*Hong Kong, 31st May 2016*

A circular blue ink stamp of NU TEK (HK) PRIVATE LIMITED is visible, with a handwritten signature in black ink overlaid on it.

**S. K. CHUI & CO.****Certified Public Accountants**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF  
NU TEK (HK) PRIVATE LIMITED**  
(incorporated in Hong Kong with limited liability)

**Report on the Financial Statements**

We have audited the consolidated financial statements of Nu Tek (HK) Private Limited and its subsidiaries set out on pages 6 to 21, which comprise the consolidated statement of financial position as at 31 March 2016, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Director's Responsibility for the Consolidated Financial Statements*

The director of the Company is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the Hong Kong Financial Reporting Standard for Private Entities issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the director determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made 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.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the director, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**S. K. CHUI & CO.**  
Certified Public Accountants

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF  
NU TEK (HK) PRIVATE LIMITED**  
(incorporated in Hong Kong with limited liability)  
(continued)

*Basis for qualified opinion*

- (i) The consolidated financial statements incorporated the financial information of the Company's three overseas branches based on audited financial statements for the year ended 31st March 2016 by adopting the exchange rate last year for the conversion and the information supplied by the management. We did not audit the financial statements of these branches, whose financial statements reflect the turnover and loss of these branches approximate to HK\$1,900,000 and HK\$3,800,000 for the year ended 31st March 2016 respectively, net liabilities approximate to HK\$6,200,000 at 31st March 2016. These financial statements and other financial information have been subjected to audit by other auditors whose reports have been furnished to us and our opinion is based solely on the reports of other auditors. Accordingly, we are not able to obtain sufficient appropriate audit evidence to form an audit opinion. It is not practicable to quantify the effects of the departure from these requirements including the exchange adjustment thereof.
- (ii) The consolidated financial statements of the Group for the year included a Company's audited financial statements (including three overseas branches as mentioned in point (i) above) and audited financial statements of subsidiaries prepared in accordance with the accounting principles generally accepted in the The Republic of Costa Rica and The Republic of Guatemala. We did not audit the financial statements of these subsidiaries, whose financial statements reflect the turnover and loss of these subsidiaries approximate to HK\$170,000 and HK\$120,000 for the year ended 31st March 2016 respectively, net liabilities approximate to HK\$3,600,000 as at 31st March 2016. These financial statements and other financial information have been subjected to audit by other auditors whose reports have been furnished to us and our opinion is based solely on the reports of other auditors and the information provided by the management. Accordingly, we are not able to obtain sufficient appropriate audit evidence to form an audit opinion. In addition, we are unable to obtain sufficient information to ascertain the ownership of the subsidiaries. It is not practicable to quantify the effects of the departure from these requirements.
- (iii) In the absence of sufficient documentary evidence, we were unable to ascertain the underlying value of the Group's investment in an associate of HK\$349,000,000 approximately and to assess the amounts of provisions, if any, which might have been required.
- (iv) Included in the consolidated statement of financial position is the amounts of trade receivables of HK\$94,000,000 approximately. We have not been provided with documentary evidence to substantiate the recoverability and to assess the provision, if any, which might have been required.

*Qualified opinion*

In our opinion, except for the effect on the consolidated financial statements of the matters described in the basis for qualified opinion paragraph, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31st March 2016, and of their performance and cash flows for the year then ended in accordance with the Hong Kong Financial Reporting Standard for Private Entities and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

**S. K. CHUI & CO.**  
Certified Public Accountants

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF  
NU TEK (HK) PRIVATE LIMITED**  
(incorporated in Hong Kong with limited liability)  
(continued)

**Report on Director's Report under Section 406(2) of the Hong Kong Companies Ordinance**

In addition to the respective responsibilities of the director and auditor stated in above section "Report on the Financial Statements", the director is also responsible for the preparation of the director's report as set out on pages 1 to 2 in accordance with the Hong Kong Companies Ordinance.

