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 PERIOD FROM 1 APRIL 2012 TO 31 DECEMBER 2012

SUMMARY

- Profit for the period amounted to HK$36,721,000, including the net fair value gains from derivative financial instruments of HK$45,921,000.

- If excluding the net fair value gains from these derivative financial instruments of HK$45,921,000 and the imputed interest on the convertible bonds of HK$15,793,000, the Group would have recorded a profit of HK$6,593,000 from its core business for the nine months ended 31 December 2012.

- The Group will continue to expand aggressively into the domestic and foreign and local markets, diversify its businesses, emphasis on and solidify our leading position in the competitive market.

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 period from 1 April 2012 to 31 December 2012 together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period from 1 April 2012 to 31 December 2012

	Notes	**9 months ended 31 December 2012** **HK$'000**	12 months ended 31 March 2012 HK$'000
Revenue	3	**233,622**	300,097
Other revenue and gains		**3,668**	11,666
Cost of inventories used		**(67,795)**	(94,458)
Construction costs		**(9,549)**	—
Staff costs		**(67,994)**	(88,505)
Rental expenses		**(31,146)**	(41,084)
Utility expenses		**(15,420)**	(20,943)
Depreciation		**(5,259)**	(7,251)
Other operating expenses		**(39,035)**	(57,977)
Fair value gains on derivative financial instruments, net		**45,921**	506,248
Finance costs	4	**(15,793)**	(14,119)
Share of result of associates, net		**6,739**	972
Profit before taxation	5	**37,959**	494,646
Income tax expense	6	**(1,238)**	(1,219)
Profit for the period/year		**36,721**	493,427
Other comprehensive (loss)/income for the period/year, net of tax			
(Loss)/gain on property revaluation		**(66)**	579
Share of other comprehensive (loss)/income of associates		**(87)**	600
Total comprehensive income for the period/year		**36,568**	494,606
Profit for the period/year attributable to:			
Owners of the Company		**37,598**	492,587
Non-controlling interests		**(877)**	840
		36,721	493,427
Total comprehensive income attributable to:			
Owners of the Company		**37,445**	493,766
Non-controlling interests		**(877)**	840
		36,568	494,606
Earnings/(loss) per share attributable to owners of the Company			
— Basic *(HK$ per share)*	7	**0.04**	0.71
— Diluted *(HK$ per share)*	7	**0.00**	(0.02)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	Notes	**31 December 2012** **HK$'000**	31 March 2012 *HK$'000*
Non-current assets			
Property, plant and equipment		**22,765**	21,517
Investment properties		**38,000**	38,000
Prepaid land lease payments		**6,897**	6,972
Available-for-sale investment		**500**	500
Goodwill	9	**105,440**	105,440
Interest in associates	10	**164,669**	96,051
Deferred tax assets, net		**2,349**	2,324
		340,620	270,804
Current assets			
Inventories		**8,353**	6,898
Trade receivables	11	**1,596**	923
Prepayments, deposits and other receivables		**19,614**	19,167
Amount due from customer for contract work		**11,933**	—
Cash and cash equivalents		**235,422**	243,272
		276,918	270,260
Less: Current liabilities			
Trade payables	12	**14,500**	5,354
Other payables and accruals		**20,805**	20,719
Provision for long service payments		**2,249**	1,453
Tax payable		**1,904**	663
Derivative financial instruments	14	**76,452**	239,026
		115,910	267,215
Net current assets		**161,008**	3,045
Total assets less current liabilities		**501,628**	273,849

	Notes	31 December 2012 HK$'000	31 March 2012 HK$'000
Less: Non-current liabilities			
Convertible bonds	13	**64,480**	48,687
Receipt in advance		**900**	650
Deferred tax liabilities, net		**27**	5
		65,407	49,342
Net assets		**436,221**	224,507
Capital and reserves			
Share capital		**106,166**	96,732
Reserves		**329,903**	126,746
Equity attributable to owners of the Company		**436,069**	223,478
Non-controlling interests		**152**	1,029
Total equity		**436,221**	224,507

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 ("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 period from 1 April 2012 to 31 December 2012.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Hong Kong Institute of Certified Public Accountants (the "HKICPA") has issued certain new and revised standards, amendments and interpretations ("new and revised HKFRSs") that are mandatory for accounting periods beginning on or after 1 April 2012. The new and revised standards, amendments and interpretations adopted in the current period 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.

