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Sinic Holdings (Group) Company Limited

新力控股（集團）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2103)

(1) TERMINATION OF CONTINUING CONNECTED TRANSACTION; AND (2) CONTINUING CONNECTED TRANSACTIONS

TERMINATION OF CONTINUING CONNECTED TRANSACTION

Reference is made to the section headed “Connected Transactions” in the Prospectus and the 2020 Announcement in respect of, among other things, the Existing Property Management Related Services Framework Agreement, pursuant to which the Group has agreed to engage Sinic Services for the provision of the Existing Property Management Related Services for a term commencing from 15 November 2019 to 31 December 2021.

The Board announces that on 30 August 2021, the Company and Sinic Services entered into the Termination Agreement pursuant to which both parties agreed to terminate the Existing Property Management Related Services Framework Agreement with effect from 1 September 2021.

CONTINUING CONNECTED TRANSACTIONS

The Property Management Related Services Framework Agreement

On 30 August 2021, the Company and Sinic Service Holdings entered into the Property Management Related Services Framework Agreement, pursuant to which, Sinic Service Group shall provide the Property Management Related Services to the Group.

The Property Management Related Services Framework Agreement will replace the Existing Property Management Related Services Framework Agreement.

The Landscaping and Greening Services Framework Agreement

On 30 August 2021, the Company and Sinic Service Holdings also entered into the Landscaping and Greening Services Framework Agreement, pursuant to which, Sinic Service Group shall provide the Landscaping and Greening Services to the Group.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Mr. Zhang Yuanlin, a controlling shareholder of the Company, is also the ultimate controlling shareholder of Sinic Service Holdings. Accordingly, Sinic Service Holdings is an associate of a connected person of the Company under Chapter 14A of the Listing Rules, and thus Sinic Service Holdings is a connected person of the Company. Accordingly, the transactions contemplated under the Framework Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios under the Listing Rules in respect of the highest of the Property Management Related Services Annual Caps exceed 0.1% but all of them are less than 5%, the transactions contemplated under the Property Management Related Services Framework Agreement are subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules but exempt from the independent Shareholders' approval requirement.

As all of the applicable percentage ratios under the Listing Rules in respect of the highest of the Landscaping and Greening Services Annual Caps exceed 0.1% but all of them are less than 5%, the transactions contemplated under the Landscaping and Greening Services Framework Agreement are subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules but exempt from the independent Shareholders' approval requirement.

TERMINATION OF CONTINUING CONNECTED TRANSACTION

Reference is made to the section headed "Connected Transactions" in the Prospectus and the 2020 Announcement in respect of, among other things, the Existing Property Management Related Services Framework Agreement, pursuant to which the Group has agreed to engage Sinic Services for the provision of the Existing Property Management Related Services for a term commencing from 15 November 2019 to 31 December 2021.

The Board announces that on 30 August 2021, the Company and Sinic Services entered into the Termination Agreement pursuant to which both parties agreed to terminate the Existing Property Management Related Services Framework Agreement with effect from 1 September 2021.

The Existing Property Management Related Services Framework Agreement will be replaced by the Property Management Related Services Framework Agreement.

The reasons for the termination of the Existing Property Management Related Services Framework Agreement (and the replacement of it by the Property Management Related Services Framework Agreement) are that: (i) the Group has gradually required a wider variety of property management and related services in accordance with its operational needs, including car parking lots management services and other value-added services, such as event planning services and smart solution services;

(ii) the scope and the level of specialization of the greening services required by the Group have increased significantly since March 2020, from basic greening and gardening services initially to the more specialised landscape architecture and maintenance services, prompting the Group to delineate out the landscaping and greening services provided by Sinic Services (which was treated as part of the pre-delivery services and property management services for unsold properties owned by the Group under the Existing Property Management Related Services Framework Agreement) from the scope of services under the Property Management Related Services Framework Agreement; (iii) the annual cap in respect of the Existing Property Management Related Services set for the year ending 31 December 2021 of RMB268.6 million as disclosed in the Prospectus is expected to be exceeded in September 2021.

