中国核建

CHINA NUCLEAR INDUSTRY 23 INTERNATIONAL CORPORATION LIMITED

中國核工業二三國際有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 611)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2012

SUMMARY

- During the twelve months, the Group's turnover increased by HK$4,262,000 or 1.4%.
- Profit for the year amounted to HK$493,427,000, excluding the net fair value gains on these derivative financial instruments of HK$506,248,000 and the imputed interest on convertible bonds of HK$14,119,000, the Group would have recorded a net profit of HK$1,298,000 from its core business for the year ended 31 March 2012.
- Strengthen the development in the mainland market and sustainable expansion of the relevant business in Hong Kong so as to further sharpen the Group's external competitive edges.

The board of directors (the "Board") of China Nuclear Industry 23 International Corporation Limited (the "Company") is pleased to announce the consolidated results and financial position of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2012 together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
REVENUE	3	**300,097**	295,835
Other revenue and gains		**11,666**	2,769
Cost of inventories used		**(94,458)**	(93,728)
Staff costs		**(88,505)**	(83,099)
Rental expenses		**(41,084)**	(38,082)
Utility expenses		**(20,943)**	(21,974)
Depreciation		**(7,251)**	(6,630)
Other operating expenses		**(57,977)**	(48,638)
Fair value gains/(losses) on derivative financial instruments, net		**506,248**	(890,863)
Finance costs	4	**(14,119)**	(3,053)
Share of result of an associate, net		**972**	–
PROFIT/(LOSS) BEFORE TAXATION	5	**494,646**	(887,463)
Income tax expense	6	**(1,219)**	(1,621)
PROFIT/(LOSS) FOR THE YEAR		**493,427**	(889,084)
Other comprehensive income for the year, net of tax			
Gain on property revaluation		**579**	38
Share of other comprehensive income of an associate		**600**	–
Total comprehensive income/(loss) for the year		**494,606**	(889,046)
Profit/(loss) for the year attributable to:			
Owners of the Company		**492,587**	(890,647)
Non-controlling interests		**840**	1,563
		493,427	(889,084)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**493,766**	(890,609)
Non-controlling interests		**840**	1,563
		494,606	(889,046)
Earnings/(loss) per share attributable to owners of the Company			
– Basic (HK$ per share)	7	**0.71**	(2.35)
– Diluted (HK$ per share)	7	**(0.02)**	(2.35)
Dividend	8	**–**	–

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**21,517**	20,981
Investment properties		**38,000**	29,500
Prepaid land lease payments		**6,972**	7,073
Available-for-sale investment		**500**	500
Prepayment for acquisition of property, plant and equipment		**–**	1,253
Goodwill	9	**105,440**	–
Interest in an associate	10	**96,051**	–
Deferred tax assets, net		**2,324**	1,620
		270,804	60,927
CURRENT ASSETS			
Inventories		**6,898**	3,905
Trade receivables	11	**923**	969
Prepayments, deposits and other receivables		**19,167**	16,544
Tax recoverable		**–**	516
Cash and bank equivalents		**243,272**	336,720
		270,260	358,654
CURRENT LIABILITIES			
Trade payables	12	**5,354**	5,641
Other payables and accruals		**20,719**	20,622
Provision for long service payments		**1,453**	1,060
Derivative financial instruments	14	**239,026**	903,377
Tax payable		**663**	–
		267,215	930,700
NET CURRENT ASSETS/(LIABILITIES)		**3,045**	(572,046)
TOTAL ASSETS LESS CURRENT LIABILITIES		**273,849**	(511,119)
NON-CURRENT LIABILITIES			
Convertible bonds	13	**48,687**	178,924
Receipt in advance		**650**	–
Deferred tax liabilities, net		**5**	65
		49,342	178,989
Net assets/(liabilities)		**224,507**	(690,108)
CAPITAL AND RESERVES			
Share capital		**96,732**	56,732
Reserves		**126,746**	(749,479)
Equity attributable to owners of the Company		**223,478**	(692,747)
Non-controlling interests		**1,029**	2,639
Total equity		**224,507**	(690,108)

Notes:

1. **Basis of preparation**

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). These consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the consolidated financial statements for the year ended 31 March 2011.