HKFRS 1 (Amendments)	First-time Adoption of Hong Kong Financial Reporting Standards — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendments)	Financial Instruments: Disclosures — Transfers of Financial Assets
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets

The Directors anticipate that the application of these new and revised HKFRSs has no material impact on the results and the financial position of the Group.

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

Amendments to HKFRS 1	Government Loans[2]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKFRS 7 (Amendments)	Disclosures — Offsetting Financial Assets and Financial Liabilities[2]
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4]
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements Disclosure of Interests in Other Entities: Transition Guidance[2]
HKFRS 10, HKFRS 12 and HKAS 27 (2011 Amendments)	Investment Entities[3]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[1]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[3]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009–2011 Cycle[2]
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

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

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* 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 reporting periods. All other debt investments and equity investments are measured at their fair values at the end of 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.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The Directors anticipate that the adoption of HKFRS 9 in the future may have a significant impact on the amounts reported in respect of the Group's financial assets and financial liabilities (e.g. the Group's available-for-sale investments may have to be measured at fair value at the end of subsequent reporting periods, with changes in the fair value being recognised in profit or loss). Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements. HK (SIC)-Int 12 *Consolidation — Special Purpose Entities* will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK (SIC)-Int 13 *Jointly Controlled Entities — Non-monetary Contributions by Venturers* will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided all of these standards are applied at the same time.

The Directors anticipate that the application of these five standards will have no impact to the Group's consolidated financial statements.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 *Financial Instruments: Disclosures* will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The Directors anticipate that the application of the new standard may affect certain amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

HKFRS 7 and HKAS 32 (Amendments) Offsetting Financial Assets and Financial Liabilities and the related disclosures

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The Directors anticipate that the application of these amendments to HKAS 32 and HKFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

HKAS 1 (Amendments) Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

Annual Improvements to HKFRSs 2009–2011 Cycle issued in June 2012

The Annual Improvements to HKFRSs 2009–2011 Cycle include a number of amendments to various HKFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to HKFRSs include:

- amendments to HKAS 1 Presentation of Financial Statements;
- amendments to HKAS 16 Property, Plant and Equipment; and
- amendments to HKAS 32 Financial Instruments: Presentation.

HKAS 1 (Amendments)

HKAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to HKAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

HKAS 16 (Amendments)

The amendments to HKAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in HKAS 16 and as inventory otherwise. The Directors do not anticipate that the amendments to HKAS 16 will have a significant effect on the Group's consolidated financial statements.

HKAS 32 (Amendments)

The amendments to HKAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 Income Taxes. The Directors anticipate that the amendments to HKAS 32 will have no effect on the Group's consolidated financial statements.

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:

- the restaurant segment comprises the Group's restaurant operations;
- the property segment comprises the Group's property investments;
- the hotel segment comprises the Group's hotel operations; and
- 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 before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, dividend income, fair value gains from the derivative financial instruments, share of result of associates as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude available-for-sale investment, goodwill, interest in associates, 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 liabilities 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.

Except for the Group's revenue from external customer of approximately HK$14,917,000 which was derived from the Group's operations in overseas, all of the Group's revenue from external customers is derived from the Group's operations in Hong Kong. Except for the interest in associates amounted to approximately HK$164,669,000 as at 31 December 2012 (31 March 2012: HK$96,051,000) and property, plant and equipment amounted to approximately HK$2,375,000 as at 31 December 2012 (31 March 2012: Nil), no non-current assets of the Group are located outside Hong Kong (31 March 2012: Nil).

