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**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 INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

**SUMMARY**

- During the six months ended 30 June 2015, the Group's turnover amounted to HK\$205,608,000, representing an increase of 56%.
- During the six months ended 30 June 2015, the Group's core business recorded a profit after tax of HK\$1,523,000.
- Net profit for the period amounted to HK\$726,000, including gain on deemed disposal of an associate of HK\$2,712,000 and imputed interest on convertible bonds of HK\$3,509,000.
- The Group has been developing the Hong Kong market and exploring the PRC and overseas markets actively.

The board of directors (the “Board”) of China Nuclear Industry 23 International Corporation Limited (the “Company”) is pleased to present the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2015, together with the comparative figures for the six months ended 30 June 2014. These condensed consolidated interim financial statements have not been audited, but have been reviewed by the audit committee of the Company.

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

		For the six months ended	
		30 June 2015	30 June 2014
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
<b>Revenue</b>	4	<b>205,608</b>	131,491
Other revenue and gains		<b>2,460</b>	1,028
Cost of inventories used		<b>(46,257)</b>	(61,420)
Construction costs		<b>(67,790)</b>	—
Staff costs		<b>(40,562)</b>	(49,561)
Rental expenses		<b>(22,167)</b>	(23,701)
Utility expenses		<b>(6,160)</b>	(9,210)
Depreciation		<b>(3,424)</b>	(3,147)
Other operating expenses		<b>(23,382)</b>	(31,087)
Fair value gains on derivative financial instruments, net		—	1,471
Loss on early redemption of convertible bonds		—	(5,737)
Gain on deemed disposal of an associate		<b>2,712</b>	—
Finance costs	5	<b>(3,509)</b>	(7,025)
Share of result of an associate, net		<b>3,901</b>	6,018
		<hr/>	<hr/>
<b>Profit/(Loss) before taxation</b>	6	<b>1,430</b>	(50,880)
Income tax expense	7	<b>(704)</b>	(1,272)
		<hr/>	<hr/>
<b>Profit/(Loss) for the period</b>		<b>726</b>	(52,152)
<b>Other comprehensive income for the period, net of tax</b>			
<i>Item that will not be reclassified to profit or loss:</i>			
Loss on property revaluation		<b>(24)</b>	(30)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising during the period		<b>(501)</b>	(587)
Reclassification to profit or loss for deemed disposal of an associate		<b>645</b>	—
Share of other comprehensive income of an associate		<b>(70)</b>	(1,959)
		<hr/>	<hr/>
<b>Total comprehensive income for the period</b>		<b>776</b>	(54,728)
		<hr/> <hr/>	<hr/> <hr/>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME (CONTINUED)**

*For the six months ended 30 June 2015*

		<b>For the six months ended</b>	
		<b>30 June 2015</b>	30 June 2014
		<b>(Unaudited)</b>	(Unaudited)
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Profit/(Loss) for the period attributable to:</b>			
Owners of the Company		<b>(4,047)</b>	(33,959)
Non-controlling interests		<b>4,773</b>	(18,193)
		<u><b>726</b></u>	<u>(52,152)</u>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		<b>(3,751)</b>	(36,248)
Non-controlling interests		<b>4,527</b>	(18,480)
		<u><b>776</b></u>	<u>(54,728)</u>
<b>Loss per share attributable to owners of the Company</b>			
Basic (HK cents per share)	8	<u><b>(0.37)</b></u>	<u>(3.10)</u>
Diluted (HK cents per share)	8	<u><b>(0.37)</b></u>	<u>(3.10)</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

		30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
	Notes		
<b>Non-current assets</b>			
Property, plant and equipment	10	21,588	20,846
Investment property		38,000	38,000
Prepaid land lease payments		6,644	6,695
Available-for-sale investment		500	500
Interest in an associate	11	74,708	68,162
Deferred tax assets, net		3,755	3,755
		<u>145,195</u>	<u>137,958</u>
<b>Current assets</b>			
Inventories		5,446	8,260
Trade and bills receivables	12	113,648	53,797
Prepayments, deposits and other receivables		25,497	21,753
Amounts due from customers for contract work		1,385	55,765
Tax prepayment		233	1,395
Cash and cash equivalents		589,468	252,882
		<u>735,677</u>	<u>393,852</u>
<b>Less: Current liabilities</b>			
Trade payables	13	77,057	70,105
Other payables and accruals	14	51,668	58,537
Provision for long service payments		3,205	3,402
Tax payable		—	1,162
Convertible bonds	15	289,715	—
		<u>421,645</u>	<u>133,206</u>
<b>Net current assets</b>		<u>314,032</u>	<u>260,646</u>
<b>Total assets less current liabilities</b>		<u>459,227</u>	<u>398,604</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)***As at 30 June 2015*

