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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 FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

SUMMARY

- Loss for the year amounted to HK$57,195,000.
- If excluding the net fair value gains from derivative financial instruments of HK$1,471,000, the imputed interest on the convertible bonds of HK$7,025,000, and the net loss on early redemption of convertible bonds of HK$5,737,000, the Group would have recorded a loss of HK$45,904,000 from its core business for the year ended 31 December 2014.

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 referred to as the "Group") for the year ended 31 December 2014 together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Notes	**2014** *HK$'000*	2013 *HK$'000*
Revenue	3	**322,523**	556,877
Other revenue and gains		**4,081**	2,897
Cost of inventories used		**(105,380)**	(243,817)
Construction costs		**(47,603)**	(63,798)
Staff costs		**(95,430)**	(98,487)
Rental expenses		**(46,060)**	(44,497)
Utility expenses		**(16,882)**	(19,985)
Depreciation		**(6,828)**	(8,642)
Other operating expenses		**(72,827)**	(144,931)
Fair value gains on derivative financial instruments, net		**1,471**	40,833
Finance costs	4	**(7,025)**	(19,596)
Share of results of associates, net		**5,958**	15,515
Loss before taxation	5	**(64,002)**	(27,631)
Income tax credit/(expense)	6	**6,807**	(9,017)
Loss for the year		**(57,195)**	(36,648)
Other comprehensive (loss)/income for the year, net of tax			
Item that will not be reclassified to profit or loss			
Loss on property revaluation		**(55)**	(154)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations			
— Exchange differences arising during the year		**(533)**	1,073
— Reclassification adjustments relating to foreign operations disposed of during the year		**—**	(2,586)
Share of other comprehensive (loss)/income of associates		**(1,885)**	1,806
Total comprehensive loss for the year		**(59,668)**	(36,509)
(Loss)/profit for the year attributable to:			
Owners of the Company		**(40,931)**	(45,536)
Non-controlling interests		**(16,264)**	8,888
		(57,195)	(36,648)
Total comprehensive (loss)/income attributable to:			
Owners of the Company		**(43,143)**	(45,922)
Non-controlling interests		**(16,525)**	9,413
		(59,668)	(36,509)
Loss per share attributable to owners of the Company			
— Basic and diluted *(HK cent per share)*	7	**(3.72)**	(4.16)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment		**20,846**	24,783
Investment property		**38,000**	38,000
Prepaid land lease payments		**6,695**	6,796
Available-for-sale investment		**500**	500
Goodwill	9	**—**	—
Interest in an associate	10	**68,162**	76,958
Deferred tax assets, net		**3,755**	3,560
		137,958	150,597
Current assets			
Inventories		**8,260**	59,033
Trade and bills receivables	11	**53,797**	221,330
Prepayments, deposits and other receivables	12	**21,753**	144,288
Amounts due from customers for contract work		**55,765**	6,725
Tax prepayment		**1,395**	349
Cash and cash equivalents		**252,882**	198,456
		393,852	630,181
Less: Current liabilities			
Trade payables	13	**70,105**	192,242
Other payables and accruals		**58,537**	58,457
Provision for long service payments		**3,402**	1,928
Tax payable		**1,162**	9,650
Convertible bonds	14	**—**	56,172
Derivative financial instruments	15	**—**	4,537
		133,206	322,986
Net current assets		**260,646**	307,195
Total assets less current liabilities		**398,604**	457,792

	Notes	**2014** *HK$'000*	2013 *HK$'000*
Less: Non-current liabilities			
Receipt in advance		**1,130**	650
Deferred tax liabilities, net		**—**	—
		1,130	650
Net assets		**397,474**	457,142
Capital and reserves			
Share capital		**110,166**	110,166
Reserves		**297,359**	340,501
Equity attributable to owners of the Company		**407,525**	450,667
Non-controlling interests		**(10,051)**	6,475
Total equity		**397,474**	457,142

NOTES:

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. The ultimate holding company is 中國核工業建設集團公司 (transliterated as "China Nuclear Engineering Group Co.").