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

	Restaurant	Property	Hotel	Corporate	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
9 months ended 31 December 2012					
Segment revenue:					
Sales to external customers	**198,778**	**250**	**19,677**	**14,917**	**233,622**
Intersegment sales	**—**	**16,206**	**—**	**8,928**	**25,134**
Other revenue and gains	**366**	**—**	**1,004**	**321**	**1,691**
Intersegment other revenue and gains	**—**	**—**	**—**	**1,013**	**1,013**
	199,144	**16,456**	**20,681**	**25,179**	**261,460**
Reconciliation:					
Elimination of intersegment sales					**(25,134)**
Elimination of intersegment other revenue and gains					**(1,013)**
Total					**235,313**
Segment results	**6,010**	**360**	**6,760**	**(14,015)**	**(885)**
Reconciliation:					
Interest income and unallocated gains					**1,977**
Imputed interest on convertible bonds					**(15,793)**
Fair value gains on derivative financial Instruments, net					**45,921**
Share of result of associates, net					**6,739**
Profit before taxation					**37,959**
At 31 December 2012					
Segment assets	**62,507**	**54,969**	**6,436**	**220,668**	**344,580**
Reconciliation:					
Unallocated assets					**272,958**
Total assets					**617,538**
Segment liabilities	**20,775**	**327**	**5,938**	**11,414**	**38,454**
Reconciliation:					
Unallocated liabilities					**142,863**
Total liabilities					**181,317**
Other segment information:					
Depreciation	**3,637**	**59**	**957**	**606**	**5,259**
Additions to non-current assets	**4,063**	**—**	**58**	**2,452**	**6,573***

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

Included in the unallocated assets, there are goodwill and interest in associates amounted to approximately HK$105,440,000 and HK$164,669,000 respectively arising from the acquisition of subsidiaries and investment in associates. Details of the investment in associates were set out in note 10. Included in the unallocated liabilities, there are convertible bonds and derivative financial instruments amounted to approximately HK$64,480,000 and HK$76,452,000 respectively.

	Restaurant *HK$'000*	Property *HK$'000*	Hotel *HK$'000*	Corporate *HK$'000*	Total *HK$'000*
12 months ended 31 March 2012					
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, net					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. 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.

4. FINANCE COSTS

	The Group	
	9 months ended 31 December 2012	12 months ended 31 March 2012
	HK\$'000	*HK\$'000*
Imputed interest on convertible bonds *(note 13)*	**15,793**	14,119

5. PROFIT BEFORE TAXATION

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

	The Group	
	9 months ended 31 December 2012	12 months ended 31 March 2012
	HK\$'000	*HK\$'000*
Minimum lease payments under operating leases:		
Land and buildings	**31,317**	41,084
Office equipment	**125**	173
	31,442	41,257
Recognition of prepaid land lease payments	**75**	101
Fair value gains on investment properties	**—**	(8,500)
Auditors' remuneration	**880**	880
Staff costs (including directors' remuneration:		
Wages, salaries and bonuses	**64,441**	84,040
Provision for long service payments, net	**887**	802
Pension scheme contributions	**2,666**	3,663
Total staff costs	**67,994**	88,505
Gross rental income	**(250)**	(748)
Less: outgoings	**52**	94
Net rental income	**(198)**	(654)

6. INCOME TAX

Hong Kong Profits Tax has been provided at the rate of 16.5% (twelve months ended 31 March 2012: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

	The Group	
	9 months ended 31 December 2012	12 months ended 31 March 2012
	HK$'000	*HK$'000*
Current tax — Hong Kong		
Charge for the year	**1,241**	1,983
Deferred tax	**(3)**	(764)
Tax charge for the period/year	**1,238**	1,219

7. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	9 months ended 31 December 2012	12 months ended 31 March 2012
	HK$'000	*HK$'000*
Earnings/(loss)		
Profit attributable to owners of the Company, used in the basic earnings per share calculation	**37,598**	492,587
Fair value gains on derivative financial instruments	**(35,303)**	(512,524)
Imputed interest expense for the period/year relating to the liabilities component of the dilutive convertible bonds	**—**	4,638
Gain/(loss) attributable to owners of the Company, used in the diluted earnings/(loss) per share calculation	**2,295**	(15,299)
Number of shares		
Weighted average number of ordinary shares in issue during the period/year used in the basic earnings per share calculation	**994,540,122**	696,283,369
Effect of dilution on weighted average number of ordinary shares:		
Warrants	**45,382,264**	221,310,859
Convertible bonds	**—**	71,376,146
Weighted average number of ordinary shares in issue during the period/year used in the diluted earnings/(loss) per share calculation	**1,039,922,386**	988,970,374

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 earnings per share for the nine months ended 31 December 2012 and the diluted loss per share for the twelve months ended 31 March 2012 because the effects of the aforesaid outstanding convertible bonds were anti-dilutive.

8. DIVIDEND

No dividend has been declared or proposed by the directors of the Company in respect of the nine months ended 31 December 2012 (for the twelve months ended 31 March 2012: Nil).