2. **Application of new and revised HKFRSs**

The HKICPA has issued certain new and revised standards, amendments and interpretations that are mandatory for accounting periods beginning on or after 1 April 2011. The new and revised standards, amendments and interpretations adopted in the current year are referred to as new and revised HKFRSs. A summary of the effect on initial adoption of these new and revised HKFRSs is set out below.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKFRS 1 (Amendments)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKAS 24 (Revised)	Related Party Disclosures
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

Other than as further explained below regarding the impact of HKAS 24(Revised), and amendment to HKFRS 1, HKFRS 3, HKAS 1 and HKAS 27 included in Improvement to HKFRSs 2010, the adoption of the new and revised HKFRSs has had no significant financial effect on these consolidated financial statements.

HKAS 24 (as revised in 2009) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard.

HKFRSs (Amendments) – Improvements to HKFRSs issued in 2010. There are separate transitional provisions for each standard. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact on the financial position or performance of the Group. Details of the key amendments applicable to the Group are as follows:

a) HKFRS 1 (Amendments) addresses the presentation and disclosure requirements for an entity which changes its accounting policies or its uses of the exemptions contained in this HKFRS. It also introduces the use of the revaluation basis as deemed cost and extends the use of the deemed cost exemption to entities with operations subject to rate regulation.

b) HKFRS 3 (Amendments) clarifies that the amendments to HKFRS 7, HKAS 32 and HKAS 39 that eliminate the exemption for contingent consideration do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of HKFRS 3 (as revised in 2008).

   In addition, the amendment limits the scope of measurement choices for non-controlling interests. Only the components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured at either fair value or at the present ownership instruments proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date at fair value, unless another measurement basis is required by another HKFRS.

   The amendment also adds explicit guidance to clarify the accounting treatment for non-replaced and voluntarily replaced share-based payment awards.

c) HKAS 1 (Amendments) clarifies that an analysis of each component of other comprehensive income can be presented either in the statement of changes in equity or in the notes to the financial statements. The Group elects to present the analysis of each component of other comprehensive income in the statement of changes in equity.

d) HKAS 27 (Amendments) clarifies that the consequential amendments from HKAS 27 (as revised in 2008) made to HKAS 21, HKAS 28 and HKAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if HKAS 27 is applied earlier.

The Group has not applied in advance the following new and revised HKFRSs that have been issued but are not yet effective.

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[3]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[2]
HKAS 19 (as revised in 2011)	Employee Benefits[4]
HKAS 27 (as revised in 2011)	Separate Financial Statements[4]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[4]
HKAS 32 (Amendments)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities[5]
HKFRS 1 (Amendments)	First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
HKFRS 1 (Amendments)	Government Loans[4]
HKFRS 7 (Amendments)	Financial Instruments: Disclosure – Transfers of Financial Assets[1]
HKFRS 7 (Amendments)	Financial Instruments: Disclosure – Offsetting Financial Assets and Financial Liabilities[4]
HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosure[6]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statement[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[4]

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 January 2012
3 Effective for annual periods beginning on or after 1 July 2012
4 Effective for annual periods beginning on or after 1 January 2013
5 Effective for annual periods beginning on or after 1 January 2014
6 Effective for annual periods beginning on or after 1 January 2015

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39. The application of the standard is unlikely to have any material financial impact on the Group.

HKFRS 10 establishes a single control model that applies to all entities including special purpose entities or structured entities. It includes a new definition of control which is used to determine which entities are consolidated. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgment to determine which entities are controlled, compared with the requirements in HKAS 27 *Consolidated and Separate Financial Statements* and HK(SIC) – Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also includes the issues raised in HK(SIC) – Int 12. The application of this new standard is unlikely to have any material financial impact on the Group.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC) – Int 13 *Jointly Controlled Entities – Non- Monetary Contributions by Venturers*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e. joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation. The application of this new standard is unlikely to have any material financial impact on the Group.

HKFRS 12 includes the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities that are previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities.

Consequential amendments were made to HKAS 27 and HKAS 28 as a result of the issuance of HKFRS 10, HKFRS 11 and HKFRS 12. The Group expects to adopt HKFRS 10, HKFRS 11, HKFRS 12, and the consequential amendments to HKAS 27 and HKAS 28 from 1 January 2013.

HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but provides guidance on how fair value should be applied where its use has already been required or permitted under other HKFRSs. The Group expects to adopt the standard from 1 January 2013. The application of this new standard is unlikely to have any material financial impact on the Group.

HKAS 1 (Amendments) change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items which will never be reclassified. The Group expects to adopt the amendments from 1 January 2013. The amendments affect presentation only and have no impact on the Group's financial position or performance.