	<b>30 June 2015 (Unaudited) <i>HK\$'000</i></b>	31 December 2014 (Audited) <i>HK\$'000</i>
	<i>Notes</i>	
<b>Less: Non-current liability</b>		
Receipt in advance	<u>1,070</u>	<u>1,130</u>
<b>Net assets</b>	<u><b>458,157</b></u>	<u><b>397,474</b></u>
<b>Capital and reserves</b>		
Share capital	111,880	110,166
Reserves	<u>351,800</u>	<u>297,358</u>
<b>Equity attributable to owners of the Company</b>	<b>463,680</b>	407,524
<b>Non-controlling interests</b>	<u><b>(5,523)</b></u>	<u>(10,050)</u>
<b>Total equity</b>	<u><b>458,157</b></u>	<u><b>397,474</b></u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

*For the six months ended 30 June 2015*

## 1. CORPORATE INFORMATION

China Nuclear Industry 23 International Corporation Limited (the “Company”) is incorporated in Bermuda with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited. The principal place of business of the Company is located at Room 2801, 28th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

During the period from 1 January 2015 to 30 June 2015, the Company and its subsidiaries (collectively referred to as the “Group”) were engaged in the following principal activities:

- restaurant operations
- property investments
- hotel operations
- new energy operations

## 2. ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2015 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited including compliance with Hong Kong Accounting Standards (“HKAS”) 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The accounting policies used in the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2015 are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2014, and in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA.

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

HKFRSs (Amendments)	Annual Improvements 2010–2012 Cycle
HKFRSs (Amendments)	Annual Improvements 2011–2013 Cycle

None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standards or interpretation that is not yet effective for the current accounting period.

### 3. FINANCIAL INSTRUMENTS

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs;
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

Except as detailed in the following table, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recognised in the condensed consolidated financial statements approximate to their fair value:

	30 June 2015		31 December 2014	
	Carrying amount (Unaudited) <i>HK\$'000</i>	Fair value (Unaudited) <i>HK\$'000</i>	Carrying amount (Audited) <i>HK\$'000</i>	Fair value (Audited) <i>HK\$'000</i>
<b>Financial liabilities</b>				
— financial liabilities at amortised cost				
Convertible bonds	<u>289,715</u>	<u>291,262</u>	<u>—</u>	<u>—</u>

#### 4. SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products they provided. Each of the Group's business segments represents a strategic business unit that offers products which are subject to risks and returns that are different from those of the other business segments.

	Restaurant (Unaudited) HK\$'000	Property (Unaudited) HK\$'000	Hotel (Unaudited) HK\$'000	New energy (Unaudited) HK\$'000	Corporate (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
<b>Six months ended 30 June 2015</b>						
Segment revenue:						
Sales to external customers	79,965	—	9,723	115,920	—	205,608
Intersegment sales	4,351	7,884	—	—	3,387	15,622
Other revenue and gains	115	—	750	508	10	1,383
Intersegment other revenue and gains	—	—	—	—	—	—
	<b>84,431</b>	<b>7,884</b>	<b>10,473</b>	<b>116,428</b>	<b>3,397</b>	<b>222,613</b>
<i>Reconciliation:</i>						
Elimination of intersegment sales						(15,622)
Elimination of intersegment other revenue and gains						—
Total						<b>206,991</b>
<b>Segment results</b>	<b>(6,085)</b>	<b>(254)</b>	<b>495</b>	<b>11,394</b>	<b>(8,301)</b>	<b>(2,751)</b>
<i>Reconciliation:</i>						
Interest income and unallocated gains						1,077
Finance costs						(3,509)
Gain on deemed disposal of an associate						2,712
Share of result of an associate, net						3,901
Profit before taxation						1,430
Income tax expense						(704)
Profit for the period						<b>726</b>
<b>At 30 June 2015</b>						
<b>Segment assets</b>	<b>30,190</b>	<b>53,590</b>	<b>4,593</b>	<b>282,908</b>	<b>430,395</b>	<b>801,676</b>
<i>Reconciliation:</i>						
Unallocated assets						79,196
Total assets						<b>880,872</b>
<b>Segment liabilities</b>	<b>13,225</b>	<b>59</b>	<b>4,109</b>	<b>112,808</b>	<b>2,799</b>	<b>133,000</b>
<i>Reconciliation:</i>						
Unallocated liabilities						289,715
Total liabilities						<b>422,715</b>