9. GOODWILL

Movement of goodwill during the period is as follows:

The Group

	HK$'000
Cost:	
At 1 April 2011	—
Acquisition of subsidiaries	105,440
At 31 March 2012, 1 April 2012 and 31 December 2012	105,440
Impairment:	
At 1 April 2011, 1 April 2012 and 31 December 2012	—
Carrying amount:	
At 31 December 2012	**105,440**
At 31 March 2012	105,440

During the year ended 31 March 2012, the Group completed the acquisition of Well Link Capital Limited ("Well Link").

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 and 31 December 2012 is regarded as unallocated assets in operating segment.

As at 31 December 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 13.24% per annum.

Key assumptions were used in the value in use calculation of the cash-generating unit which goodwill has been allocated for the nine months ended 31 December 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 ASSOCIATES

	The Group	
	31 December 2012	31 March 2012
	HK$'000	*HK$'000*
Cost of investment in associates	**156,445**	94,479
Share of post-acquisition profit and other comprehensive income, net of dividends received	**8,224**	1,572
	164,669	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).

(b) On 17 August 2012, CNI23 Holdings Company Limited, a direct wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with China Nuclear Industry 23 Construction (Hong Kong) Company Limited, the controlling shareholder holding approximately 31.01% shareholding interests of the Company as at 17 August 2012, to acquire 26.5% equity interest of 深圳中核二三核電檢修有限公司 (transliterated as Shenzhen CNI23 Nuclear Power Maintenance Co., Ltd.), representing RMB9,726,500 of the registered capital of Shenzhen CNI23 Nuclear Power Maintenance Co., Ltd. at a total consideration of RMB50,000,000. The acquisition was completed on 15 October 2012. The principal activities of Shenzhen CNI23 Nuclear Power Maintenance Co., Ltd. were inspection, maintenance, repair, construction, installation and provision of expertise in such work for nuclear power plants and also provision of construction work for non-nuclear power companies.

(c) Particulars of the Group's interest in associates as at 31 December 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
深圳中核二三核電檢修有限公司 (transliterated as Shenzhen CNI23 Nuclear Power Maintenance Co., Ltd.)	The PRC/ 9 January 1988	RMB36,700,000	Indirect: 26.5%	Inspection, maintenance, repair, construction, installation and provision of expertise in such work for nuclear power plants and also provision of construction work for non-nuclear power companies

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

	31 December 2012 *HK$'000*	31 March 2012 *HK$'000*
Total assets	**762,539**	479,104
Total liabilities	**(205,621)**	(94,902)
Net assets	**556,918**	384,202
The Group's share of net assets of associates	**141,453**	96,051

	9 months ended 31 December 2012 *HK$'000*	12 months ended 31 March 2012 *HK$'000*
Turnover	**177,145**	114,845
Profit for the period/year	**26,825**	3,886
The Group's share of result of associates for the period/year, net	**6,739**	972
The Group's share of other comprehensive (loss)/income of associates for the period/year	**(87)**	600

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:

	The Group	
	31 December 2012 *HK$'000*	31 March 2012 *HK$'000*
Within three months	**1,596**	923

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:

	The Group	
	31 December 2012	31 March 2012
	HK$'000	*HK$'000*
Within three months	**14,500**	5,354

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

Includes in the trade payables of approximately HK$14,500,000, there was an amount due to a shareholder of approximately HK$7,183,000 arising from construction contract.

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 period:

	Convertible Bond 2	Convertible Bonds 3	Total
	HK$'000	*HK$'000*	*HK$'000*
	(note (a))	*(note (b))*	
Liability component			
At 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 and 1 April 2012	—	48,687	48,687
Imputed interest expenses *(note 4)*	—	15,793	15,793
At 31 December 2012	—	64,480	64,480
Derivative component			
At 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 and 1 April 2012	—	87,070	87,070
Fair value gains on derivative financial instruments	—	(10,618)	(10,618)
At 31 December 2012	—	76,452	76,452

Notes:

(a) 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.

(b) 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 and nine months ended 31 December 2012, no Convertible Bonds 3 were converted or redeemed.