The Board believes that entering into the Termination Agreement will not cause any material adverse impact to the Group's business and operational activities.

CONTINUING CONNECTED TRANSACTIONS

1. Property Management Related Services Framework Agreement

(a) Background

On 30 August 2021, the Company and Sinic Service Holdings entered into the Property Management Related Services Framework Agreement, pursuant to which, Sinic Service Group shall provide the Property Management Related Services to the Group.

The Property Management Related Services Framework Agreement will replace the Existing Property Management Related Services Framework Agreement.

(b) Principal terms

Date

30 August 2021

Parties

- (i) The Company
- (ii) Sinic Service Holdings

Scope of services to be provided

Pursuant to the Property Management Related Services Framework Agreement, the Sinic Service Group shall provide the Property Management Related Services to the Group. The Property Management Related Services shall include (i) pre-delivery services and property

management services for unsold properties; (ii) specialized facility cleaning services; (iii) sales office management and related services; (iv) sales assistance services; (v) car parking lots management services; and (vi) other value-added services, such as event planning services and smart solution services, in respect of the properties developed by the Group.

Term

The Property Management Related Services Framework Agreement will commence on 1 September 2021 and end on 31 December 2023.

Payment and pricing basis

The service fees to be charged by the Sinic Service Group for the Property Management Related Services shall be determined after arm's length negotiations with reference to the scale and location of the property development projects of the Group, the anticipated operational costs (including labor costs, material costs and administrative costs), the guidance rate set by the relevant government authorities (if any) and the prevailing market price charged by the Independent Third Parties for similar services and similar type of projects and shall be no less favorable than those quoted by the Independent Third Parties to us.

(c) *Historical transaction amounts with Sinic Services*

The following table sets out the historical transaction amounts paid by the Group to Sinic Services under the Existing Property Management Related Services Framework Agreement:

| | For the year ended 31 December 2019 | For the year ended 31 December 2020 | For the seven months ended 31 July 2021 |
|--|--|--|--|
| | | <i>(RMB million)</i> | |
| Total transaction amount paid by the Group to Sinic Services | 181.8 | 301.1 | 235.9 |

During the term of the Existing Property Management Related Services Framework Agreement, landscaping and greening services provided by Sinic Services to the Group were grouped and reported as transactions thereunder. Therefore, the transaction amounts paid by the Group to Sinic Services under the Existing Property Management Related Services Framework Agreement for the respective periods of the two years ended 31 December 2020 and the seven months ended 31 July 2021 include the transaction amounts paid by the Group to Sinic Services in connection with the procurement of the landscaping

and greening services for the corresponding periods as set out in the section headed “2. Landscaping and Greening Services Framework Agreement – (b) Historical transaction amounts with Sinic Services”.

(d) Property Management Related Services Annual Caps

Pursuant to the Property Management Related Services Framework Agreement, the Property Management Related Services Annual Caps are set out as follows:

| | For the four months from 1 September 2021 to 31 December 2021 | For the year ending 31 December 2022 | For the year ending 31 December 2023 |
|---|--|---|---|
| | <i>(RMB million)</i> | | |
| Amount payable by the Group to the Sinic Service Group | 139.5 | 381.7 | 382.5 |

In arriving at the Property Management Related Services Annual Caps, the Company has taken into account: (i) the number of current property projects for which the Group has engaged Sinic Service Group to provide Property Management Related Services; (ii) the historical transaction amounts under the Existing Property Management Related Services Framework Agreement for the two years ended 31 December 2020 and the seven months ended 31 July 2021 respectively; (iii) the estimated GFA of the properties expected to be sold and delivered by the Group that will require Property Management Related Services in the four months from 1 September 2021 to 31 December 2021 and the two years ending 31 December 2023 (estimated based on the properties under development and the land bank held by the Group as of 31 December 2020); (iv) the expected increase in the number of property development projects requiring sales assistance services and car parking lots management services with reference to the property development and pre-sale schedule of the Group; and (v) the expected increase in the availability of smart solution systems in the Group’s development projects.