For other new and revised HKFRSs which are issued but not yet effective, the Group is in the process of making an assessment of the impact upon initial application. The Group is not yet in a position to state whether they would have a significant impact on the Group's results of operations and financial position.

3. Segment information

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

(a) the restaurant segment comprises the Group's restaurant operations;

(b) the property segment comprises the Group's property investments;

(c) the hotel segment comprises the Group's hotel operations; and

(d) the corporate segment comprises the Group's corporate income and expense items.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that interest income, finance costs, dividend income, fair value gains/(losses) from the Group's financial instruments, share of result of an associate as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude available-for-sale investment, goodwill, interest in an associate, deferred tax assets, tax recoverable, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude derivative financial instruments, convertible bonds, tax payable, deferred tax liabilities and other unallocated head office and corporate assets as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

All of the Group's revenue from external customers is derived from the Group's operations in Hong Kong. Except for the interest in an associate amounted to approximately HK$96,051,000 as at 31 March 2012, no non-current assets of the Group are located outside Hong Kong.

During the year ended 31 March 2012 and 2011, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

Year ended 31 March 2012

	Restaurant *HK$'000*	Property *HK$'000*	Hotel *HK$'000*	Corporate *HK$'000*	Total *HK$'000*
Segment revenue:					
Sales to external customers	273,956	748	25,393	–	300,097
Intersegment sales	–	19,382	–	11,678	31,060
Other revenue and gains	122	8,500	1,340	305	10,267
Intersegment other revenue and gains	–	–	–	894	894
	274,078	28,630	26,733	12,877	342,318
Reconciliation:					
Elimination of intersegment sales					(31,060)
Elimination of intersegment other revenue and gains					(894)
Total					310,364
Segment results	55	8,217	9,471	(17,597)	146
Reconciliation:					
Interest income and unallocated gains					1,399
Imputed interest on convertible bonds					(14,119)
Fair value gains on derivative financial instruments, net					506,248
Share of result of an associate					972
Profit before taxation					494,646
At 31 March 2012					
Segment assets	51,864	55,020	7,002	222,863	336,749
Reconciliation:					
Unallocated assets					204,315
Total assets					541,064
Segment liabilities	17,929	777	5,868	3,602	28,176
Reconciliation:					
Unallocated liabilities					288,381
Total liabilities					316,557
Other segment information:					
Depreciation	5,087	81	1,666	417	7,251
Fair value gains on investment properties	–	(8,500)	–	–	(8,500)
Additions to non-current assets	6,316	–	24	868	7,208*

* Additions to non-current assets represents additions to property, plant and equipment

Included in the unallocated assets, there are goodwill and interest in an associate amounted to approximately HK$105,440,000 and HK$96,051,000 respectively arising from the acquisition of subsidiaries. Details of the acquisition were set out in note 15. Included in the unallocated liabilities, there are convertible bonds and derivative financial instruments amounted to approximately HK$48,687,000 and HK$239,026,000 respectively.

Year ended 31 March 2011

	Restaurant *HK$'000*	Property *HK$'000*	Hotel *HK$'000*	Corporate *HK$'000*	Total *HK$'000*
Segment revenue:					
Sales to external customers	275,202	853	19,780	–	295,835
Intersegment sales	–	18,344	–	11,237	29,581
Other revenue and gains	1,232	532	195	237	2,196
Intersegment other revenue and gains	–	–	–	1,137	1,137
	276,434	19,729	19,975	12,611	328,749
Reconciliation:					
Elimination of intersegment sales					(29,581)
Elimination of intersegment other revenue and gains					(1,137)
Total					298,031
Segment results	10,198	499	3,079	(7,896)	5,880
Reconciliation:					
Interest income and unallocated gains					573
Imputed interest on convertible bonds					(3,053)
Fair value losses on derivative financial instruments, net					(890,863)
Loss before taxation					(887,463)
At 31 March 2011					
Segment assets	44,811	45,944	9,355	317,335	417,445
Reconciliation:					
Unallocated assets					2,136
Total assets					419,581
Segment liabilities	17,543	1,272	5,646	2,862	27,323
Reconciliation:					
Unallocated liabilities					1,082,366
Total liabilities					1,109,689
Other segment information:					
Depreciation	4,306	68	1,847	409	6,630
Fair value gains on investment properties	–	(500)	–	–	(500)
Surplus arising from revaluation of buildings recognised directly in the income statement	–	(32)	–	–	(32)
Additions to non-current assets	438	–	13	523	974*

* Additions to non-current assets represents additions to property, plant and equipment.

