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China Shuifa Singyes Energy Holdings Limited

中國水發興業能源集團有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 750)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board of directors (the “Directors”, collectively referred to as the “Board”) of China Shuifa Singyes Energy Holdings Limited (the “Company”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2024 (the “Period”).

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue	1,375,933	2,231,691
Profit before income tax	36,037	79,992
Income tax expense	24,900	19,262
(Loss)/profit for the period attributable to owners of the Company	(16,461)	23,835
(Losses)/earnings per share for profit attributable to owners of the Company		
– Basic and diluted	RMB(0.007)	RMB0.009

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

		Six months ended 30 June	
		2024	2023
	Notes	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	4	1,375,933	2,231,691
Cost of sales		<u>(931,075)</u>	<u>(1,727,908)</u>
Gross profit		444,858	503,783
Distribution costs		(20,671)	(21,434)
Administrative expenses		(139,649)	(156,199)
Net impairment losses on financial and contract assets		(21,787)	(49,748)
Other income		14,360	14,991
Other gains – net		<u>16,466</u>	<u>20,184</u>
Operating profit		293,577	311,577
Finance income		10,059	14,751
Finance costs		<u>(267,747)</u>	<u>(246,626)</u>
Finance costs – net		(257,688)	(231,875)
Share of net results of associates accounted for using the equity method		<u>148</u>	<u>290</u>
Profit before income tax		36,037	79,992
Income tax expense	5	<u>(24,900)</u>	<u>(19,262)</u>
Profit for the period		<u>11,137</u>	<u>60,730</u>
Comprehensive loss			
Items that may be reclassified to profit or loss			
– Currency translation differences		(32,989)	(53,534)
Items that will not be reclassified to profit or loss			
– Changes in fair value of equity investments at fair value through other comprehensive income		<u>40</u>	<u>176</u>
Total other comprehensive loss for the period		<u>(32,949)</u>	<u>(53,358)</u>
Total comprehensive (loss)/income for the period		<u><u>(21,812)</u></u>	<u><u>7,372</u></u>

		Six months ended 30 June	
		2024	2023
Notes		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
(Loss)/profit for the period attributable to:			
	Owners of the Company	(16,461)	23,835
	Non-controlling interests	<u>27,598</u>	<u>36,895</u>
		<u>11,137</u>	<u>60,730</u>
Total comprehensive (loss)/income attributable to:			
	Owners of the Company	(49,410)	(29,523)
	Non-controlling interests	<u>27,598</u>	<u>36,895</u>
		<u>(21,812)</u>	<u>7,372</u>
(Losses)/earnings per share for profit attributable to owners of the Company			
	Basic and diluted	6 <u>RMB(0.007)</u>	<u>RMB0.009</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		30 June 2024	31 December 2023
	Notes	RMB'000 (Unaudited)	RMB'000
Assets			
Non-current assets			
Property, plant and equipment		7,394,532	7,330,572
Right-of-use assets		327,270	334,809
Investment properties		351,541	334,458
Intangible assets		98,559	101,081
Prepayments		46,403	45,593
Deferred tax assets		353,359	339,761
Investments accounted for using equity method		3,588	3,439
Equity investments designated at fair value through other comprehensive income		23,285	38,366
Total non-current assets		8,598,537	8,528,079
Current assets			
Inventories		80,073	71,084
Contract assets		3,932,993	3,980,749
Trade and bills receivables	8	5,498,038	5,091,689
Prepayments, other receivables and other assets		2,050,628	1,978,022
Financial assets at fair value through profit or loss		4,167	5,753
Pledged deposits		308,928	99,793
Cash and cash equivalents		215,953	1,883,283
Total current assets		12,090,780	13,110,373
Total assets		20,689,317	21,638,452
Equity			
Equity attributable to owners of the Company			
Share capital	10	174,333	174,333
Reserves		2,249,004	2,281,953
Retained earnings		1,757,081	1,773,542
		4,180,418	4,229,828
Non-controlling interests		643,868	1,178,918
Total equity		4,824,286	5,408,746