(e) Reasons for and benefits of entering into the Property Management Related Services Framework Agreement

Over years of cooperation, Sinic Services has developed a deep understanding of the business operations of the Group and become familiar with the specific requirements and expected deliverables of the Group. This has helped reduce the Group’s communication costs and enabled the Group to constantly receive high-quality property management and related services that meet the specific requirements of the Group.

The reasons for the entering into of the Property Management Related Services Framework Agreement are the same as those for the termination of the Existing Property Management Related Services Framework Agreement as described in the section headed “TERMINATION OF CONTINUING CONNECTED TRANSACTION” above.

Based on the Company’s management accounts for the seven months ended 31 July 2021 and the property development and pre-sale schedule of the Group, the annual cap in respect of the Existing Property Management Related Services set for the year ending 31 December 2021 of RMB268.6 million as disclosed in the Prospectus is expected to be exceeded in September 2021.

The Group’s demand for the Existing Property Management Related Services for the year ending 31 December 2021 exceeds the initial expectation of the Group for the following reasons:

- (i) The Group requires additional pre-delivery services and property management services owing to (a) an increase in the area of property projects requiring such services for the year ending 31 December 2021 and (b) the procurement of smart solution service (such as the planning and installation of smart carpark system, smart entrance system, smart security system and smart elevator control system) which is a new offering within the pre-delivery services provided by Sinic Services since May 2021.
- (ii) Since the COVID-19 pandemic, the Group has been procuring additional cleaning services at the property sales office and additional disinfection and hygiene services to the properties owned by the Group.
- (iii) The Group is expected to pay a higher amount for display units services and on-site sales office management services for the year ending 31 December 2021 owing to (a) an increase in the number of on-site sales offices and (b) an increase in the number of properties sold through the sales assistance services provided by Sinic Services (which is treated as part of the display units services and on-site sales office management services under the Existing Property Management Related Services Framework Agreement).

Having considered the above factors and the established business relationship between Sinic Services and the Group, the Board is of the view that it is necessary to enter into the Property Management Related Services Framework Agreement to enable the Sinic Service Group (of which Sinic Services is a member) to provide quality property management and related services to the Group.

The Directors (including the independent non-executive Directors) consider that the Property Management Related Services Framework Agreement was entered into in the usual and ordinary course of business of the Group, the transactions contemplated

thereunder will be conducted on an arm's length basis and on normal commercial terms between the Group and the Sinic Service Group, and that the terms of the Property Management Related Services Framework Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

2. Landscaping and Greening Services Framework Agreement

On 30 August 2021, the Company and Sinic Service Holdings entered into the Landscaping and Greening Services Framework Agreement, pursuant to which, Sinic Service Group shall provide the Landscaping and Greening Services to the Group.

(a) *Principal terms*

Date

30 August 2021

Parties

- (i) The Company
- (ii) Sinic Service Holdings

Scope of services to be provided

Pursuant to the Landscaping and Greening Services Framework Agreement, Sinic Service Group shall provide the Landscaping and Greening Services to the Group. The Landscaping and Greening Services shall include (i) greening and gardening; and (ii) landscape architecture and maintenance, for properties developed by the Group which were provided as part of the Existing Property Management Related Services prior to the effective date of the Landscaping and Greening Services Framework Agreement.

Term

The Landscaping and Greening Services Framework Agreement will commence on 1 September 2021 and end on 31 December 2023.

Payment and pricing basis

The service fees to be charged by the Sinic Service Group for the Landscaping and Greening Services shall be determined after arm's length negotiations with reference to the area and location of the property development projects that require the Landscaping and Greening Services, the anticipated operational costs (including labor costs, material

costs and administrative costs) and the prevailing market price charged by the Independent Third Parties for similar services and similar type of projects and shall be no less favorable than those quoted by the Independent Third Parties to us.