Included in the unallocated liabilities, there are convertible bonds and derivative financial instruments amounted to approximately HK$178,924,000 and HK$903,377,000 respectively.

4. Finance costs

	2012	2011
	HK$'000	*HK$'000*
Imputed interest on convertible bonds (note 13)	**14,119**	3,053

5. Profit/(loss) before taxation

The Group's profit/(loss) before taxation is arrived at after charging/(crediting):

	2012	2011
	HK$'000	*HK$'000*
Recognition of prepaid land lease payments	**101**	101
Written off of items of property, plant and equipment	**–**	41
Fair value gains on investment properties	**(8,500)**	(500)

6. Income tax

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

	2012	2011
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**1,983**	1,832
Underprovision in prior year	**–**	228
Deferred	**(764)**	(439)
Total tax charge for the year	**1,219**	1,621

7. Earnings/(loss) per share attributable to owners of the Company

The calculation of basic earnings/(loss) per share amount is based on the profit/(loss) for the year attributable to owners of the Company, and the weighted average number of ordinary shares in issue during the year.

	2012	2011
	HK$'000	*HK$'000*
Earnings/(loss)		
Profit/(loss) attributable to owners of the Company, used in the basic earnings/(loss) per share calculation	**492,587**	(890,647)
Fair value gain on derivative financial instruments	**(512,524)**	–
Imputed interest expense for the year relating to the liabilities component of the dilutive convertible bonds	**4,638**	–
Loss attributable to owners of the Company, used in the diluted loss per share calculation	**(15,299)**	(890,647)
Number of shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings/(loss) per share calculation	**696,283,369**	379,410,661
Effect of dilution on weighted average number of ordinary shares:		
Warrants	**221,310,859**	–
Convertible bonds	**71,376,146**	–
Weighted average number of ordinary shares in issue during the year used in the diluted loss per share calculation	**988,970,374**	379,410,661

The Company's outstanding zero coupon convertible bonds with principal amount of HK$120,000,000 issued on 1 September 2011 were not included in the calculation of diluted loss per share because the effects of the aforesaid outstanding convertible bonds were anti-dilutive.

No adjustment has been made to the basic loss per share amounts presented for the year ended 31 March 2011 in respect of a dilution as the impact of warrants and convertible bonds outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

8. Dividend

The board of directors resolved not to declare any dividend (2011: nil) in 2012.

9. Goodwill

Movement of goodwill during the year is as follows:

	HK$'000
Cost:	
At 1 April 2010 and 1 April 2011	–
Acquisition of a subsidiary (note 15)	105,440
At 31 March 2012	105,440
Impairment:	
At 1 April 2010, 1 April 2011 and 31 March 2012	–
Carrying amount:	
At 31 March 2012	105,440
At 31 March 2011	–

During the year ended 31 March 2012, the Group completed the acquisition of Well Link Capital Limited ("Well Link"). Details of the acquisition were set out in note 15.

For the purpose of impairment testing, goodwill has been allocated to individual cash-generating unit which is determined based on related segment. The carrying amount of goodwill (net of impairment losses) as at 31 March 2012 is regarded as unallocated assets in operating segment.

As at 31 March 2012, with regard to the current market situation, the directors of the Company reviewed the carrying amount of goodwill arising from the acquisition of subsidiaries. The recoverable amount of the cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budget covering five years approved by senior management. The discount rate applied to the cash flow projections is 13.34% per annum.

Key assumptions were used in the value in use calculation of the cash-generating unit which goodwill has been allocated for the year ended 31 March 2012. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins – Average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements and expected market development.

Discount rates – Pre-tax risk adjusted discount rates reflecting specific risks in relation to the relevant units.

10. Interest in an associate

	2012 *HK$'000*	2011 *HK$'000*
Cost of investment in an associate	**94,479**	–
Share of post-acquisition profit and other comprehensive income, net of dividends received	**1,572**	–
	96,051	–

Notes:

(a) On 23 December 2010, 29 December 2010 and 13 May 2011, the Company entered into agreements with an independent third party, to acquire 100% of the entire issued share capital of Well Link at a total consideration of HK$200,000,000. The acquisition was completed on 1 September 2011. The principal activity of Well Link was 25% equity investment in China Nuclear Libert (as defined below). Details of the acquisition were set out in note 15.