		30 June 2024	31 December 2023
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	
Liabilities			
Non-current liabilities			
Borrowings		4,674,802	5,056,324
Bonds payables		50,450	50,450
Lease liabilities		67,309	65,905
Deferred tax liabilities		105,105	105,724
Deferred income		149,837	155,307
		<hr/>	<hr/>
Total non-current liabilities		5,047,503	5,433,710
		<hr/>	<hr/>
Current liabilities			
Trade and bills payables	9	3,092,815	3,338,108
Other payables and accruals		3,563,159	3,312,961
Contract liabilities		163,022	105,073
Borrowings		2,284,514	2,352,196
Bonds payables		1,535,419	1,507,182
Income tax payable		172,383	154,667
Lease liabilities		6,216	25,809
		<hr/>	<hr/>
Total current liabilities		10,817,528	10,795,996
		<hr/>	<hr/>
Total liabilities		15,865,031	16,229,706
		<hr/>	<hr/>
Total equity and liabilities		20,689,317	21,638,452
		<hr/>	<hr/>

1. GENERAL INFORMATION

China Shuifa Singyes Energy Holdings Limited (the “Company”) was incorporated as an exempted company with limited liability in Bermuda on 24 October 2003. The registered office of the Company is located at 4th Floor, North Cedar House, 41 Cedar Avenue, Hamilton, HM12, Bermuda. The principal place of business of the Company is located at Unit 3108, 31st Floor, China Merchants Tower, Shun Tak Center, 168-200 Connaught Road Central, Hong Kong.

During the six months ended 30 June 2024 (the “Period”), the Company and its subsidiaries (collectively referred to as the “Group”) were principally engaged in the design, manufacture, supply and installation of conventional curtain walls, wind farm construction and building integrated solar photovoltaic systems, as well as the manufacture and sale of solar power products in the People’s Republic of China (the “PRC”). There were no significant changes in the nature of the Group’s principal activities during the Period.

In the opinion of the directors of the Company (the “Directors”), the immediate holding company and ultimate holding company of the Company are Water Development (HK) Holding Co., Ltd., which is incorporated in Hong Kong, and Shuifa Group Co., Ltd (水发集团有限公司, “Shuifa Group”), which is incorporated in the PRC, respectively.

This interim condensed consolidated financial information has not been audited and are presented in Renminbi (“RMB”), unless otherwise stated.

2. BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* (“IAS 34”).

The interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2023, which have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) except for the adoption of new and amended standards as disclosed in note 3.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2023, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total earnings for the financial year.

(a) New and amended standards adopted by the Group

A number of amended standards became applicable for the current reporting period. The Group did not make retrospective adjustments as a result of adopting these standards.

Standards and amendments	Key requirements	Effective for annual periods beginning on or after
IAS 1 (Amendments)	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants	1 January 2024
IFRS 16 (Amendments)	Lease liability in sale and leaseback	1 January 2024
IFRS 7 and IAS 7 (Amendments)	Supplier Finance Arrangements	1 January 2024

(b) New or amended standards not yet effective

The following new or amended accounting standards have been issued but are not effective for the financial year beginning on 1 January 2024 and have not been early adopted by the Group:

Standards and amendments	Key requirements	Effective for annual periods beginning on or after
IAS 21 (Amendments)	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFR 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
IFRS 18	Presentation and disclosure in financial statements	1 January 2027
IFRS 19	Subsidiaries without public accountability: disclosures	1 January 2027
IFRS 10 and IAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group is assessing the full impact of the new standards, new interpretations and amendments to standards and interpretations.

4. SEGMENT INFORMATION

The Board of Directors of the Group has been identified as the chief operating decision-maker. The Board of Directors reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these internal reports.

The Board of Directors assesses the performance according to four main business segments of the Group as follows:

Other segment information

The segment results for the six months ended 30 June 2024 and 2023 are as follows:

	Six months ended 30 June 2024 (Unaudited)					
	Construction services RMB'000	Sale of products RMB'000	Sale of electricity RMB'000	Others RMB'000	Elimination RMB'000	The Group RMB'000
Revenue from contracts with customers:						
– Recognised at a point of time	–	419,657	328,733	17,322	–	765,712
– Recognised over time	570,211	–	–	40,010	–	610,221
Total revenue from external customers	570,211	419,657	328,733	57,332	–	1,375,933
Inter-segment revenue	62,468	198,398	–	8,831	(269,697)	–
Segment revenue	632,679	618,055	328,733	66,163	(269,697)	1,375,933
Gross profit	88,498	143,532	184,033	42,620	(13,825)	444,858
	Six months ended 30 June 2023 (Unaudited)					
	Construction services RMB'000	Sale of products RMB'000	Sale of electricity RMB'000	Others RMB'000	Elimination RMB'000	The Group RMB'000
Revenue from contracts with customers:						
– Recognised at a point of time	–	948,821	388,998	17,423	–	1,355,242
– Recognised over time	840,521	–	–	35,928	–	876,449
Total revenue from external customers	840,521	948,821	388,998	53,351	–	2,231,691
Inter-segment revenue	–	413,948	–	14,398	(428,346)	–
Segment revenue	840,521	1,362,769	388,998	67,749	(428,346)	2,231,691
Gross profit	64,353	180,115	227,685	33,538	(1,908)	503,783