The conversion option of the 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 the end of each reporting period, 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

	The Group and the Company	
	31 December 2012	31 March 2012
	HK$'000	*HK$'000*
Warrants *(note (a))*	**—**	151,956
Embedded derivatives of convertible bonds *(note 13)*	**76,452**	87,070
	76,452	239,026

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. All warrant rights were exercised during the nine months ended 31 December 2012.

Movement of warrants during the period is as follows:

	The Group and the Company	
	31 December 2012	31 March 2012
	HK$'000	*HK$'000*
At beginning of the period/year	**151,956**	279,095
Fair value gains on warrants	**(35,303)**	(127,139)
Exercise of warrants	**(116,653)**	—
At the end of the period/year	**—**	151,956

15. CONTINGENT LIABILITIES

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

16. EVENT AFTER THE REPORTING PERIOD

On 6 January 2013, CNI23 New Energy Limited, a directly wholly-owned subsidiary of the Company, entered into a subscription agreement with Fame Raise Limited, Triple Delight Limited, and Guoxin Energy Limited, an indirect wholly-owned subsidiary of the Company, pursuant to which each of CNI23 New Energy Limited, Fame Raise Limited and Triple Delight Limited (the "JV Shareholders") has agreed to subscribe for, and Guoxin Energy Limited has agreed to allot and issue, a total of nine hundred and ninety-nine ordinary shares with par value of HK$1.00 each in the capital of Guoxin Energy Limited to the JV Shareholders, such that Guoxin Energy Limited has become a joint venture company between the JV Shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Dividend

The board of directors resolved not to declare any dividend (for the twelve months ended 31 March 2012: nil) for the period from 1 April 2012 to 31 December 2012.

Business Review

In 2012, the Group achieved successive results in its catering, hotel, nuclear power maintenance, overseas engineering and manufacturing chemical products and modularization equipment, due to our diversified business strategies.

Looking back, the retail market in Hong Kong continued to grow last year, mainly due to the increasing individual travellers, from which our restaurant business had significantly benefited. Although some restaurants required renovation during the year, the operations were impacted only for a short period, and the performance in general was stable. On the other hand, the hotel business also kept steady progress, while the average occupancy rate of each month reached 90% in the last nine months.

Our overseas engineering business is currently in the preliminary development stage. On 15 October 2012, CNI23 Overseas Development Limited, an indirect wholly-owned subsidiary of the Company, entered into the Construction Agreement with COOEC-ENPAL Engineering Co., Ltd. in relation to the construction of a captive power station in Missan Oil Fields in Iraq. The project is a new milestone for overseas engineering business and also laid the foundation for further exploring subsequent market. The Group invested in equity interest of 深圳中核二三核電檢修有限公司 (transliterated as Shenzhen CNI23 Nuclear Power Maintenance Co., Ltd.) and 江蘇中核利柏特股份有限公司 (transliterated as Jiangsu China Nuclear Industry Libert INC.), so as to diversify its businesses, achieve stable gains and reduce operating risks.

Financial Review

The Group's consolidated revenue for the nine months ended 31 December 2012 amounted to HK$233,622,000, representing a decrease of HK$66,475,000 compared to the consolidated revenue of HK$300,097,000 recorded for the twelve months ended 31 March 2012. Consolidated profit attributable to owners of the Company for the current period was HK$37,598,000 (for the twelve months ended 31 March 2012: HK$492,587,000). Basic earnings per share amounted to HK$0.04 (for the twelve months ended 31 March 2012: HK$0.71 per share).

The significant decrease in profit for the current period was due to the decrease in net fair value changes of the following derivative financial instruments: (1) the unlisted warrants issued on 19 October 2009 (the "Warrants"); and (2) 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. Also, 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 on 5 December 2011 due to the settlement of the subscription agreement on 17 March 2011, its net fair value changes were only reflected in the consolidated profits for the twelve months ended 31 March 2012. The relevant derivative financial liabilities and the related profits on changes in fair value are non-cash in nature. As a result, the cash flow of the Group was not affected. The Group 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 was healthy. Profit for the period amounted to HK$36,721,000, excluding the net fair value gains from these derivative financial instruments of HK$45,921,000 and the imputed interest on the convertible bonds of HK$15,793,000, the Group would have recorded a profit of HK$6,593,000 from its core business for the nine months ended 31 December 2012.