(b) Particulars of the Group's interest in an associate as at 31 March 2012 are as follows:

Company name	**Place and date of registration and operation**	**Issued and paid-in/ registered capital**	**Percentage of equity attributable to the Group**	**Principal activities**
江蘇中核利柏特股份有限公司 (transliterated as Jiangsu China Nuclear Industry Libert INC) ("China Nuclear Libert")	The People's Republic of China (the "PRC")/ 20 October 2006	RMB289,091,118	Indirect: 25%	Manufacturing and sale of pipes, steel products and related equipment for uses by chemical plant in the PRC and overseas

(c) The summarised financial information in respect of the Group's associate is set out below:

	2012 *HK$'000*	2011 *HK$'000*
Total assets	**479,104**	–
Total liabilities	**(94,902)**	–
Net assets	**384,202**	–
The Group's share of net assets of an associate	**96,051**	–

	2012 *HK$'000*	2011 *HK$'000*
Turnover	**114,845**	–
Profit for the year	**3,886**	–
The Group's share of result of an associate for the year, net	**972**	–
The Group's share of other comprehensive income of an associate for the year	**600**	–

Turnover and profit for the period of the associate of approximately HK$114,845,000 and HK$3,886,000 respectively represents China Nuclear Libert's turnover and profit for the period from the date of acquisition of Well Link, which indirectly held 25% equity interest in China Nuclear Libert, on 1 September 2011 by the Company, and up to 31 March 2012.

11. Trade receivables

The Group's trading terms with its customers are mainly by cash and credit card settlement, except for certain well-established customers where the terms vary with these customers. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	2012	2011
	HK$'000	*HK$'000*
Within three months	**923**	969

12. Trade payables

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2012	2011
	HK$'000	*HK$'000*
Within three months	**5,354**	5,641

The trade payables are non-interest-bearing and are normally settled on 30-day term.

13. Convertible bonds

The convertible bonds issued have been split as to the embedded derivative and the liability components. The followings tables summarise the movements in the liability and derivative components of the Group's and the Company's convertible bonds during the year:

	Convertible Bonds 1	**Convertible Bonds 2**	**Convertible Bonds 3**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
	(note (a))	*(note (b))*	*(note (c))*	
Liability component				
At 1 April 2010	69,201	–	–	69,201
Fair value of the convertible bonds issued during the year	–	178,653	–	178,653
Imputed interest expense (note 4)	2,782	271	–	3,053
Conversion of convertible bonds	(71,983)	–	–	(71,983)
At 31 March 2011 and 1 April 2011	–	178,924	–	178,924
Fair value of the convertible bonds issued during the year	–	–	39,206	39,206
Imputed interest expenses (note 4)	–	4,638	9,481	14,119
Conversion of convertible bonds	–	(183,562)	–	(183,562)
At 31 March 2012	**–**	**–**	**48,687**	**48,687**

	Convertible Bonds 1 *HK$'000* *(note (a))*	Convertible Bonds 2 *HK$'000* *(note (b))*	Convertible Bonds 3 *HK$'000* *(note (c))*	Total *HK$'000*
Derivative component				
At 1 April 2010	226,252	–	–	226,252
Fair value of the convertible bonds issued during the year	–	630,599	–	630,599
Fair value losses/(gains) on derivative financial instruments	378,742	(6,317)	–	372,425
Conversion of convertible bonds	(604,994)	–	–	(604,994)
At 31 March 2011 and 1 April 2011	–	624,282	–	624,282
Fair value of the convertible bonds issued during the year	–	–	80,794	80,794
Fair value (gains)/losses on derivative financial instruments	–	(385,385)	6,276	(379,109)
Conversion of convertible bonds	–	(238,897)	–	(238,897)
At 31 March 2012	**–**	**–**	**87,070**	**87,070**

Notes:

(a) On 16 November 2009, the Company issued zero coupon convertible bonds in the principal amount of HK$80,000,000 ("Convertible Bonds 1") for cash to an independent third party. The Convertible Bonds 1 are convertible at the option of the bondholder into the Company's ordinary shares of HK$0.10 each at a conversion price of HK$0.40 per share from the end of the three-month period from the issue date and up to (but excluding) the period of five business days ending on the maturity date. Any Convertible Bonds 1 not converted will be redeemed by the Company on 16 November 2012. During the year ended 31 March 2011, Convertible Bonds 1 were fully converted.