5. INCOME TAX EXPENSE

The applicable corporate income tax (“CIT”) rate for Mainland China subsidiaries is 25% except for certain subsidiaries that are entitled to preferential tax rates as discussed below:

For Mainland China subsidiaries which are qualified as High and New Technology Enterprises, they are entitled to a preferential tax rate of 15%. For subsidiaries engaging in encouraged industries in Western China, they are entitled to a preferential tax rate of 15% for the period from 1 January 2011 to 31 December 2030. For subsidiaries engaging in the approved projects of solar power station construction, they are exempted from CIT for the first three years and are entitled to a 50% tax reduction for the subsequent three years (“三免三減半”) since their respective first revenue-generating years, thereafter, they are subject to CIT at a rate of 25% or 15%.

The Group’s subsidiaries registered in Hong Kong are subject to a rate of 16.5% (2023: 16.5%) on the estimated assessable profits for the six months ended 30 June 2024.

The major components of income tax expense for the reporting period are as follows:

	Six months ended 30 June	
	2024	2023
	<i>RMB’000</i>	<i>RMB’000</i>
	(Unaudited)	(Unaudited)
Current income tax	38,864	39,967
Deferred income tax credit	<u>(13,964)</u>	<u>(20,705)</u>
Income tax charge	<u>24,900</u>	<u>19,262</u>

6. EARNINGS/(LOSSES) PER SHARE

The calculation of the basic earnings/(losses) 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 of the Company in issue during the Period.

No adjustment has been made to the basic earnings/(losses) per share amounts presented for the Period and the six months ended 30 June 2023 in respect of a dilution as the exercise prices of the Company's outstanding share options were higher than the average market prices of the Company's shares during the Period and the six months ended 30 June 2023.

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
(Loss)/profit attributable to equity holders of the Company	(16,461)	23,835
Weighted average number of ordinary shares issued	2,521,082	2,521,082
Basic (losses)/earnings per share	RMB(0.007)	RMB0.009

7. DIVIDENDS

No interim dividend was proposed by the Directors in respect of the Period (2023: nil).

8. TRADE AND BILLS RECEIVABLES

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

	Trade receivables		Tariff subsidy receivables	
	30 June	31 December	30 June	31 December
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
Within 180 days	844,253	1,049,207	209,482	246,392
181 days to 365 days	629,403	376,342	246,373	231,656
1 to 2 years	623,660	967,522	512,448	501,828
2 to 3 years	887,894	408,105	378,804	376,488
Over 3 years	1,616,374	1,581,377	592,978	366,534
	4,601,584	4,382,553	1,940,085	1,722,898

9. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date or issuance date, where appropriate, is as follows:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000
Within 3 months	621,517	1,113,107
Between 3 months and 6 months	518,115	237,245
Between 6 months and 1 year	236,064	511,279
Between 1 year and 2 years	418,113	1,115,730
Between 2 years and 3 years	959,077	193,833
Over 3 years	339,929	166,914
	3,092,815	3,338,108

10. SHARE CAPITAL

	As at 30 June 2024 '000 (Unaudited)	As at 31 December 2023 '000
Authorised:		
3,200,000,000 ordinary shares of US\$0.01 each	USD32,000	USD32,000
Issued and fully paid:		
2,521,081,780 ordinary shares of US\$0.01 each	USD25,211	USD25,211
Equivalent to RMB	174,333	174,333

There was no movement in the Company's issued share capital during the Period.