#### 4. SEGMENT INFORMATION (CONTINUED)

	Restaurant (Unaudited) HK\$'000	Property (Unaudited) HK\$'000	Hotel (Unaudited) HK\$'000	New energy (Unaudited) HK\$'000	Corporate (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
<b>Six months ended 30 June 2014</b>						
<b>Segment revenue:</b>						
Sales to external customers	110,456	—	13,358	7,572	105	131,491
Intersegment sales	4,027	7,729	—	—	4,202	15,958
Other revenue and gains	51	—	720	64	5	840
Intersegment other revenue and gains	—	—	—	—	—	—
	<u>114,534</u>	<u>7,729</u>	<u>14,078</u>	<u>7,636</u>	<u>4,312</u>	<u>148,289</u>
<i>Reconciliation:</i>						
Elimination of intersegment sales						(15,958)
Elimination of intersegment other revenue and gains						<u>—</u>
Total						<u><u>132,331</u></u>
<b>Segment results</b>	(5,811)	(266)	3,569	(33,986)	(9,301)	(45,795)
<i>Reconciliation:</i>						
Interest income and unallocated gains						188
Finance costs						(7,025)
Fair value gains on derivative financial instruments, net						1,471
Loss on early redemption of convertible bonds						(5,737)
Share of result of an associate, net						<u>6,018</u>
Loss before taxation						(50,880)
Income tax expense						<u>(1,272)</u>
Loss for the period						<u><u>(52,152)</u></u>
<b>At 31 December 2014</b>						
<b>Segment assets</b>	36,372	53,861	5,717	255,169	106,879	457,998
<i>Reconciliation:</i>						
Unallocated assets						<u>73,812</u>
Total assets						<u><u>531,810</u></u>
<b>Segment liabilities</b>	16,218	52	5,171	107,015	4,718	133,174
<i>Reconciliation:</i>						
Unallocated liabilities						<u>1,162</u>
Total liabilities						<u><u>134,336</u></u>

## 5. FINANCE COSTS

**For the six months ended**  
**30 June 2015**      30 June 2014  
**(Unaudited)**      (Unaudited)  
*HK\$'000*              *HK\$'000*

Imputed interest on convertible bonds ( <i>note 15</i> )	<b>3,509</b>	7,025
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## 6. PROFIT/(LOSS) BEFORE TAXATION

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

**For the six months ended**  
**30 June 2015**      30 June 2014  
**(Unaudited)**      (Unaudited)  
*HK\$'000*              *HK\$'000*

Minimum lease payments under operating leases:

Land and buildings	22,167	23,701
Office equipment*	144	148

	<b>22,311</b>	23,849
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Staff costs (including directors' and chief executive's remuneration):

Wages, salaries and bonuses	39,388	47,729
Provision for long service payments, net	(71)	768
Pension scheme contributions	1,245	1,064

	<b>40,562</b>	49,561
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Recognition of prepaid land lease payments\*

	<b>51</b>	51
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\* *Items included in other operating expenses*

## 7. INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided at the rate of 16.5% (six months ended 30 June 2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. PRC subsidiaries are subject to Corporate Income Tax at 25% (six months ended 30 June 2014: 25%).

**For the six months ended**  
**30 June 2015**      30 June 2014  
**(Unaudited)**      (Unaudited)  
*HK\$'000*              *HK\$'000*

Current tax for the period

Hong Kong	—	—
Other than Hong Kong	704	1,272

Deferred tax

	—	—
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Tax charge for the period

	<b>704</b>	1,272
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## 8. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic and diluted loss per share is based on the unaudited loss for the six months ended 30 June 2015 attributable to owners of the Company of approximately HK\$4,047,000 (six months ended 30 June 2014: loss of HK\$33,959,000), and the weighted average number of ordinary shares of 1,102,660,095 (six months ended 30 June 2014: 1,093,665,620) in issue during the six months ended 30 June 2015.