(b) *Historical transaction amounts with Sinic Services*

The following table sets out the historical transaction amounts paid by the Group to Sinic Services in connection with the procurement of landscaping and greening services:

| | For the year ended 31 December 2018 | For the year ended 31 December 2019 | For the year ended 31 December 2020 | For the seven months ended 31 July 2021 |
|--|--|--|--|--|
| | <i>(RMB million)</i> | | | |
| Total transaction amount paid by the Group to Sinic Services | 1.7 | 2.3 | 25.2 | 13.2 |

The transaction amounts paid by the Group to Sinic Services in connection with the procurement of the landscaping and greening services for the respective periods of the two years ended 31 December 2020 and the seven months ended 31 July 2021 were included in the transaction amounts paid by the Group to Sinic Services under the Existing Property Management Related Services Framework Agreement for the corresponding periods. After the Landscaping and Greening Services Framework Agreement comes into effect on 1 September 2021, the greening services initially covered by and reported under the Existing Property Management Related Services Framework Agreement will be reported separately under the landscaping and Greening Services Framework Agreement.

(c) *Landscaping and Greening Services Annual Caps*

Pursuant to the Landscaping and Greening Services Framework Agreement, the Landscaping and Greening Services Annual Caps are set out as follows:

| | For the four months from 1 September 2021 to 31 December 2021 | For the year ending 31 December 2022 | For the year ending 31 December 2023 |
|---|--|---|---|
| | | <i>(RMB million)</i> | |
| Amount payable by the Group to the Sinic Service Group | 68.7 | 92.2 | 101.4 |

In arriving at the Landscaping and Greening Services Annual Caps, the Company has taken into account: (i) the number of current property projects for which the Group has engaged Sinic Service Group to provide the Landscaping and Greening Services; (ii) the historical transaction amounts of the Group with Sinic Services in connection with the procurement of landscaping and greening services for the two years ended 31 December 2020 and the seven months ended 31 July 2021 respectively; (iii) the estimated size and number of properties expected to be developed by the Group that will require the Landscaping and Greening Services in the four months from 1 September 2021 to 31 December 2021 and the two years ending 31 December 2023; and (iv) the increase in anticipated operational costs (including labor costs and material costs) of the Landscaping and Greening Services, as estimated based on the location of the projects and the prevailing market terms charged by the Independent Third Parties for similar services and similar type of projects.

(d) Reasons for and benefits of entering into the Landscaping and Greening Services Framework Agreement

As described above, the Group initially engaged Sinic Services to provide only basic greening and gardening services and therefore such services were initially considered as within the scope of the Existing Property Management Related Services and reported under the Existing Property Management Related Services Framework Agreement. Since 2020, the Group has engaged Sinic Services to additionally provide landscape architecture and maintenance services which demand a higher level of specialization to properties in or around Jiangxi Province which were developed by the Group. Given the scope and the level of specialization of the greening services required by the Group have increased significantly since March 2020, the Board considered it appropriate to separate out the landscaping and greening services provided by Sinic Services (which was reported under the Existing Property Management Related Services Framework Agreement) from the scope of services under the Property Management Related Services Framework Agreement and enter into a separate framework agreement, namely the Landscaping and Greening Services Framework Agreement, with Sinic Service Group for the landscaping and greening services going forward. Again, the established business relationship between

Sinic Services and the Group has helped reduce the Group's communication costs and enabled the Group to receive high-quality Landscaping and Greening Services that meet the specific requirements of the Group.