BUSINESS AND FINANCIAL REVIEW

Revenue

The following table set out the breakdown of revenue:

	For the six months ended 30 June		Increase/ (Decreased) by
	2024	2023	
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
	(unaudited)	(unaudited)	
Construction contracts			
– Curtain wall and green building	227.4	487.2	(259.8)
– Solar EPC	342.8	353.3	(10.5)
	570.2	840.5	(270.3)
Sale of electricity	328.7	389.0	(60.3)
Sale of products ¹	419.7	948.8	(529.1)
Others	57.3	53.4	3.9
Revenue	1,375.9	2,231.7	(855.8)

Notes:

1. Included Sale of New Material as at 30 June 2024 of RMB53.92 million (30 June 2023: RMB33.57 million).

Gross profit and gross profit margin	For the six months ended 30 June			
	2024		2023	
	<i>RMB million</i>	<i>%</i>	<i>RMB million</i>	<i>%</i>
	(unaudited)		(unaudited)	
Construction contracts				
– Curtain wall and green building	17.4	7.7	32.8	6.7
– Solar EPC	71.1	20.7	31.6	8.9
	88.5	15.5	64.4	7.7
Sale of electricity	184.0	56.0	226.2	58.1
Sale of products ¹	143.5	34.2	179.6	18.9
Others	28.9	50.4	33.6	63.1
Total gross profit and gross profit margin	444.9	32.3	503.8	22.6

Notes:

1. Included the gross profit and gross profit margin of sale of New Material as at 30 June 2024 with RMB21.09 million and 39.1% (30 June 2023: gross profit RMB7.88 million and gross profit margin 23.5%).

The Group's revenue decreased by RMB856 million or 38.3%, from RMB2,232 million in first half 2023 to RMB1,376 million in first half 2024. Gross profit decreased by RMB59 million or 11.7%, from RMB504 million in first half 2023 to RMB445 million in first half 2024.

1) *Curtain wall and green building*

Revenue from curtain wall and green building EPC dropped by 53.3%, while gross profit margin increased from 6.7% to 7.7%. The major reason for the increase in gross profit margin was because of the increase in the proportion of green building business.

2) *Solar EPC*

Revenue from Solar EPC business decreased by 3.0%, while gross profit margin increased from 8.9% to 20.7%. The material costs for solar EPC further dropped in first half 2024. In additions, the Group had undertaken more high-quality solar EPC projects. As such, the profitability of Solar EPC business had improved.

3) *Sale of electricity*

The Group's accumulated project scale was over 1.1 gigawatts ("GW") at 30 June 2024, which comprised of distributed power stations, and centralized ground-mounted photovoltaic power stations inside Mainland China and a solar farm located overseas. The sale of electricity was decreased by 15.5% with a stable margin of 56.0% (2023 first half: 58.1%).

4) *Sale of products*

Revenue from the sale of products mainly included the sale of renewable energy products such as photovoltaic project supporting products and solar thermal products. The decrease in the revenue from sale of products was mainly attributable from strong competition in solar power business.

Other income and gains

Other income and gains during the period ended 30 June 2024 mainly represented government grants and deferred income released to the profit and loss. The other income and gains during the Period slightly decreased when comparing with the same period last year.

Distribution costs

During the period, distribution costs decreased by RMB0.76 million or 3.6%, as compared to the six months ended 30 June 2023, which is in line with the trend in revenue.

Administrative expenses

Administrative expenses decreased by RMB16.55 million or 10.6%, as compared to the six months ended 30 June 2023. The decrease was mainly because of various cost saving policies imposed by the Group.

Liquidity and financial resources

The Group's primary source of funding included bank and other borrowings, advances from Shuifa Group and receivables from project contracts, product sale as well as income from electricity sale. As at 30 June 2024, the Group had outstanding bank and other loans of approximately RMB6,959 million and outstanding bonds of approximately RMB1,586 million.

Capital Expenditures

Capital expenditures of the Group amounted to RMB218 million for the Period (six months ended 30 June 2023: RMB425 million) and were mainly for the investment and construction of the self-invested solar farms.

Borrowings and bank facilities

The outstanding borrowings comprised bank and other loans of RMB6,959 million with effective interest rates ranging from 4.74% to 6.64%.

Events after the Reporting Period

The Group did not have any material subsequent events after the Reporting Period.

Contingent Liabilities

At 30 June 2024, the Group had no significant contingent liabilities (31 December 2023: Nil).

Significant Investments, Acquisitions and Disposals

The Group did not make any material acquisition or disposal of subsidiaries, associated companies and joint ventures, and significant investments during the six months ended 30 June 2024.