(b) On 17 March 2011, the Company issued zero coupon convertible bonds in the principal amount of HK$200,000,000 ("Convertible Bonds 2") for cash to an independent third party. The Convertible Bonds 2 are convertible at the option of the bondholder into the Company's ordinary shares of HK$0.10 each at a conversion price of HK$0.50 per share from the end of the three-month period from the issue date and up to (but excluding) the period of five business days ending on the maturity date. Any Convertible Bonds 2 not converted will be redeemed by the Company on 17 March 2014. During the year ended 31 March 2012, Convertible Bonds 2 were fully converted.

(c) On 1 September 2011, the Company issued zero coupon convertible bonds in the principal amount of HK$120,000,000 ("Convertible Bonds 3") to an independent third party as part of consideration for acquisition of subsidiaries. The Convertible Bonds 3 are convertible at the option of the bondholder into the Company's ordinary shares of HK$0.10 each at a conversion price of HK$1.20 per share from the end of the first anniversary period from the issue date and up to (but excluding) the period of five business days ending on the maturity date. Any Convertible Bonds 3 not converted, cancelled, purchased or otherwise acquired will be redeemed by the Company on 1 September 2014. During the year ended 31 March 2012, no Convertible Bonds 3 were converted or redeemed.

The conversion option of the Convertible Bonds 1, Convertible Bonds 2 and Convertible Bonds 3 exhibits characteristics of an embedded derivative and is separated from the liability components. On initial recognition, the embedded derivative component of the convertible bonds is measured at fair value and presented as derivative financial instruments. Any excess of proceeds over the amount initially recognised as the embedded derivative component is recognised as the liability component. At each reporting date, the embedded derivative component is remeasured and the change in fair value of that component is recognised in the consolidated statement of comprehensive income.

14. Derivative financial instruments

	2012	2011
	HK$'000	*HK$'000*
Warrants (note (a))	**151,956**	279,095
Embedded derivatives of convertible bonds (note 13)	**87,070**	624,282
	239,026	903,377

Notes:

(a) On 19 October 2009, the Company issued 72,000,000 warrants at HK$0.02 each to certain independent third parties. Each warrant carries the right to subscribe for one ordinary share at HK$0.90 per share for the period of three years commencing from 19 October 2009. The subscription price was adjusted to HK$0.62 each from 17 March 2011. Any warrant rights not exercised will be expired on 18 October 2012.

Movement of warrants during the year is as follows:

	2012	2011
	HK$'000	*HK$'000*
At beginning of the year	**279,095**	89,618
Fair value (gains)/losses on warrants	**(127,139)**	196,622
Exercise of warrants	**–**	(7,145)
At the end of the year	**151,956**	279,095

(b) On 20 January 2010, the Company entered into a convertible bond subscription agreement (the "Subscription Agreement") with an independent subscriber (the "Subscriber") pursuant to which the Company has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe for Convertible Bonds 2, which can be convertible at the option of the bond holder into the Company's ordinary shares of HK$0.10 at a conversion price of HK$0.50 each from the end of the three-month period from the issue date up to (but excluding) the period of five business days ending on the maturity date. Any portion of Convertible Bonds 2 not converted will be redeemed by the Company on the date falling on the third anniversary of the issue date of the bonds.

At as 31 March 2010, the Company had fulfilled the precedent requirements pursuant to the Subscription Agreement and was contractually obligated to issue the Convertible Bonds 2. In this regard, before the issuance of Convertible Bonds 2, the Subscription Agreement is a forward contract within the scope of HKAS 39 and was recognised at its fair value as an asset or a liability on the commitment date and is subsequently remeasured at fair value. The Group and the Company had recognised a derivative financial liability of HK$287,436,000 in respect of the forward contract in 2010.

On 17 March 2011, the Company settled the forward contract and issued Convertible Bonds 2, further details of which are set out in note 13.

Movement of the forward contract during the year is as follows:

	2012	2011
	HK$'000	*HK$'000*
At beginning of the year	**–**	287,436
Fair value losses on forward contract	**–**	321,816
Settlement of forward contract	**–**	(609,252)
At the end of the year	**–**	–

15. **Acquisition of subsidiaries**

On 23 December 2010, 29 December 2010 and 13 May 2011, the Company entered into agreements with an independent third party, to acquire the entire issued share capital of Well Link at a total consideration of HK$200,000,000. The acquisition was completed on 1 September 2011.

