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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)**

**PROFIT WARNING**

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

The Board wishes to inform the Shareholders and potential investors that the final results of the Group for the nine months ended 31 December 2012 are expected to record a significant decrease of net profit as compared to the net profit for the year ended 31 March 2012.

The expected decrease of net profit is mainly due to the decrease in net fair values gains of derivative financial liabilities, in compliance with the currently applicable accounting standards, relating to each of the Warrants and the Acquisition Convertible Bonds. The Board wishes to state that such derivative financial liabilities and the related gains on net changes in fair values of the aforesaid derivative financial liabilities are non-cash in nature and will not have any impact on the cash flow of the Group. The Group will in no event be obliged to settle any of such liabilities by incurring any cash payout or otherwise by using any of its assets (except for the redemption of the Acquisition Convertible Bonds upon their respective maturities).

The Group remains in a healthy and solid financial condition and is continuing to pursue various investment opportunities.

**Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules. Particulars of the Warrants and the Acquisition Convertible Bonds are set out in the Company's announcement dated 16 September 2009 and circular dated 12 August 2011, respectively.

In compliance with the currently applicable accounting standards adopted by the Group, each of the Warrants and the Acquisition Convertible Bonds is required to be recognised as derivative financial asset/liability and the related gains or losses on net changes in fair values required to be reflected in the consolidated statement of comprehensive income of the Group. As the closing market price of the Shares as at the dates of exercise of Warrants and as at the end of December 2012 were lower than the closing market price of the Shares as at the end of

the previous financial year, according to the currently applicable accounting standards, it is expected that the Group will record gains on net changes in fair values of the aforesaid derivatives financial liabilities. Nevertheless such expected gains decreased as compared with that recorded during the year ended 31 March 2012. Therefore the Group expects a significant decrease in net profit for the nine months ended 31 December 2012 as compared to the net profit for the year ended 31 March 2012, which would also materially affect the net asset value of the Group as at 31 December 2012.

However, the Board wishes to draw the attention of the Shareholders and potential investors to the fact that the aforesaid derivative financial liabilities and the related gain on net changes in fair value relating to each of the Warrants and the Acquisition Convertible Bonds are non-cash in nature and will not have any impact on the cash flow of the Group. The Group will in no event be obliged to settle any of such liabilities by incurring any cash payout or otherwise by using any of its assets (except for the redemption of the Acquisition Convertible Bonds upon their respective maturities). The Group remains in a healthy and solid financial condition and is continuing to pursue various investment opportunities.

As the Company is still in the process of finalising its consolidated financial statements for the nine months ended 31 December 2012, the information contained in this announcement is only based on preliminary assessment of the unaudited management accounts of the Group and the information currently available. Shareholders and potential investors are advised to read carefully the results announcement of the Company which is expected to be released on 15 March 2013.

**Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms used herein shall have the following meanings:

“Acquisition Convertible Bonds”	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 issued by the Company on 1 September 2011 to Shining Rejoice Limited which remain outstanding as at the date of this announcement, 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
“Board”	board of Directors
“Company”	China Nuclear Industry 23 International Corporation Limited 中國核工業二三國際有限公司, a company incorporated in Bermuda with limited liability whose shares are listed and traded on the Main Board of the Stock Exchange
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China and, for the sole purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Warrants”	unlisted warrants to subscribe for a total number of 72,000,000 Shares at the initial subscription price of HK\$0.90 per Share issued on 19 October 2009, particulars of which are set out in the announcement of the Company dated 16 September 2009. The subscription price has been adjusted to HK\$0.62 per Share, particulars of which are set out in the announcement of the Company dated 1 April 2011. On 18 October 2012, right attached to the aforesaid warrants was fully exercised and all outstanding shares issuable pursuant to which have been issued and allotted
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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

Hong Kong, 1 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.*