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company and its subsidiaries (collectively referred to as the "Group") and all amounts are rounded to the nearest thousand (HK$'000) except otherwise indicated.

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

The accounting policies adopted in the consolidated financial statements for the year ended 31 December 2014 are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2013 except as described below.

In the current year, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations (the "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are effective for the current accounting year of the Group. The new and revised HKFRSs adopted by the Group in the consolidated financial statements are set out below:

HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities
HKAS 32 (Amendments)	Presentation — Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) — Int 21	Levies

The application of the above new and revised HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior year adjustment has been required.

The Group has not early adopted the following new and revised HKFRSs that have been issued but are not yet effective.

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010–2012 Cycle[2]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011–2013 Cycle[1]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012–2014 Cycle[3]
HKFRS 9	Financial Instruments[6]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations[3]
HKFRS 14	Regulatory Deferral Accounts[4]
HKFRS 15	Revenue from Contracts with Customers[5]
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation[3]
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants[3]
HKAS 19 (Amendments)	Defined Benefits Plans: Employee Contributions[1]
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements[3]

[1] Effective for annual periods beginning on or after 1 July 2014
[2] Effective for annual periods beginning on or after 1 July 2014, with limited exceptions
[3] Effective for annual periods beginning on or after 1 January 2016
[4] Effective for first annual HKFRS financial statements beginning on or after 1 January 2016
[5] Effective for annual periods beginning on or after 1 January 2017
[6] Effective for annual periods beginning on or after 1 January 2018

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value 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. 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.

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

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

HKFRS 15 Revenue from Contracts with Customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

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

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

Amendments to HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to HKAS 28:

The requirements on gains and losses resulting from transactions between an entity and its associate or joint venture have been amended to relate only to assets that do not constitute a business.

A new requirement has been introduced that gains or losses from downstream transactions involving assets that constitute a business between an entity and its associate or joint venture must be recognised in full in the investor's financial statements.

A requirement has been added that an entity needs to consider whether assets that are sold or contributed in separate transactions constitute a business and should be accounted for as a single transaction.

Amendments to HKFRS 10:

An exception from the general requirement of full gain or loss recognition has been introduced into HKFRS 10 for the loss control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method.

New guidance has been introduced requiring that gains or losses resulting from those transactions are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement at fair value of investments retained in any former subsidiary that has become an associate or a joint venture that is accounted for using the equity method are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The Group is in the process of assessing the potential impact of these new and revised HKFRSs but is not yet in a position to determine whether these new and revised HKFRSs will have a significant impact on how its results of operations and financial position are prepared and presented. These new and revised HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

3. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has five 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;
- the new energy segment comprises the Group's new energy operations; and
- the all other segments comprise 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/(loss), 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 on derivative financial instruments, loss on early redemptions of convertible bonds, loss on disposal of a subsidiary, share of results 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 an associate, deferred tax assets, tax prepayment, 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 customers of approximately HK$84,055,000 and HK$2,446,000 (2013: HK$289,858,000 and HK$5,743,000), which was derived from the Group's operations in the People's Republic of China ("PRC") and overseas respectively, 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$68,162,000 as at 31 December 2014 (2013: HK$76,958,000) and property, plant and equipment amounted to approximately HK$5,062,000 as at 31 December 2014 (2013: HK$5,843,000), no non-current assets of the Group are located outside Hong Kong (2013: Nil).

Included in revenue arising from new energy operations of approximately HK$59,275,000 and HK$22,572,000 (2013: HK$175,780,000 and HK$86,570,000) arose from the Group's first and second largest customers. No other single customers contributed 10% or more to the Group's revenue for both the years ended 31 December 2014 and 2013.