Foreign Currency Exposure

The Group's principal businesses are located in Mainland China and most of the transactions are conducted in RMB. Most of the Group's assets and liabilities are denominated in RMB, except for those of the overseas subsidiary in Hong Kong and the Company whose functional currency is HK\$. The Group's exposure to exchange rate risk is limited. The Group will continue to monitor its foreign exchange position and, if necessary, utilise hedging tools, if available, to manage its foreign currency exposure.

Prospects

Looking forward, as the country steadily facilitates energy transformation and reform, Shuifa Singyes Energy will resolutely and comprehensively implement the national energy security strategy and highly participate in the reform of energy production and consumption, in a bid to build a clean and low-carbon modern energy system emphasizing on safety and efficiency. On that note, the Group will establish a development philosophy centering on economic benefits, strengthen refined management, and opt for high-quality development, so as to continuously improve the economic benefits. The Group will also establish a business philosophy focusing on its principal businesses, with the aim of accelerating its transformation into a high-quality green power operator with core competitiveness and becoming a leading clean energy enterprise. Moreover, the Group will establish a responsibility philosophy which prioritizes serving the society, increase investment in ESG, and enhance the awareness of social responsibility, thereby promoting sustainable development of the society. With the clean energy and low-carbon construction businesses as the main driving force, the Group will continue to expedite the construction of rural infrastructure and industrial development.

COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000
Contracted, but not provided for:		
Capital contribution for equity investment	491,300	491,300
Construction of buildings and solar photovoltaic power stations	48,606	52,065
	<u>539,906</u>	<u>543,365</u>

EMPLOYEES AND REMUNERATION POLICY

The total number of employees of the Group as at 30 June 2024 was 1,165 (31 December 2023: 1,243). The Group's remuneration policies are in line with local market practices where the Group operates and are normally reviewed on an annual basis. In addition to salary payments, there are other staff benefits including provident fund, medical insurance and performance related bonus. Share options and share awards may also be granted to eligible employees and persons of the Group as incentivization for the long-term growth and development of the Group.

The remuneration policy for the Directors and senior management members of the Group was based on their individual performance as well as market trends and practices.

DIVIDEND

The Directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

CORPORATE GOVERNANCE

The Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability. The Directors consider that the Company has applied the principles and complied with all the applicable code provisions set out in the Corporate Governance Code (the “Code”) contained in Appendix C1 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited for the Period and up to the date of this announcement.

MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 of the Listing Rules as the standard for securities transactions by Directors. The Company has made specific enquiries of all the Directors and all the Directors confirmed that they have complied with the required standards set out in the Model Code and its code of conduct regarding directors’ securities transactions throughout the Period.

AUDIT COMMITTEE

The Company established the Audit Committee in compliance with Rules 3.21 to 3.23 of the Listing Rules and paragraph D.3 of the Code. The primary duties of the Audit Committee are to oversee the financial reporting process and internal control procedure of the Group, to review the financial information of the Group and to consider issues relating to the external auditor. The Audit Committee consists of the three independent non-executive Directors, and Mr. Yick Wing Fat, Simon is the Chairman of the Audit Committee. The Group’s interim results announcement for the Period has been reviewed by the Audit Committee.

PURCHASE, SALE AND REDEMPTION OF COMPANY’S LISTED SECURITIES

The Company and its subsidiaries did not purchase, sell or redeem any listed securities of the Company during the Period.

AMENDMENTS TO BYE-LAWS AND ADOPTION OF NEW BYE-LAWS

At the annual general meeting of the Company held on 28 June 2024, the proposed amendments to the bye-laws of the Company by way of the adoption of the amend and restated bye-laws of the Company was approved by the shareholders of the Company by way of a special resolution.

PUBLICATION OF RESULTS ANNOUNCEMENT

This interim results announcement is available for viewing on the websites of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) at <http://www.hkexnews.hk> and the Company’s website at www.sfsyenergy.com and the 2024 interim report of the Company containing all the information required under the Listing Rules will be despatched to the shareholders of the Company and published on the respective websites of the Company and the Stock Exchange in due course.

By order of the Board
China Shuifa Singyes Energy Holdings Limited
Wang Jian
Chairman

Hong Kong, 28 August 2024

As at the date of this announcement, the executive Directors are Mr. Wang Jian (Chairman), Mr. Zhou Guangyan (Vice Chairman) and Mr. Chen Fushan, the non-executive Directors are Ms. Wang Suhui and Mr. Hu Xiao, and the independent non-executive Directors are Dr. Wang Ching, Mr. Yick Wing Fat, Simon and Dr. Tan Hongwei.