The Directors (including the independent non-executive Directors) consider that the Landscaping and Greening Services Framework Agreement was entered into in the usual and ordinary course of business of the Group, the transactions contemplated thereunder will be conducted on an arm's length basis and on normal commercial terms between the Group and the Sinic Service Group, and that the terms of the Landscaping and Greening Services Framework Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INTERNAL CONTROL MEASURES

Each of the Framework Agreements is a framework agreement which provides the mechanism for the operation of the continuing connected transaction described therein. It is envisaged that from time to time and as required, individual service contracts may be entered into between our Group and Sinic Service Group under the respective Framework Agreements. Each individual service contract will set out the type of Property Management Related Services or the Landscaping and Greening Services (as the case may be) to be provided by Sinic Service Group to the Group, the fees for the services to be paid by the Group and any detailed specifications which may be relevant to those engagements. The individual service contracts may only contain provisions which are in all material respects consistent with the binding principles, guidelines, terms and conditions set out in the relevant Framework Agreement.

The Group has appropriate internal control measures to ensure that the terms of each individual agreement are in accordance with the relevant Framework Agreement and with reference to prevailing market prices of similar services. Before entering into any individual agreement, the cost management department of the Group will collect the following information:

- (a) at least two other contemporaneous transactions of the Group of similar services (in terms of nature, size and location of the properties and the scope of services) carried out with Independent Third Parties or quoted by Independent Third Parties;
- (b) in respect of services under the Property Management Related Services, prices charged by other property management companies in the PRC of comparable transactions; and
- (c) in respect of Landscaping and Greening Services, prices charged by other providers of landscape architecture and maintenance services in the PRC of comparable transactions.

After collecting the relevant information, the cost management department of the Group would determine a price to be offered to Sinic Service Group which will not be more than the prices offered by the Group to the Independent Third Parties for similar services.

The Directors (including the independent non-executive Directors) consider that the above methods and procedures can ensure that the transactions contemplated under the respective Framework Agreement will be conducted on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE PARTIES

The Company

The Company is an investment holding company and its subsidiaries are principally engaged in property development and property leasing. It is a large-scale and comprehensive property developer in the PRC, focusing on the development of residential and commercial properties. Headquartered in Shanghai, the Group has established a leading position among residential property developers in Jiangxi Province, and expanded into the Yangtze River Delta Region, the Greater Bay Region and the Central and Western China core cities and other regions with high growth potential.

Sinic Service Holdings

Sinic Service Holdings is an investment holding company. The Sinic Service Group is a comprehensive property management service provider with a significant market position in Jiangxi, the PRC. Besides providing property management services to both residential and non-residential properties, the Sinic Service Group also provides value-added services to non-property owners, community value-added services and other professional services.

Sinic Services is an indirect wholly-owned subsidiary of Sinic Service Holdings. Sinic Services is principally engaged in the provision of property management services and related value-added services in the PRC.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Mr. Zhang Yuanlin, a controlling shareholder of the Company, is also the ultimate controlling shareholder of Sinic Service Holdings. Accordingly, Sinic Service Holdings is an associate of a connected person of the Company under Chapter 14A of the Listing Rules, and thus Sinic Service Holdings is a connected person of the Company. Accordingly, the transactions contemplated under the Framework Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios under the Listing Rules in respect of the highest of the Property Management Related Services Annual Caps exceed 0.1% but all of them are less than 5%, the transactions contemplated under the Property Management Related Services Framework Agreement are subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules but exempt from the independent Shareholders' approval requirement.

As all of the applicable percentage ratios under the Listing Rules in respect of the highest of the Landscaping and Greening Services Annual Caps exceed 0.1% but all of them are less than 5%, the transactions contemplated under the Landscaping and Greening Services Framework Agreement are subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules but exempt from the independent Shareholders' approval requirement.