	For the six months ended	
	30 June 2015	30 June 2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<i>Loss</i>		
Unaudited loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share calculation	(4,047)	(33,959)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share calculation	<u>1,102,660,095</u>	<u>1,093,665,620</u>

The Company's convertible bonds were not included in the calculation of diluted loss per share for the six months ended 30 June 2014 and 2015 because the effects of the convertible bonds were anti-dilutive.

## 9. DIVIDEND

No dividend has been declared or proposed by the directors of the Company in respect of the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

## 10. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Group acquired items of property, plant and equipment with a cost approximately HK\$4,185,000 (six months ended 30 June 2014: HK\$1,549,000).

## 11. INTEREST IN AN ASSOCIATE

	30 June 2015	31 December 2014
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Cost of investment in an associate	64,677	61,966
Share of post-acquisition profit and other comprehensive income and loss, net of dividends	<u>10,031</u>	<u>6,196</u>
	<u>74,708</u>	<u>68,162</u>

*Notes:*

- (a) Included in the cost of investment as at 30 June 2015 is goodwill arising on acquisition of interest in an associate of approximately HK\$16,251,000 (31 December 2014: HK\$23,216,000).

## 11. INTEREST IN AN ASSOCIATE (CONTINUED)

(b) On 13 January 2015, shareholders of CNI Nuclear Maintenance Co., Ltd. (“CNI Nuclear Maintenance”) entered into a capital injection agreement with a new subscriber. Upon completion of the share subscription, the Group’s interest in CNI Nuclear Maintenance has been diluted from 26.5% to 18.55%. Registered capital of CNI Nuclear Maintenance increased from RMB36,700,000 to RMB52,430,000 accordingly.

(c) Particulars of the Group’s interest in an associate as at 30 June 2015 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
中核檢修有限公司 (transliterated as CNI Nuclear Maintenance Co., Ltd.) (formerly known as 深圳中核二三核電檢修有限公司)	The PRC/ 9 January 1988	RMB52,430,000	Indirect: 18.55%	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

## 12. TRADE AND BILLS RECEIVABLES

The Group normally allows a credit period of 30-180 days with its customers for new energy operations depending on the customers’ creditworthiness and the length of business relationship with the customers. Customers in restaurant and hotel operations are mainly settled by cash and credit cards, except for certain well-established customers where the terms vary with these customers. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management of the Company.

	<b>30 June 2015</b> (Unaudited) <i>HK\$’000</i>	31 December 2014 (Audited) <i>HK\$’000</i>
Trade receivables	<b>87,280</b>	46,359
Bills receivables	<b>26,368</b>	7,438
	<b>113,648</b>	53,797

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

	<b>30 June 2015</b> (Unaudited) <i>HK\$’000</i>	31 December 2014 (Audited) <i>HK\$’000</i>
0–90 days	<b>83,685</b>	38,445
91–180 days	<b>24,875</b>	9,833
181–365 days	<b>5,088</b>	5,519
	<b>113,648</b>	53,797

## 12. TRADE AND BILLS RECEIVABLES (CONTINUED)

Trade receivables are non-interest-bearing. The Group does not hold any collateral or other credit enhancements over these balances. Bills receivables are due within six months from date of billing.

Included in trade and bills receivables was an amount of approximately HK\$70,269,000 (31 December 2014: HK\$45,634,000) which represents amounts due from related parties of the Group arising from new energy operations.

## 13. 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:

	<b>30 June 2015 (Unaudited) HK\$'000</b>	31 December 2014 (Audited) HK\$'000
0-90 days	<b>50,511</b>	41,804
91-180 days	<b>17,519</b>	28,301
181-365 days	<b>9,027</b>	—
	<hr/> <b>77,057</b> <hr/>	<hr/> 70,105 <hr/>

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

## 14. OTHER PAYABLES AND ACCRUALS

Included in other payables was an amount of approximately HK\$30,887,000 (31 December 2014: HK\$30,887,000) which represents the non-interest bearing shareholders' loan from two non-controlling interest shareholders of Guoxin Energy Limited, a 51% owned subsidiary of the Company. Details of the shareholders' loan were set out in the Company's announcement dated 6 January 2013.