	Restaurant	Property	Hotel	New energy	All other segments	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 December 2014						
Segment revenue:						
Sales to external customers	**208,732**	**—**	**27,290**	**86,501**	**—**	**322,523**
Intersegment sales	**—**	**23,711**	**—**	**—**	**9,699**	**33,410**
Other revenue and gains	**1,378**	**—**	**1,457**	**481**	**196**	**3,512**
Intersegment other revenue and gains	**—**	**—**	**—**	**—**	**—**	**—**
	210,110	**23,711**	**28,747**	**86,982**	**9,895**	**359,445**
Reconciliation:						
Elimination of intersegment sales						**(33,410)**
Elimination of intersegment other revenue and gains						**—**
Total						**326,035**
Segment results	**(15,663)**	**(753)**	**7,636**	**(34,236)**	**(16,222)**	**(59,238)**
Reconciliation:						
Interest income and unallocated gains						**569**
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						**5,958**
Loss before taxation						**(64,002)**
Income tax credit						**6,807**
Loss for the year						**(57,195)**

	Restaurant *HK$'000*	Property *HK$'000*	Hotel *HK$'000*	New energy *HK$'000*	All other segments *HK$'000*	Total *HK$'000*
At 31 December 2014						
Segment assets	**36,372**	**53,861**	**5,717**	**255,169**	**106,879**	**457,998**
Reconciliation:						
Unallocated assets						**73,812**
Total assets						**531,810**
Segment liabilities	**16,218**	**52**	**5,171**	**107,015**	**4,718**	**133,174**
Reconciliation:						
Unallocated liabilities						**1,162**
Total liabilities						**134,336**
Other segment information						
Depreciation	**3,661**	**303**	**643**	**1,793**	**428**	**6,828**
Recognition of prepaid land lease payments	**—**	**101**	**—**	**—**	**—**	**101**
Additions to property, plant and equipment	**926**	**1,155**	**724**	**1,067**	**281**	**4,153**
Written off of property, plant and equipment	**1,148**	**—**	**—**	**32**	**4**	**1,184**
Gain on disposal of property, plant and equipment	**—**	**—**	**—**	**—**	**6**	**6**

Included in the unallocated assets, there are interest in an associate amounted to approximately HK$68,162,000. Details of the investment in an associate were set out in note 10. Included in the unallocated liabilities, there are tax payable amounted to approximately HK$1,162,000.

	Restaurant HK$'000	Property HK$'000	Hotel HK$'000	New energy HK$'000	All other segments HK$'000	Total HK$'000
Year ended 31 December 2013						
Segment revenue:						
Sales to external customers	234,637	—	26,640	295,600	—	556,877
Intersegment sales	—	17,057	—	—	10,067	27,124
Other revenue and gains	539	—	1,470	63	61	2,133
Intersegment other revenue and gains	—	—	—	—	—	—
	235,176	17,057	28,110	295,663	10,128	586,134
Reconciliation:						
Elimination of intersegment sales						(27,124)
Elimination of intersegment other revenue and gains						—
Total						559,010
Segment results	(6,427)	(783)	9,112	31,819	(23,711)	10,010
Reconciliation:						
Interest income and unallocated gains						764
Finance costs						(19,596)
Fair value gains on derivative financial instruments, net						40,833
Loss on disposal of a subsidiary						(75,157)
Share of results of associates, net						15,515
Loss before taxation						(27,631)
Income tax expense						(9,017)
Loss for the year						(36,648)

	Restaurant *HK$'000*	Property *HK$'000*	Hotel *HK$'000*	New energy *HK$'000*	All other segments *HK$'000*	Total *HK$'000*
At 31 December 2013						
Segment assets	47,870	45,568	5,845	377,492	222,636	699,411
Reconciliation:						
Unallocated assets						81,367
Total assets						780,778
Segment liabilities	17,409	127	5,939	227,674	2,128	253,277
Reconciliation:						
Unallocated liabilities						70,359
Total liabilities						323,636
Other segment information						
Depreciation	5,756	75	751	1,495	565	8,642
Recognition of prepaid land lease payments	—	101	—	—	—	101
Additions to property, plant and equipment	7,012	—	—	5,036	109	12,157
Written off of property, plant and equipment	1,051	—	—	2	—	1,053

Included in the unallocated assets, there are interest in an associate amounted to approximately HK$76,958,000 arising from the investment in an associate. Details of the investment in an associate were set out in note 10. Included in the unallocated liabilities, there are convertible bonds and derivative financial instruments amounted to approximately HK$56,172,000 and HK$4,537,000 respectively.