Except for Mr. Zhang Yuanlin, who is the executive Director and one of the controlling shareholders of the Company, none of the Directors have a material interest in the Framework Agreements. Mr. Zhang Yuanlin had abstained from voting on the Board resolutions approving the Framework Agreements.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

| | |
|---|---|
| “2020 Announcement” | the announcement of the Company dated 12 November 2020 in relation to the revision of the annual cap amounts in respect of the transactions under the Existing Property Management Related Services Framework Agreement for the year ended 31 December 2020 |
| “associate(s)” | has the meaning ascribed to it under the Listing Rules |
| “Board” | the board of Directors |
| “Company” | Sinic Holdings (Group) Company Limited, an exempted company incorporated under the laws of Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2103) |
| “connected person(s)” | has the meaning as ascribed to it under the Listing Rules |
| “controlling shareholder(s)” | has the meaning as ascribed to it under the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “Existing Property Management Related Services” | the property management related services to be provided by Sinic Services to the Group pursuant to the Existing Property Management Related Services Framework Agreement, including but not limited to (i) pre-delivery services and property management services for unsold properties owned by the Group; (ii) house inspection and cleaning services; and (iii) display units and on-site sales office management services |

| | |
|---|--|
| “Existing Property Management Related Services Framework Agreement” | the agreement dated 21 October 2019 entered into between the Company and Sinic Services (as supplemented on 12 November 2020) in relation to the provision of the Existing Property Management Related Services by Sinic Services to the Group |
| “Framework Agreements” | the Property Management Related Services Framework Agreement and the Landscaping and Greening Services Framework Agreement |
| “GFA” | gross floor area |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Third Party(ies)” | person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is/are not connected with the Company or any of its connected persons |
| “Landscaping and Greening Services” | the landscaping and greening services to be provided by Sinic Service Group to the Group, including but not limited to (i) greening and gardening; and (ii) landscape architecture and maintenance, for properties developed by the Group |
| Landscaping and Greening Services Annual Caps” | the annual cap amounts in respect of the transactions under the Landscaping and Greening Services Framework Agreement for a term commencing on 1 September 2021 and ending on 31 December 2023 |
| “Landscaping and Greening Services Framework Agreement” | the agreement dated 30 August 2021 entered into between the Company and Sinic Service Holdings in relation to the provision of the Landscaping and Greening Services by Sinic Service Group to the Group |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “PRC” | the People’s Republic of China |

| | |
|--|--|
| Property Management Related Services” | the property management related services to be provided by Sinic Service Group to the Group, including but not limited to (i) pre-delivery services and property management services for unsold properties; (ii) specialized facility cleaning services; (iii) sales office management and related services; (iv) sales assistance services; (v) car parking lots management services; and (vi) other value-added services, such as event planning services and smart solution services, in respect of the properties developed by the Group |
| Property Management Related Services Annual Caps” | the annual cap amounts in respect of the transactions under the Property Management Related Services Framework Agreement for a term commencing on 1 September 2021 and ending on 31 December 2023 |
| “Property Management Related Services Framework Agreement” | the agreement dated 30 August 2021 entered into between the Company and Sinic Service Holdings in relation to the provision of the Property Management Related Services by Sinic Service Group to the Group |
| “Prospectus” | the prospectus of the Company dated 30 October 2019 |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Shareholder(s)” | holder(s) of share(s) of the Company |
| “Sinic Service Group” | Sinic Service Holdings and its subsidiaries |
| “Sinic Service Holdings” | Sinic Service (Holdings) Limited (新力服務(控股)有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability |
| “Sinic Services” | Sinic Services Group Co., Ltd. (新力物業集團有限公司), a limited liability company established under the laws of the PRC and an indirect wholly-owned subsidiary of Sinic Service Holdings |
| “sq.m.” | square metre(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Termination Agreement” | the termination agreement dated 30 August 2021 entered into between the Company and Sinic Services in relation to the termination of the Existing Property Management Related Services Framework Agreement |

“%”

per cent.

By Order of the Board
Sinic Holdings (Group) Company Limited
ZHANG Yuanlin
Chairman

Hong Kong, 30 August 2021

As at the date of this announcement, the Board of the Company comprises Mr. ZHANG Yuanlin and Ms. TU Jing as executive Directors, and Mr. TAM Chi Choi, Mr. AU YEUNG Po Fung and Mr. LIU Xin as independent non-executive Directors.