## 15. CONVERTIBLE BONDS

### (i) Redemption of convertible bonds

	<b>Convertible Bonds (Unaudited) HK\$'000</b>
<b>Liability component</b>	
At 1 January 2014	56,172
Imputed interest expenses	7,025
Conversion of convertible bonds	<u>(63,197)</u>
At 31 December 2014	<u>—</u>
<b>Derivative component</b>	
At 1 January 2014	4,537
Fair value gains recognised in the consolidated statement of profit or loss	(1,471)
Conversion of convertible bonds	<u>(3,066)</u>
At 31 December 2014	<u>—</u>

On 1 September 2011, the Company issued zero coupon convertible bonds in the principal amount of HK\$120,000,000 (the “Convertible Bonds”) to an independent third party as part of consideration for acquisition of subsidiaries. The Convertible Bonds 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 not converted, cancelled, purchased or otherwise acquired will be redeemed by the Company on 1 September 2014.

The conversion option of the Convertible Bonds 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 condensed consolidated statement of profit or loss and other comprehensive income.

During the year ended 31 December 2013, the Convertible Bonds at the principal amount of HK\$48,000,000 was converted into ordinary shares of the Company. On 20 February 2014 and 26 May 2014, the Company made early redemptions of the outstanding Convertible Bonds at the total principal amount of HK\$72,000,000 with an aggregate consideration of HK\$72,000,000 and incurred a loss on early redemption of approximately HK\$5,737,000.

## 15. CONVERTIBLE BONDS (CONTINUED)

### (ii) Issuance of convertible bonds

	<b>2015</b> <b>Convertible</b> <b>Bonds</b> <b>(Unaudited)</b> <i>HK\$'000</i>
<b>Liability component</b>	
Issuance of new bonds	313,038
Imputed interest expenses	3,509
Conversion of convertible bonds	<u>(26,832)</u>
At 30 June 2015	<u><u>289,715</u></u>

On 26 May 2015, the Company issued an aggregated principal amount of HK\$350 million 3% convertible bonds (the “2015 Convertible Bonds”), which are due on 25 May 2016. The 2015 Convertible Bonds are convertible at the option of the bondholders into the Company’s ordinary shares at a conversion price of HK\$1.75 per share any time up to maturity.

On the basis that the conversion option of the Convertible Bonds to be settled by exchange of a fixed amount or fixed number of equity instruments, the 2015 Convertible Bonds were accounted for as compound instruments under HKAS 32 “Financial Instruments — Presentation” and the proceeds were split between a liability component and an equity component as set out below.

The fair value of the liability component was calculated using a market interest rate for a bond with the similar tenure but with no conversion features. The residual amount, representing the value of the equity component, was credited to conversion reserves under equity attributable to owners of the Company.

The imputed interest expenses on the bonds are calculated using the effective interest method.

Since the date of issuance and up to 30 June 2015, HK\$30,000,000 of the 2015 Convertible Bonds were converted into shares of the Company by the bondholders.

## 16. CONTINGENT LIABILITIES

The Company and the Group had no contingent liabilities as at 30 June 2015 (31 December 2014: Nil).

## 17. MATERIAL RELATED PARTY TRANSACTIONS

### (a) Transactions with related parties

	<b>For the six months ended</b>	
	<b>30 June 2015</b>	<b>30 June 2014</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Transactions with a director:		
Rental expenses paid ( <i>note (i)</i> )	<u><u>60</u></u>	<u><u>48</u></u>

*Note:*

- (i) The Group paid rental expenses to a director of the Company. The rentals were determined with reference to open market rentals.

17. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Compensation of key management personnel of the Group:

	For the six months ended	
	30 June 2015	30 June 2014
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Short term employee benefits	3,666	3,670
Pension scheme contributions	54	57
	<hr/>	<hr/>
Total compensation paid to key management personnel	<u>3,720</u>	<u>3,727</u>

## RESULTS

The Group's consolidated revenue for the six months ended 30 June 2015 was HK\$205,608,000, representing an increase of HK\$74,117,000 or 56%, compared to the consolidated revenue of HK\$131,491,000 recorded for the six months ended 30 June 2014. Consolidated loss attributable to owners of the Company was HK\$4,047,000, (2014: consolidated loss of HK\$33,959,000). Basic loss per share was HK0.37 cents (2014: basic loss per share HK3.10 cents).