4. FINANCE COSTS

	The Group	
	2014 **HK$'000**	2013 *HK$'000*
Imputed interest on convertible bonds *(note 14)*	**7,025**	19,510
Interest on other borrowings	**—**	86
	7,025	19,596

5. LOSS BEFORE TAXATION

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

	The Group	
	2014	2013
	HK$'000	*HK$'000*
Minimum lease payments under operating leases:		
Land and buildings	**46,060**	44,497
Office equipment*	**168**	170
	46,228	44,667
Staff costs (including directors' and chief executive's remuneration):		
Wages, salaries and bonuses	**88,777**	92,405
Provision for long service payments, net	**3,528**	933
Pension scheme contributions	**3,125**	5,149
Total staff costs	**95,430**	98,487
Recognition of prepaid land lease payments*	**101**	101
Written off of property, plant and equipment*	**1,184**	1,053
Auditors' remuneration*	**1,024**	960
Gain on disposal of property, plant and equipment	**(6)**	—
Loss on early redemption of convertible bonds*	**5,737**	—
Loss on disposal of a subsidiary*	**—**	75,157

* *Items included in other operating expenses*

6. TAXATION

Hong Kong Profits Tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. PRC subsidiaries are subject to PRC Corporate Income Tax at the rate of 25% (2013: 25%).

	The Group	
	2014	2013
	HK$'000	*HK$'000*
Current tax for the year		
Hong Kong	**1,277**	1,399
Other than Hong Kong	**—**	8,953
Over provision in respect of previous years		
Hong Kong	**(137)**	(97)
Other than Hong Kong	**(7,752)**	—
Deferred tax	**(195)**	(1,238)
Tax (credit)/charge for the year	**(6,807)**	9,017

A reconciliation between tax charge and accounting loss at applicable tax rate is set out below:

	The Group			
	2014		2013	
	HK$'000	*%*	*HK$'000*	*%*
Loss before taxation	**(64,002)**		(27,631)	
Tax at the statutory tax rate applicable to profits in the respective countries	**(13,237)**	**20.7**	(1,515)	5.5
Share of results of associates	**(983)**	**1.5**	(2,431)	8.8
Income not subject to tax	**(728)**	**1.1**	(7,976)	28.8
Expenses not deductible for tax	**14,340**	**(22.4)**	20,810	(75.3)
Tax losses utilised from previous years	**(80)**	**0.1**	(88)	0.3
Tax loss not recognised	**2,804**	**(4.3)**	2,981	(10.8)
Temporary differences not recognised	**(1,034)**	**1.6**	(2,667)	9.7
Over provision in respect of previous years	**(7,889)**	**12.3**	(97)	0.4
Tax (credit)/charge for the year	**(6,807)**	**10.6**	9,017	(32.6)

7. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic and diluted loss per share is based on the loss for the year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the year.

	2014	2013
	HK$'000	*HK$'000*
Loss		
Loss for the year attributable to owners of the Company for the purpose of the basic and diluted loss per share calculation	**(40,931)**	(45,536)
	Number of shares	
Number of shares		
Weighted average number of ordinary shares in issue during the year for the purpose of basic and diluted loss per share calculation	**1,101,665,620**	1,093,665,620

The Company's zero coupon convertible bonds issued on 1 September 2011 were not included in the calculation of diluted loss per share for the years ended 31 December 2014 and 2013 because the effects of the aforesaid convertible bonds were anti-dilutive.