It is our responsibility to read the information in the director's report for the year ended 31 March 2016 as set out on pages 1 and 2 to identify and report inconsistencies with the financial statements. However, we have not audited or reviewed the director's report and accordingly do not express an audit opinion or a review conclusion or any assurance conclusion on the director's report as a whole.



S. K. Chui & Co.  
Certified Public Accountants  
Hong Kong,

31 MAY 2016

**NU TEK (HK) PRIVATE LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31ST MARCH 2016**

	Note	2016 HK\$	2015 HK\$
Turnover	3	2,504,165	21,501,223
Cost of turnover		(2,882,674)	(17,996,353)
Gross (loss) / profit		<u>(378,509)</u>	<u>3,504,870</u>
Other income	4	2,693	8,484
Administrative and general expenses		<u>(12,250,621)</u>	<u>(9,307,814)</u>
(Loss) before tax	5	(12,626,437)	(5,794,460)
Income tax (expense) / credit	6	(1,082,046)	122,041
(Loss) for the year		<u><u>(13,708,483)</u></u>	<u><u>(5,672,419)</u></u>

The notes on pages 10 to 21 form an integral part of these financial statements.



**NU TEK (HK) PRIVATE LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31ST MARCH 2016**

	Note	2016 HK\$	2015 HK\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	16,164	1,491,688
Trade receivables		93,943,102	94,381,316
Contract work in progress		230,080	230,084
Trade deposits paid and other receivables		85,030,173	84,412,937
Amount due from ultimate holding company	9	-	698,473
Profits tax prepaid		6,335	6,335
		<u>179,225,854</u>	<u>181,220,833</u>
<b>Non-current assets</b>			
Property, plant & equipment	10	47,586,665	55,666,592
Interest in an associate	11	349,105,500	349,105,500
		<u>396,692,165</u>	<u>404,772,092</u>
<b>TOTAL ASSETS</b>		<u><u>575,918,019</u></u>	<u><u>585,992,925</u></u>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Bank overdraft		5,686	47
Trade payables		5,907,006	5,867,818
Accrued expenses and other payables		236,223	159,486
Amount due to the ultimate holding company	12	2,173,350	-
Amount due to a director	14	272,788	-
Amount due to a fellow subsidiary	13	2,327,370	2,327,370
Provision for taxation		103,967	119,037
		<u>11,026,390</u>	<u>8,473,758</u>
<b>Non-current liabilities</b>			
Deferred tax		1,080,945	-
Unsecured loan	15	405,498	405,498
		<u>1,486,443</u>	<u>405,498</u>
<b>Total liabilities</b>		<u><u>12,512,833</u></u>	<u><u>8,879,256</u></u>
<b>EQUITY</b>			
Share capital	16	566,575,998	566,575,998
(Accumulated losses) / Retained profits		(3,172,992)	10,535,491
Capital reserve		2,180	2,180
		<u>563,405,186</u>	<u>577,113,669</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u><u>575,918,019</u></u>	<u><u>585,992,925</u></u>

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Director

The notes on pages 10 to 21 form an integral part of these financial statements.

**NU TEK (HK) PRIVATE LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31ST MARCH 2016**

	Share capital HK\$	Retained profits HK\$	Capital Reserve HK\$	Total equity HK\$
At 31st March 2014	566,575,998	16,207,910	2,180	582,786,088
(Loss) for the year	-	(5,672,419)	-	(5,672,419)
At 31st March 2015	<u>566,575,998</u>	<u>10,535,491</u>	<u>2,180</u>	<u>577,113,669</u>
(Loss) for the year	-	(13,708,483)	-	(13,708,483)
At 31st March 2016	<u><u>566,575,998</u></u>	<u><u>(3,172,992)</u></u>	<u><u>2,180</u></u>	<u><u>563,405,186</u></u>