The assets acquired in the transaction are as follows:

	Fair values of identifiable assets of acquiree
	HK$'000
Net assets acquired:	
Interest in an associate	**94,479**
Cash and cash equivalents	**81**
	94,560
Goodwill arising on acquisition (note 9)	**105,440**
	200,000
Total consideration satisfied by:	
Cash consideration paid	**80,000**
Issuance of convertible bonds	**120,000**
	200,000
Net cash outflow arising on acquisition:	
Cash consideration	**(80,000)**
Cash and cash equivalents acquired	**81**
	(79,919)

16. **Contingent liabilities**

The Group and the Company had no contingent liabilities as at 31 March 2012 (2011: Nil).

17. **Event after the reporting period**

No significant event after the reporting period took place subsequent to 31 March 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

Dividend

The board of directors resolved not to declare any dividend (2011: nil) in 2012.

Business Review

For the year under review, Hong Kong retail sector still enjoyed a boom market while local economy benefited from robust tourism driven by individual travelers and other relevant factors. Furthermore, restaurant operation was briefly affected owing to renovation of part of our restaurants during the year, though revenue of this segment maintained stable. On the other hand, hotel operation made significant progress.

In reviewing the operations of two Sunny Day Hotels, their average occupancy over the past twelve months was better than expected, mainly due to the impetus from retail sectors and individual visitors, and the intensive on-line marketing and promotion campaign, thus helping the full-year occupancy rate amount to 90%. We believe the hotel operation will contribute sustainable long-term revenue to the Group in future.

Financial Review

The Group's consolidated revenue for the twelve months ended 31 March 2012 amounted to HK$300,097,000, representing an increase of HK$4,262,000 compared to the consolidated revenue of HK$295,835,000 recorded last year. Consolidated profit attributable to owners of the Company for the year was HK$492,587,000 (2011: loss of HK$890,647,000). Basic earnings per share amounted to HK$0.71 (2011: loss of HK$2.35 per share).

The significant profit recorded for the current year was attributable to the net fair value changes of the following derivative financial instruments: (1) the unlisted warrants issued on 19 October 2009 (the "Warrants"); (2) zero coupon rate unsecured redeemable convertible bonds in the principal amount of HK$200,000,000 (the "2011 CBs") issued pursuant to the subscription agreement dated 20 January 2010 and ordinary shares of the Company converted during the year due to the settlement of the subscription agreement on 17 March 2011; and (3) zero coupon rate unsecured redeemable convertible bonds due 2014 in the principal amount of HK$120,000,000 (the "Acquisition CBs") issued on 1 September 2011. The relevant derivative financial liabilities and the profit arising from changes in fair value are non-cash in nature. As a result, the cash flow of the Group was not affected. The Company will in no event be obliged to settle any of such financial liabilities by incurring cash payout or disposing of any assets, except for the required redemption of the Acquisition CBs upon their expiration date. The Group's financial position has remained healthy. Profit for the year amounted to HK$493,427,000, excluding the net fair value gains from these derivative financial instruments of HK$506,248,000 and the imputed interest on the convertible bonds of HK$14,119,000, the Group would have recorded a profit for the year of HK$1,298,000 from its core business as of 31 March 2012.

During the past year, food prices soared up as local economy was directly affected by imported inflation, and our gross profit was squeezed inevitably. However, gross profit margin of the Group remained stable at 66% for the year, mainly because our management regularly monitored the food market information, constantly kept an eye on price changes, and timely and appropriately adopted purchasing measures, so as to maintain food quality, to balance the requirement of management economy and cost effectiveness and to promote environmental protection.

Liquidity and Financial Resources

As of 31 March 2012, the Group had no mortgage loans (2011: Nil). Net assets amounted to HK$224,507,000 (2011: deficiency of HK$690,108,000). The ratio of non-current liabilities to shareholders' equity was 0.22 (2011: -0.26). The substantial improvement in the gearing ratio in 2012 was primarily due to the above mentioned derivative financial liabilities and the changes in fair value, and such financial liabilities would not result in any significant cash outflow upon settlement.

The Group has adopted the prudent and healthy fiscal policies and imposed strict control over its cash and risk management. The Group's cash and borrowings are mainly denominated in Hong Kong dollars, and hence it is not exposed to exchange risk. The Group has not used any financial instrument for hedging purpose.