8. DIVIDEND

No dividend has been declared or proposed by the directors of the Company in respect of the year ended 31 December 2014 (2013: Nil).

9. GOODWILL

Movement of goodwill during the year is as follows:

The Group

	HK$'000
Cost:	
At 1 January 2013	105,440
Disposal of a subsidiary	(105,440)
At 31 December 2013, 1 January 2014 and 31 December 2014	—
Impairment:	
At 1 January 2013, 31 December 2013, 1 January 2014 and 31 December 2014	—
Carrying amount:	
At 31 December 2014	—
At 31 December 2013	—

Upon completion of the disposal of East King International Enterprises Limited ("East King") on 24 December 2013, the assets and liabilities of East King, together with the goodwill, were ceased to be consolidated to the Group's consolidated financial statements.

10. INTEREST IN AN ASSOCIATE

	The Group	
	2014	2013
	HK$'000	*HK$'000*
Cost of investment in an associate	**61,966**	61,966
Share of post-acquisition profit and other comprehensive income, net of dividends received	**6,196**	14,992
	68,162	76,958

11. 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. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management of the Company.

The Group's trading terms with its customers in restaurant and hotel operations 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. Trade receivables are non-interest bearing.

	The Group	
	2014	2013
	HK$'000	*HK$'000*
Trade receivables	**46,359**	138,256
Bills receivables	**7,438**	83,074
	53,797	221,330

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

	The Group	
	2014	2013
	HK$'000	*HK$'000*
0–90 days	**38,445**	221,307
91–180 days	**9,833**	23
181–365 days	**5,519**	—
	53,797	221,330

The aged analysis of the trade and bills receivables that are not considered to be impaired:

	The Group	
	2014	2013
	HK$'000	*HK$'000*
Neither past due nor impaired	**53,797**	221,330

Trade receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default. 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$45,634,000 (2013: HK$135,899,000) which represents amounts due from related parties of the Company arising from new energy operations.

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Included in other receivables as at 31 December 2013 of HK$117,000,000 was the remaining consideration receivable from the purchaser of East King upon disposal of East King. The amount has been settled during the year ended 31 December 2014.

13. TRADE PAYABLES

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

	The Group	
	2014	2013
	HK$'000	*HK$'000*
0–90 days	**41,804**	180,166
91–180 days	**28,301**	12,076
	70,105	192,242

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

As at 31 December 2013, included in the trade payables was an amount of approximately HK$4,585,000 which represents an amount due to a related party of the Company arising from new energy operations. The amount has been settled during the year ended 31 December 2014.

14. CONVERTIBLE BONDS

The convertible bonds issued have been split as to the embedded derivative and the liability components. The following 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 *HK$'000* *(note)*
Liability component	
At 1 January 2013	64,480
Imputed interest expenses *(note 4)*	19,510
Conversion of convertible bonds	(27,818)
At 31 December 2013 and 1 January 2014	56,172
Imputed interest expenses *(note 4)*	7,025
Redemptions of convertible bonds	(63,197)
At 31 December 2014	—
Derivative component	
At 1 January 2013	76,452
Fair value gains on derivative financial instruments	(40,833)
Conversion of convertible bonds	(31,082)
At 31 December 2013 and 1 January 2014	4,537
Fair value gains on derivative financial instruments	(1,471)
Redemptions of convertible bonds	(3,066)
At 31 December 2014	—

Note:

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 consolidated statement of profit or loss.

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. DERIVATIVE FINANCIAL INSTRUMENTS

	The Group and the Company	
	2014	2013
	HK$'000	*HK$'000*
Embedded derivatives of convertible bonds *(note 14)*	—	4,537

16. CONTINGENT LIABILITIES

The Group and the Company had no contingent liabilities as at 31 December 2014 (2013: Nil).