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-5672419

1.1E+07

**NU TEK (HK) PRIVATE LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31ST MARCH 2016**

	Note	2016 HK\$	2015 HK\$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
(Loss) before tax		(12,626,437)	(5,794,460)
Adjustments for:			
Depreciation		8,079,926	8,079,926
Interest income		(6)	(377)
Operating (loss) / profit before changes in working capital		<u>(4,546,517)</u>	<u>2,285,089</u>
Changes in working capital:			
Decrease / (Increase) in trade receivables		438,214	(45,757)
Decrease in contract work in progress		4	681,938
Decrease / (Increase) in amount due from a holding company		698,473	(698,473)
(Increase) / Decrease in trade deposits and other receivables		(617,236)	6,168,799
Increase / (Decrease) in trade payables		39,188	(8,027,977)
Increase / (Decrease) in amount due to ultimate holding company		2,173,350	(698,939)
Increase in amount due to a director		272,788	-
Increase / (Decrease) in accrued expenses		<u>76,737</u>	<u>(247,713)</u>
<b>CASH (USED IN) OPERATIONS</b>		<u>(1,464,999)</u>	<u>(583,033)</u>
Bank interest received		6	377
Foreign profits tax (paid) / refunded		<u>(16,170)</u>	<u>95,793</u>
		<u>(1,481,163)</u>	<u>(486,863)</u>
<b>NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES</b>			
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
		(1,481,163)	(486,863)
Cash, Cash Equivalent and Bank Overdraft at the beginning of the year	7	1,491,641	1,978,504
Cash, Cash Equivalent and Bank Overdraft at the end of the year	7	<u><u>10,478</u></u>	<u><u>1,491,641</u></u>

The notes on pages 10 to 21 form an integral part of these financial statements.

**NU TEK (HK) PRIVATE LIMITED**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO**  
**THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST MARCH 2016**

1. GENERAL INFORMATION

Nu Tek (HK) Private Limited is a company incorporated in Hong Kong with limited liability. The address of its registered office and principal place of business is Unit T, 1st Floor, Mau Lam Commercial Building, 16-18 Mau Lam Street, Jordan, Kowloon, Hong Kong. The Group consists of the Company its branches in Madagascar, Malawi and Zambia and its wholly-owned subsidiaries Nutek Latinoamerica, S.A. and Nutek Guatemala, S. A.

The principal activities of the Company are that of provision of consultancy services. The activities of its subsidiaries are set out in note 8 to the financial statements.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities (HKFRS for Private Entities) issued by the Hong Kong Institute of Certified Public Accountants and the requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention.

a. Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and its subsidiary. A subsidiary is an entity (including special purpose entity) over which the group has the power to govern the financial and operating policies so as to obtain benefits from its activities, generally but not necessarily accompanying a shareholding of more than half of the voting power. The subsidiary is fully consolidated from the date on which control is transferred to the Group and is de-consolidated from the date that control ceases.

All intragroup transactions, balances, income and expenses are eliminated. Accounting policies of the subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Group. There is no difference in the reporting date of the financial statements of the company and its subsidiary used in the preparation of the consolidated financial statements.

In the Company's statement of financial position, the investment in a subsidiary is stated at cost less provision for impairment loss. The results of the subsidiary are accounted for by the Company on the basis of dividends received and receivable.

b. Subsidiaries

A subsidiary is an entity in which the company, directly or indirectly, controls more than half of its voting power or issued share/registered capital or controls the composition of its board of directors.

The results of subsidiaries are included in the Company's statement of comprehensive income to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

**NU TEK (HK) PRIVATE LIMITED**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO**  
**THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST MARCH 2016**

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES - continued

c. Interest in an associate

An associate is an entity, including an unincorporated entity such as a partnership, over which the company has significant influence and that is neither a subsidiary. The company has elected to account for its investment in an associate at cost less any accumulated impairment losses and there is no published price quotation available for the company's associate.