In the last nine months, food prices remained rally as domestic market was directly affected by foreign imported inflation. However, gross profit margin of the restaurant business of the Group maintained at 66% for the current period, because our management regularly kept an eye on price changes, thus constantly monitored gross profit of food, and adopted sustainable and effective purchasing measures, so as to improve food quality and gross profit margin.

Liquidity and Financial Resources

As of 31 December 2012, the Group had no mortgage loans (31 March 2012: Nil). Net assets amounted to HK$436,221,000 (31 March 2012: HK$224,507,000). The ratio of non-current liabilities to total equity was 0.15 (31 March 2012: 0.22). The decrease in the gearing ratio as at 31 December 2012 was mainly because the rights attached to the Warrants were fully exercised on 18 October 2012 and all outstanding shares issuable pursuant to which have been issued and allotted.

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.

On 17 August 2012, CNI23 Holdings Company Limited, a direct wholly-owned subsidiary of the Company, acquired the 26.50% equity interest of 深圳中核二三核電檢修有限公司 (a company established in the People's Republic of China, transliterated as Shenzhen CNI23 Nuclear Power Maintenance Co., Ltd.) held by China Nuclear Industry 23 Construction (Hong Kong) Company Limited (the controlling shareholder of the Company), at a total consideration of RMB50,000,000. The acquisition was completed on 15 October 2012. Details of the acquisition were set out in the circular of the Company dated 17 September 2012.

New businesses

On 15 October 2012, CNI23 Overseas Development Limited, an indirect wholly-owned subsidiary of the Company, entered into the Construction Agreement with COOEC-ENPAL Engineering Co., Ltd. in relation to the construction of a captive power station in Missan Oil Fields in Iraq, at a contract price of US$1,912,376. Details of the project were set out in the voluntary announcement of the Company dated 15 October 2012.

Contingent Liabilities

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

Number of Employees and Remuneration Policy

As at 31 December 2012, the Group had 496 employees, the remuneration packages of whom are reviewed annually with reference to the prevailing market condition.

Outlook

With a view to reduce the risk of single business, the Group will propel its businesses in a continuous and healthy manner through determined corporate diversification strategy and plans. In the future, the Group will further explore petrochemical, electrical engineering and new energy engineering including its representative solar markets both in China and overseas. Meanwhile, we will seek sustainable growth opportunities, to further solidify the base of the Group. Although our management is facing a volatile situation and fierce market competitions, we believe that we have a bright future, and actively prepare for the best return.

Given the continuous recovery of the economy in Hong Kong, there were significant improvement in both employment rate and per capita income. The operation and management of the Company was impacted to some extent by such factors as the rising rental and food prices and statutory minimum wage, but the Group restructured and consolidated its internal resources in response to the actual situation, so as to meet the requirements of businesses and reduce the pressure on various operating cost. Our management will frequently make appropriate measures and arrangements in accordance with market changes to secure the best interest for the Group.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the nine months ended 31 December 2012.

CORPORATE GOVERNANCE

In the opinion of the directors, the Company has complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules throughout the period from 1 April 2012 to 31 December 2012, except for the deviations from code provisions A.6.7 and E.1.2 as mentioned below.

Code Provision A.6.7 stipulates that independent non-executive directors and other non-executive directors should attend the issuer's general meetings and develop a balanced understanding of the views of shareholders. It was noted that two Independent Non-executive Directors and a Non-executive Director were unable to attend the annual general meeting of the Company held on 28 August 2012 while three Independent Non-executive Directors and a Non-executive Director were unable to attend the special general meeting held on 5 October 2012, all due to their unavoidable business engagement.

Code Provision E.1.2 stipulates that the chairman of the issuer's board should attend the issuer's annual general meeting. The Chairman of the Board was unable to attend the annual general meeting held on 28 August 2012 due to a business engagement and delegated the vice-chairman of the Board to chair the meeting to ensure effective communication with the shareholders of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted its own code of conduct regarding directors' dealings in the Company's securities (the "Company's Code") on terms no less exacting than the Model Code as set out in Appendix 10 of the Listing Rules. Having made specific enquiry on all directors of the Company, they confirmed that they have complied with the Company's Code and the Model Code throughout the period from 1 April 2012 to 31 December 2012.

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 Audit Committee has reviewed the audited financial statements of the Group for the nine months period ended 31 December 2012.

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

Hong Kong, 15 March 2013

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. 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.