17. EVENT AFTER THE REPORTING PERIOD

(a) Continuing connected transactions in respect of technical consultancy and project management services

On 2 January 2015, 南京中核二三能源工程有限公司 (transliterated as Nanjing CNI23 Energy Engineering Company Limited) ("CNI23 Energy") entered into an agreement with 中國核工業二三建設有限公司華東分公司 (transliterated as China Nuclear Industry 23 Construction Company Limited Huadong Branch) ("CNI23 Huadong Branch"), pursuant to which CNI23 Huadong Branch has agreed to engage CNI23 Energy as its contractor for the provision of engineering design, technical consultancy and project management services in respect of the technical consultancy services projects and various project management services projects including 揚州經濟開發區10MWp光伏電站項目可研及8MW施工圖設計，中廣核青海省海南州共和縣離網光伏電站項目，滄州市南大港管理區中科索能光伏發電有限公司40MW生態農業光伏發電項目 and 白溝屋頂用戶光伏發電項目(transliterated as Yangzhou Economic Zone 10MWp Solar Power Station Project and 8MW engineering design, Zhongguanghe Qinghai Province Hainanzhou Gonghe County Solar Power Station Project, Cangzhou City Nandagang Management District Zhongke Suoneng Solar Power Company Limited 40MW Agricultural Solar Power Project and the Baigou Rooftop Solar Power Project) (the "Huadong Technical Consultancy Agreement").

The total contract value of the Huadong Technical Consultancy Agreement is RMB16,400,000 (equivalent to approximately HK$20,759,000). Details of the continuing connected transaction were set out in the Company's announcement dated 2 January 2015.

(b) Continuing connected transactions in respect of the remaining GCL Solar Projects

As set out in the Company's announcements dated 7 November 2014 and 18 November 2014, CNI23 Energy entered into the agreements with 黎城協鑫光伏電力有限公司 (transliterated as Licheng GCL Solar Power Co. Ltd.) ("GCL Licheng") on 12 August 2014 and 13 August 2014, pursuant to which GCL Licheng has agreed to engage CNI23 Energy as its contractor for the provision of engineering, procurement and construction services in respect of the 黎城協鑫光伏30MW光伏發電項目 (transliterated as Licheng GCL 30MW PV Project) ("Licheng Solar Project") (the "Licheng Procurement and Construction Agreement" and the "Licheng Engineering Agreement" respectively). Further, on 13 November 2014, CNI23 Energy entered into the agreement in relation to the provision of engineering design services to 寶應鑫源光伏發電有限公司 (transliterated as Baoying Xinyuan Solar Power Co., Ltd) ("GCL Baoying") in respect of the 寶應鑫源光伏發電有限公司6MW漁光互補光伏發電項目 (transliterated as Baoying Xinyuan Solar Power Co., Ltd. 6MW Fishing-solar Complementary PV Project) ("Baoying Solar Project") with GCL Baoying, pursuant to which GCL Baoying has agreed to engage CNI23 Energy as its contractor for the provision of engineering design service in respect of the Baoying Solar Project (the "Baoying Engineering Agreement"). On 11 November 2014, CNI23 Energy entered into the agreement with 榆林市榆神工業區東投能源有限公司 (transliterated as Yulin City Yushen Industrial District Dongtou Power Co., Ltd.) ("GCL Yushen"), pursuant to which GCL Yushen has agreed to engage CNI23 Energy as its contractor for the provision of engineering design service in respect of the 陝西榆林榆神100MW光伏發電項目 (transliterated as Shanxi Yulin Yushen 100MW PV Project) ("Yushen Solar Project") (the "Yushen Engineering Agreement").