Dividend income from the investment in an associate is recognised when the company's right to receive payment has been established and is included in "other income".

d. Property, plant and equipment

Projects under construction are not depreciated. Items of other property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following annual rates are used for the depreciation of property, plant and equipment:

Project under construction	Nil
Furniture and fixtures	20%
Equipment & software	16.85% to 33.33%

If there is an indication that there has been a significant change in the depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

e. Impairment of assets

At each reporting date, property, plant and equipment, interests in a subsidiaries and interest in an associate are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If an estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

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

**NU TEK (HK) PRIVATE LIMITED**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO**  
**THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST MARCH 2016**

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES - continued

f. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdraft is shown within borrowings in current liabilities on the statement of financial position.

g. Trade and other receivables

Most sales are made on the basis of normal credit terms, and the receivables do not bear interest. Where credit is extended beyond normal credit terms, receivables are measured at amortised cost using the effective interest method. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in profit or loss.

h. Contract work in progress

Where the outcome of construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately

i. Borrowings

Borrowings are recognised initially at the transaction price and are subsequently stated at amortised cost. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

j. Trade payables

Trade payables are obligations on the basis of normal credit terms and do not bear interest.

**NU TEK (HK) PRIVATE LIMITED**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO**  
**THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST MARCH 2016**

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES - continued

k. Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the group and when the revenue can be measured reliably, on the following bases:-

- (i) Consultancy income is recognised in the period when consultancy services are rendered.
- (ii) Interest income is recognised on a time proportion basis taking into account the principal outstanding and at the interest rate applicable.

l. 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.

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 recognised for all temporary differences that are expected to increase taxable profit in the future. 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 goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in profit or loss.

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.

m. Employee benefit obligations

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.



**NU TEK (HK) PRIVATE LIMITED**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO**  
**THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST MARCH 2016**

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES - continued

n. Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). These consolidated financial statements are presented in Hong Kong Dollars, which is the company's functional and the group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

o. Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

p. Related parties

- (i) A person or a close member of that person's family is related to the group and the company if that person:
- is a member of the key management personnel of the group and the company or of a parent of the group and the company;
  - has control over the group and the company; or
  - has joint control or significant influence over the reporting entity or has significant voting power in it.
- (ii) An entity is related to the group and the company if any of the following conditions applies:
- the entity and the group and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - either entity is an associate or joint venture of the other entity (or of a member of a group of which the other entity is a member).
  - both entities are joint ventures of a third entity.
  - either entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - the entity is a post-employment benefit plan for the benefit of employees of either the group and the company or an entity related to the group and the company. If the reporting entity is itself such a plan, the sponsoring employers are also related to the plan.
  - the entity is controlled or jointly controlled by a person identified in (i).
  - a person identified in the first category of (i) has significant voting power in the entity.

**NU TEK (HK) PRIVATE LIMITED**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO**  
**THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST MARCH 2016**

## 3. TURNOVER

	2016	2015
	HK\$	HK\$
Consultancy income	2,504,165	21,501,223
	<u>2,504,165</u>	<u>21,501,223</u>

## 4. OTHER INCOME

	2016	2015
	HK\$	HK\$
Bank interest income	6	377
Sundry income	2,687	8,107
	<u>2,693</u>	<u>8,484</u>

## 5. (LOSS) BEFORE TAX

The following items have been recognised as expenses / (income) in determining (loss) before tax:

	2016	2015
	HK\$	HK\$
Audit fees		
- Hong Kong head office	40,000	40,000
Directors' emoluments		
- Fees	-	-
- Other emoluments	-	-
Depreciation	8,079,926	8,079,926
Operating lease charge in respect of plant and machinery	-	3,440
Loss on exchange, net	2,876,322	80,128
Staff salaries	17,215	31,800
Bank interest income	<u>(6)</u>	<u>(377)</u>

**NU TEK (HK) PRIVATE LIMITED**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO**  
**THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST MARCH 2016**

6. INCOME TAX

No provision for Hong Kong profits tax has been made in the financial statements as the director considers that all Company's operation activities are performed outside Hong Kong for the Hong Kong head office. However, the provision for taxation provided in the books is for the branches of the Company opened in Madagascar, Zambia and Malawi as per the prevailing tax rates in Madagascar, Zambia and Malawi. Accordingly the Company's profit is not subject to Hong Kong profits tax for the year (2015: Nil). Taxes on profits assessable in subsidiaries have been calculated at the rate of tax prevailing in which the Group operates.