Acquisition of Subsidiaries

On 23 December 2010, 29 December 2010 and 13 May 2011, the Company entered into agreements with an independent third party to acquire the entire issued share capital of Well Link Capital Limited, a company incorporated in the British Virgin Islands, at a total consideration of HK$200,000,000. Well Link Capital Limited holds 25% equity interests in 江蘇中核利柏特股份有限公司 (transliterated as Jiangsu China Nuclear Industry Libert INC), a company established in the People's Republic of China, through its wholly-owned subsidiary East King International Enterprises Limited. The acquisition was completed on 1 September 2011. Details of the acquisition were set out in the circular of the Company dated 12 August 2011.

Contingent Liabilities

As at 31 March 2012, the Group had no significant contingent liabilities.

Number of Employees and Remuneration Policy

As at 31 March 2012, the Group had 535 employees, the remuneration packages of whom are reviewed annually with reference to the prevailing market condition.

Outlook

Since the Minimum Wage Ordinance came into effect on 1 May last year, the Group has implemented a management strategy by integrating and reconfiguring its internal resources according to the actual situation of various restaurants for the Group's long-term benefits. In order to alleviate the cost burden imposed by the minimum wage requirement, the management constantly reviews changes in different businesses, adjusts its marketing strategy and streamlines the internal process of the workforce.

As the Group has been developing its business in the PRC market, with a strong belief that plenty of investment opportunities will emerge in this market, and our long-term pursuit of excellent management philosophy can be achieved. Our effort has laid a solid foundation for future development in other new markets. Meanwhile, through diversified business relationship in the PRC market, the Group can absorb more useful market information to deal with the fast changing market in future. Though facing an environment of tough competition and challenges, the management remains optimistic about our prospects and is confident that the Group will advance with time.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Friday, 24 August 2012 to Tuesday, 28 August 2012, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the entitlement to attend and vote at the annual general meeting to be held on 28 August 2012, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 23 August 2012.

PURCHASE, REDEMPTION OR SALE OF LISTED SHARES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's shares during the year.

CORPORATE GOVERNANCE

In the opinion of the directors, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules throughout the period from 1 April 2011 to the date of this announcement, except for the deviation from code provision A.2.1 as mentioned below.

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company did not have a separate Chairman and Chief Executive Officer and Mr. Chan Shu Kit held both positions. The Board believed that vesting the roles of both Chairman and Chief Executive Officer in the same person provided the Group with strong and consistent leadership and allowed for more effective planning and execution of long-term business strategies.

With effect from 19 August 2011, Mr. Song Limin has been appointed as an executive Director and also Chief Executive Officer of the Company. Mr. Song Limin is primarily responsible for the management of the Group's business in the PRC and Mr. Chan Shu Kit is primarily responsible for the management of the Group's catering and hotel businesses. The role of chairman and chief executive officer is separate and performed by different individuals since the appointment of Mr. Song Limin in relation to the Group's PRC business.

Mr. Chan Shu Kit has been re-designated as the Vice-Chairman and resigned as the Co-Chief Executive Officer of the Company with effect from 16 December 2011 and 9 March 2012 respectively.

AUDIT COMMITTEE

The Company has an audit committee (the "Audit Committee") which was established in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises four members, namely Mr. Chan Ka Ling, Edmond, Mr. Chang Nan, Dr. Dai Jinping and Mr. Yu Lei, all are independent non-executive directors of the Company. The annual results of the Group for the year ended 31 March 2012 have been reviewed by the Audit Committee.

ANNUAL GENERAL MEETING

The 2012 Annual General Meeting of the Company will be held on Tuesday, 28 August 2012, and the Notice of Annual General Meeting will be published and dispatched in the manner as required by the Listing Rules in due course.

By Order of the Board
China Nuclear Industry 23 International Corporation Limited
Dong Yuchuan
Chairman

Hong Kong, 19 June 2012

As at the date of this announcement, the Directors of the Company are: Mr. Dong Yuchuan, who is the chairman and a non-executive Director; Mr. Chan Shu Kit, who is the vice-chairman and an executive Director; Mr. Lei Jian, Mr. Han Naishan, Mr. Guo Shuwei, Mr. Chan Ho Man, Mr. Chung Chi Shing, Ms. Jian Qing and Mr. Song Limin, all of whom are executive Directors; and Mr. Chan Ka Ling, Edmond, Mr. Chang Nan, Dr. Dai Jinping and Mr. Yu Lei, all of whom are independent non-executive Directors.