As the scope of work and requirements under the Licheng Solar Project were more complicated than expected and due to the unfavourable weather condition, the construction progress of the Licheng Solar Project has been delayed and certain works undertaken by CNI23 Energy pursuant to the Licheng Procurement and Construction Agreement could not be completed by the financial year ended 31 December 2014. In addition, in light of the delay of the construction progress of the Licheng Solar Project, the underlying duties of as-built drawings and refinement on the engineering documents could not be fulfilled pursuant to the Licheng Engineering Agreement by the financial year ended 31 December 2014, and in respect of the Yushen Engineering Agreement and the Baoying Engineering Agreement, CNI23 Energy did not obtain all the requisite information to complete the engineering design work by the financial year ended 31 December 2014. Therefore, CNI23 Energy is required to continue and complete the remaining EPC services under the solar projects under the Licheng Engineering Agreement, the Licheng Procurement and Construction Agreement, the Baoying Engineering Agreement and the Yushen Engineering Agreement (the "GCL Soler Projects") in the financial year ending 31 December 2015.

The estimated amount of the remaining continuing connected transactions is approximately RMB16,224,000 (equivalent to approximately HK$20,512,000). Details of the remaining continuing connected transactions were set out in the Company's announcement dated 13 February 2015.

(c) Deemed disposal of interest in an associate

On 13 January 2015, shareholders of 深圳中核二三核電檢修有限公司 (transliterated as Shenzhen CNI23 Nuclear Power Maintenance Co., Ltd.), an associate of the Company, entered into a capital injection agreement with a new subscriber. Upon completion of the share subscription, the Group's equity interest in Shenzhen CNI23 Nuclear Power Maintenance Co., Ltd. has been diluted from 26.5% to 18.55% accordingly.

MANAGEMENT DISCUSSION AND ANALYSIS

Dividend

The board of directors resolved not to declare final dividend (for the year ended 31 December 2013: nil) for the year ended 31 December 2014.

BUSINESS REVIEW

During the year of 2014, the solar energy business of the Nanjing subsidiaries has brought the negative growth to the total turnover of the Group. The business development was severely hampered due to fierce market competition.

The investment in nuclear power maintenance still continued to bring in positive contribution to the Group.

The reduction of the turnover of the catering business has brought the negative influence to the Group which was mainly due to the impact of macroeconomic environment effect and the increase in the operation costs.

The turnover of the hotel business were slightly increased, however, as the rental and the other operation costs were significantly rose leading to the net profit reduced materially.

Financial Review

The Group's consolidated revenue for the year ended 31 December 2014 amounted to HK$322,523,000 representing a decrease of HK$234,354,000 compared to the consolidated revenue of HK$556,877,000 recorded for the year ended 31 December 2013. Consolidated loss attributable to owners of the Company for the current year was HK$40,931,000 (consolidated loss for the year ended 31 December 2013: HK$45,536,000). Basic loss per share amounted to HK cent 3.72 (for the year ended 31 December 2013: basic loss per share HK cent 4.16).

The significant increase of net loss for the current year, among other things, was mainly due to (i) the loss arising from the decrease in profit of the new energy business of the Group which was leading by severe competition that number of projects decreased substantially. Besides, the increase in operating costs and the extension of projects period also affected the second half year progress of the business development. Therefore, the relevant business of the Group recorded a significant net loss for the year ended 31 December 2014; (ii) the catering business recorded a net loss for the year ended 31 December 2014, primarily due to the effect from the macroeconomic environment and increase in operating costs which had negative impact on the results for the year ended 31 December 2014; and (iii) in compliance with the existing applicable accounting standards adopted by the Group, the zero coupon rate unsecured redeemable convertible bonds due 2014 in the principal amount of HK$120 million with conversion price of HK$1.20 per share ("Acquisition Convertible Bonds") (issued by the Company on 1 September 2011 to Shining Rejoice Limited, details of which are set out in the announcement of the Company dated 13 May 2011 and the circular of the Company dated 12 August 2011), are required to recognise as derivative financial assets/liabilities in the consolidated financial statements of the Group, while gains or losses relating to the net changes in fair value are also necessary to be reflected in the consolidated statement of profit or loss. On 15 March 2013, the conversion rights of 40,000,000 shares attaching to the Acquisition Convertible Bonds were exercised. The Company made early redemptions of the Acquisition Convertible Bonds on 20 February 2014 and 26 May 2014, respectively, and the closing prices of the shares on those dates of such redemptions were lower than that as at the end of the previous financial year. Therefore, in accordance with the existing applicable accounting standards, the Group recorded the impact of gains from net changes in fair value of the above derivative financial liabilities, and such gains decreased significantly as compared to the gains for the year ended 31 December 2013.