There were no unprovided deferred tax liabilities at the end of the reporting period for the Hong Kong head office of the Company.

The amount of taxation (charged)/credited to statement of comprehensive income represents:

	2016 HK\$	2015 HK\$
Current - Hong Kong Profits Tax	-	-
Current - Madagascar Profits Tax	1,101	(1,217)
Current - Malawi Profits Tax	-	-
Current - Zambia Profits Tax	-	(18,857)
	<u>1,101</u>	<u>(20,074)</u>
Deferred tax - Malawi Profits Tax	1,080,945	142,115
	<u>1,082,046</u>	<u>122,041</u>

7. CASH AND CASH EQUIVALENTS

	2016 HK\$	2015 HK\$
Cash and bank balances	<u>16,164</u>	<u>1,491,688</u>

Cash, cash equivalents and bank overdraft include the following for the purpose of the consolidated statement of cash flows:

	2016 HK\$	2015 HK\$
Cash and cash equivalents in the consolidated statement of financial position	16,164	1,491,688
Bank overdraft	<u>(5,686)</u>	<u>(47)</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u>10,478</u>	<u>1,491,641</u>

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**8. INTEREST IN SUBSIDIARIES**

At 31 March 2016, the Company had an interest in the following subsidiaries:

<u>Name of the companies</u>	<u>Place of incorporation</u>	Particulars of issued <u>capital</u> US\$	<u>Proportion of ownership interest</u>		Principal <u>activities</u>
			<u>Held by the Company</u>	<u>Held by a subsidiary</u>	
Nutek Latinoamerica S.A.	The Republic of Costa Rica	17.88	100%	-	Provision of consultancy services
Nutek Guatemala S.A.	The Republic of Guatemala	1,322	99%	1%	Installation of telephone towers

The audit of the subsidiaries are not carried out by S. K. Chui & Co., Certified Public Accountants.

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9. AMOUNT DUE FROM ULTIMATE HOLDING COMPANY

The amount due from ultimate holding company is unsecured, interest-free and has no fixed repayment terms.

10. PROPERTY, PLANT AND EQUIPMENT

	Projects under <u>construction</u>	Furniture & Fixtures	Equipments & Software	<u>Total</u>
	HK\$	HK\$	HK\$	HK\$
Net book value				
Cost	44,220,030	5,004	35,802,801	80,027,835
Accumulated depreciation	-	(5,003)	(24,356,240)	(24,361,243)
At 01/04/2015	<u>44,220,030</u>	<u>1</u>	<u>11,446,561</u>	<u>55,666,592</u>
Depreciation charge for the year	-	-	(8,079,926)	(8,079,926)
At 31/03/2016	<u><u>44,220,030</u></u>	<u><u>1</u></u>	<u><u>3,366,635</u></u>	<u><u>47,586,666</u></u>
Comprising of:				
Cost	44,220,030	5,004	35,802,801	80,027,835
Accumulated depreciation	-	(5,003)	(32,436,166)	(32,441,169)
At 31/03/2016	<u><u>44,220,030</u></u>	<u><u>1</u></u>	<u><u>3,366,635</u></u>	<u><u>47,586,666</u></u>

11. INTEREST IN AN ASSOCIATE

	2016 HK\$	2015 HK\$
Unlisted investments at cost	<u>349,105,500</u>	<u>349,105,500</u>

Particulars of the Company's associate as at 31st March 2016 is as follows:

<u>Name of the company</u>	<u>Place of incorporation</u>	<u>Issued shares &amp; paid up capital</u>	<u>Percentage of equity held by the Company</u>	<u>Principal activities</u> General Trading
Gulf Power Corporation Ltd	UAE	AED 15,000,000	45%	

12. AMOUNT DUE TO ULTIMATE HOLDING COMPANY

The amount due to ultimate holding company is unsecured, interest-free and has no fixed repayment terms.