The significant improvement as compared to the net loss for the six months ended 30 June 2014, among other things, was mainly due to the positive impact contributed from projects revenue, which was benefited from extensive market development and new business growth plan in the new energy business. Therefore, the relevant business of the Group recorded a net profit for the six months ended 30 June 2015. Net profit for the period amounted to HK\$726,000, excluding the gain on deemed disposal of an associate of HK\$2,712,000 and the imputed interest on convertible bonds of HK\$3,509,000, the Group would have recorded a profit of HK\$1,523,000 from its core business for the six months ended 30 June 2015.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Review of Operations

The Group's catering business recorded a net loss in the first half of 2015, on the other hand, the sales revenue and the net profit of the hotel business decreased as compared with last year, which was mainly due to the impact of macroeconomic environment.

The Group's new energy business recorded a significant improvement. The significant increase in the engineering, procurement and construction projects benefited from extensive market development and new business growth plan, coupled with the decrease in the inherent operating costs, provided the room for profit making.

### Liquidity and Financial Resources

As at 30 June 2015, the Group had cash and cash equivalents of approximately HK\$589,468,000 (31 December 2014: HK\$252,882,000), in total, most of which were unsecured bank deposits, with their original maturities within three months. In addition, the Group had no mortgage loans (31 December 2014: Nil). The net assets were approximately HK\$458,157,000 (31 December 2014: HK\$397,474,000).

On 26 May 2015, the Company issued an aggregated principal amount of HK\$350,000,000 3% convertible bonds, which are due on 25 May 2016. The Company received net proceeds of HK\$346,114,000 after deducting the commissions and expenses of the offering. In June 2015, HK\$30,000,000 of the convertible bonds were converted into approximately 17,143,000 new ordinary shares at a conversion price of HK\$1.75 per share.

The Group's bank balances and cash are mainly denominated in Hong Kong dollars and Renminbi, and hence it is not exposed to significant exchange risk. The Group has not used any financial instruments for hedging purpose.

### Contingent Liabilities

At the end of the reporting period, the Group had no significant contingent liabilities.

## **Number of Employees and Remuneration Policy**

As at 30 June 2015, the Group had 367 employees, the remuneration packages of whom have been reviewed annually with reference to the prevailing market condition.

During the six months ended 30 June 2015, the Group had no share option scheme for its employees.

## **Outlook**

The Group will strive to improve its core competitiveness and increase its earnings in response to the development trend of China's economy, especially putting more resources in the clean energy field. Meanwhile, the Group will continue to explore the related business growth model to create better returns for the shareholders.

## **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 six months ended 30 June 2015.

## **Corporate Governance Code**

The Board is of the view that throughout the period ended 30 June 2015, the Company has complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

## **Model Code for Securities Transactions**

The Company has adopted its own code of conduct regarding directors' dealings in the Company's securities (the "Code of Conduct") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (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 Code of Conduct and the Model Code throughout the accounting period covered by the interim report.

## **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 purpose 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. Li Baolin, Mr. Wang Jimin and Mr. Tian Aiping, all are Independent Non-executive Directors of the Company. The unaudited interim report for the six months ended 30 June 2015 has been reviewed by the Audit Committee.

On behalf of the Board  
**China Nuclear Industry 23 International  
Corporation Limited**  
**AI Yilun**  
*Chairman*

Hong Kong, 31 July 2015

*As at the date of this announcement, the Directors are: Mr. Ai Yilun, who is the chairman and an executive Director; Mr. Chan Shu Kit, who is the vice-chairman and an executive Director; Ms. Jian Qing, Mr. Chung Chi Shing, Mr. Gao Yongping, Mr. Fu Zhigang, Mr. Tang Chuanqing and Mr. Tang Jianhua, all of whom are executive Directors; and Mr. Chan Ka Ling, Edmond, Mr. Li Baolin, Mr. Wang Jimin and Mr. Tian Aiping, all of whom are independent non-executive Directors.*