The Board considers that the Group remains in a healthy and solid financial condition and the Group is continuing to pursue in various investment opportunities. Loss for the year amounted to HK$57,195,000, excluding the net fair value gains from derivative financial instruments of HK$1,471,000, the imputed interest on the convertible bonds of HK$7,025,000 and the net loss on early redemption of convertible bonds of HK$5,737,000, the Group would have recorded a loss of HK$45,904,000 from its core business for the year ended 31 December 2014.

In the year of 2014, 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 year, 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 2014, the Group had no mortgage loans (31 December 2013: Nil). Net assets amounted to HK$397,474,000 (31 December 2013: HK$457,142,000).

The ratio of debt-convertible bonds to total equity was undefined (31 December 2013: 0.12). It was due to the early redemptions of the Acquisition Convertible Bonds on 20 February 2014 and 26 May 2014, respectively.

The Group has adopted the prudent and healthy fiscal policies and imposed strict control over its cash and risk management. 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 instrument for hedging purpose.

Contingent Liabilities

As at 31 December 2014, the Group had no significant contingent liabilities.

Number of Employees and Remuneration Policy

As at 31 December 2014, the Group had 406 employees, the remuneration packages of whom are reviewed annually with reference to the prevailing market condition.

OUTLOOK

Facing the increase in operating costs and changes in economic environment, the management will adhere to the "sound and cautious" development concept and take appropriate actions against any possible market risk, with effective integration of internal resources and development of new business growth plan under clear strategy vision aiming to turn its own advantages into market competitiveness, so as to strive to improve its market share and increase income sources in the fierce market competition.

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 year ended 31 December 2014.

CORPORATE GOVERNANCE

The Board of the Company has committed to achieving high corporate governance standards to safeguard the interests of shareholders and to enhance corporate value and accountability.

The Company has applied the principles as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

The Board is of the view that throughout the year ended 31 December 2014, the Company has complied with the code provisions as set out in the CG Code.

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 to the Listing Rules.

Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Code of Conduct and the Model Code throughout the year ended 31 December 2014.

The Company has also established written guidelines no less exacting than the Model Code (the "Employees Written Guidelines") for securities transactions by employees who are likely to be in possession of unpublished inside information of the Company.

No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

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 financial information has been reviewed by the Audit Committee, approved by the Board and agreed by the Group's external auditor, HLB Hodgson Impey Cheng Limited, to the amounts set out in the audited financial statements.

ANNUAL GENERAL MEETING

The annual general meeting ("AGM") of the Company will be held at Jade Terrace Restaurant, 2nd Floor, Peninsula Centre, 67 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Friday, 8 May 2015. Notice of AGM will be published and issued to shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM of the Company to be held on Friday, 8 May 2015, the register of members of the Company will be closed from Thursday, 7 May 2015 to Friday, 8 May 2015, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, unregistered holders of shares of the Company should ensure that all transfers documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 6 May 2015.

By Order of the Board
China Nuclear Industry 23 International Corporation Limited
AI Yilun
Chairman

Hong Kong, 6 March 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; Mr. Han Naishan, Mr. Gao Yongping, Mr. Fu Zhigang, Ms. Jian Qing, Mr. Chung Chi Shing and Mr. Tang Chuanqing, all of whom are executive Directors; and Mr. Chan Ka Ling, Edmond, Mr. Li Baolin, Mr. Wang Jimin and Mr. Chen Ying, all of whom are independent non-executive Directors.

* *for identification purpose only*