13. AMOUNT DUE TO A FELLOW SUBSIDIARY

The amount due to a fellow subsidiary was unsecured, interest free and had no fixed terms of repayment

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14. AMOUNT DUE TO A DIRECTOR

The amount due to a director was unsecured, interest free and had no fixed terms of repayment.

15. UNSECURED LOAN

The loans were unsecured and non-interest bearing and not to demand repayment within twelve months from the reporting date and the amount is therefore shown as non-current liabilities.

16. SHARE CAPITAL

	2016	2015
	HK\$	HK\$
Issued and fully paid		
566,575,998 ordinary shares	566,575,998	566,575,998

17. KEY SOURCES OF ESTIMATION UNCERTAINTY

Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry activities. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or writedown technically obsolete or non-strategic assets that have been abandoned or sold.

Impairment on trade and other receivables

The Group makes impairment loss on doubtful debts based on an assessment of the recoverability of trade and other receivables. Impairment are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact carrying value of receivables and doubtful debt expenses in the period in which such estimate has been changed.

18. IMMEDIATE PARENT AND ULTIMATE CONTROLLING COMPANY

At 31st March 2016, the directors consider the immediate parent and ultimate controlling party of the Group to be Nu Tek India Limited, a company incorporated in India.

During the year, the Company undertook the following transactions with the ultimate holding company:

	2016	2015
	HK\$	HK\$
<u>Nature of the Transactions</u>		
Consultancy Charges	763,959	13,197,972

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## 19. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	2016 HK\$	2015 HK\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		15,581	1,489,245
Trade receivables		93,943,102	94,412,824
Trade deposits paid and other receivables		83,768,272	83,119,529
Amounts due from the subsidiaries		4,629,331	4,779,845
Amount due from the ultimate holding company		-	698,473
Profits tax prepaid		6,335	-
		<u>182,362,621</u>	<u>184,499,916</u>
<b>Non-current assets</b>			
Property, plant & equipment		47,586,665	55,666,592
Investment in subsidiaries	8	10,348	10,348
Interest in an associate		349,105,500	349,105,500
		<u>396,702,513</u>	<u>404,782,440</u>
<b>TOTAL ASSETS</b>		<u>579,065,134</u>	<u>589,282,356</u>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Bank overdraft		5,639	-
Trade payables		5,907,006	5,867,818
Accrued expenses		216,053	139,316
Amount due to a director		272,788	-
Amount due to the ultimate holding company		2,173,350	-
Amount due to a fellow subsidiary		2,327,370	2,327,370
Provision for taxation		26,838	56,395
		<u>10,929,044</u>	<u>8,390,899</u>
<b>Non-current liabilities</b>			
Deferred tax		1,080,945	-
<b>Total liabilities</b>		<u>12,009,989</u>	<u>8,390,899</u>
<b>EQUITY</b>			
Share capital	19a	566,575,998	566,575,998
Retained profits	19a	479,147	14,315,459
		<u>567,055,145</u>	<u>580,891,457</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>579,065,134</u>	<u>589,282,356</u>

## a. Movement in components of equity of the Company

	Share capital	Retained profits	Total equity
At 31 March 2014	566,575,998	19,872,184	586,448,182
(Loss) for the year	-	(5,556,725)	(5,556,725)
At 31 March 2015	566,575,998	14,315,459	580,891,457
(Loss) for the year	-	(13,836,312)	(13,836,312)
At 31 March 2016	<u>566,575,998</u>	<u>479,147</u>	<u>567,055,145</u>

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20. CONTINGENT LIABILITIES

- a. An overseas branch of the Company had a litigation for income tax, value added tax and penalties on transferred sum to India with local Tax Authorities of MGA 567,000,000 approximately.
- b. In previous year, a legal proceeding was commenced by a charter of vessel against the Company to load dangerous cargo at Rabigh in Saudi Arabia with customs clearance of US\$8,800,000 approximately plus related indemnity, interest and cost.

21. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved and authorised for issue by the Sole Director on 31st May 2016.