

UG HEALTHCARE CORPORATION LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 201424579Z)
(the “Company”)

MINUTES OF ANNUAL GENERAL MEETING

PLACE	:	YMCA @ One Orchard, One Orchard Road, Singapore 238824
DATE	:	Friday, 28 October 2022
TIME	:	9.30 a.m.
PRESENT	:	Directors, management, company secretary, and auditors of the Company
CHAIRMAN OF THE MEETING	:	Mr Yip Wah Pung was elected Chairman of the Annual General Meeting (the “ Meeting ”).

QUORUM

As a quorum was present, the Chairman declared the Meeting opened at 9.30 am. The Chairman then introduced the Directors and officers present physically as well as via Webcast.

NOTICE

The notice convening the Meeting was taken as read.

PRESENTATION ON THE GROUP’S BUSINESS AND FINANCIAL PERFORMANCE

Chairman handed the chair to Mr Lee Jun Yih, Executive Director of the Company, to continue the Meeting on his behalf.

Mr Lee Jun Yih, Executive Director gave a brief presentation on the Group’s business and financial performance for the financial year ended 30 June 2022 as well as the proposed diversification into non-glove healthcare related business as announced on 14 October 2022 to the shareholders.

The Company did not receive any question from the shareholders in advance of the Meeting. Shareholders who attended the Meeting were able to ask questions in person at each resolution of the Meeting. Please refer to Annex A for the Question & Answers raised in relation to Ordinary Resolution 1-3 and 10 of the Meeting.

VOTING BY WAY OF A POLL

Mr Lee Jun Yih was instructed by the Chairman of the Meeting, to demand a poll on all resolutions to be tabled at the Meeting in accordance with the Regulation 69(a) of the Company’s Constitution and Rule 730A of the Catalist Rules of the Singapore Exchange Securities Trading Limited (the “**Catalist Rules**”).

Mr Lee Jun Yih, on behalf of the Chairman, directed the poll on each resolution after all the resolutions had been formally proposed and seconded.

ORDINARY BUSINESS:

ORDINARY RESOLUTION 1 – DIRECTORS’ STATEMENT AND AUDITED FINANCIAL STATEMENTS AND AUDITORS’ REPORT

The Meeting proceeded to receive and adopt the Directors’ Statement and Audited Financial Statements of the Company for the financial year ended 30 June 2022 and the Auditors’ Report.

Mr Lee Jun Yih, in his capacity as a shareholder of the Company, proposed the resolution and Mr Wong See Keong seconded the resolution.

ORDINARY RESOLUTION 2 – DECLARATION OF SPECIAL DIVIDEND

The Board had recommended a special one-tier tax-exempt dividend of S\$0.0032 per ordinary share for the financial year ended 30 June 2022.

Mr Lee Jun Yih, in his capacity as a shareholder of the Company, proposed the resolution and Ms Rosalina Soh Pei Xi seconded the resolution.

ORDINARY RESOLUTION 3 – DECLARATION OF FINAL DIVIDEND

The Board had recommended a final one-tier tax-exempt dividend of S\$0.0032 per ordinary share for the financial year ended 30 June 2022.

Mr Lee Jun Yih, in his capacity as a shareholder of the Company, proposed the resolution and Ms Rosalina Soh Pei Xi seconded the resolution.

ORDINARY RESOLUTION 4 – RE-ELECTION OF MR YIP WAH PUNG

Mr Yip Wah Pung retires as a Director pursuant to Regulation 104 of the Company’s Constitution and is eligible for re-election.

Mr Lee Jun Yih, in his capacity as a shareholder of the Company, proposed the resolution and Ms Rosalina Soh Pei Xi seconded the resolution.

ORDINARY RESOLUTION 5 – RE-ELECTION OF MR LEE KECK KEONG

Mr Lee Keck Keong retires as a Director pursuant to Regulation 104 of the Company’s Constitution and is eligible for re-election.

Mr Lee Jun Yih, in his capacity as a shareholder of the Company, proposed the resolution and Ms Rosalina Soh Pei Xi seconded the resolution.

ORDINARY RESOLUTION 6 – DIRECTORS’ FEES FOR THE FINANCIAL YEAR ENDING 30 JUNE 2023

The Board had recommended the payment of Directors’ fees of S\$105,131.00 for the financial year ending 30 June 2023.

Mr Lee Jun Yih, in his capacity as a shareholder of the Company, proposed the resolution and Ms Rosalina Soh Pei Xi seconded the resolution.

ORDINARY RESOLUTION 7 – RE-APPOINTMENT OF AUDITORS

Shareholders were asked to re-appoint the retiring Auditors, Mazars LLP, who had expressed their willingness to continue in office, and to authorise the Directors of the Company to fix their remuneration.

Mr Lee Jun Yih, in his capacity as a shareholder of the Company, proposed the resolution and Mr Wong See Keong seconded the resolution.

ANY OTHER BUSINESS

As no notice of any other ordinary business had been received by the Secretary, the Meeting proceeded to deal with the special business of the Meeting.

ORDINARY RESOLUTION 8 – AUTHORITY TO ALLOT AND ISSUE SHARES IN THE CAPITAL OF THE COMPANY

Shareholders were asked to authorise the Directors of the Company to issue shares pursuant to Section 161 of the Companies Act 1967. Details of the resolution were set out under item 8 of the Notice of the Meeting.

Mr Lee Jun Yih, in his capacity as a shareholder of the Company, proposed the resolution and Ms Rosalina Soh Pei Xi seconded the resolution.

ORDINARY RESOLUTION 9A - AUTHORITY TO ALLOT AND ISSUE SHARES UNDER THE UNIGLOVES EMPLOYEE SHARE OPTION SCHEME

Resolution 9A was to authorise the Directors of the Company to grant options and issue shares under the Unigloves Employee Share Option Scheme (the “**Unigloves ESOS**”). Details of the resolution were set out under item 9A of the Notice of the Meeting.

Mr Lee Jun Yih informed that shareholders (including Executive Directors, Non-Executive Directors, Controlling Shareholders and their associates) who were eligible to participate in the Unigloves ESOS had abstained from voting on this resolution and had not accepted nominations as proxy or otherwise for voting unless specific instruction on votes casting had been given in the proxy form.

Mr Lee Jun Yih, in his capacity as a shareholder of the Company, proposed the resolution and Ms Rosalina Soh Pei Xi seconded the resolution.

ORDINARY RESOLUTION 9B – AUTHORITY TO ISSUE SHARES UNDER THE UNIGLOVES PERFORMANCE SHARE PLAN

Resolution 9B was to authorise the Directors of the Company to grant awards and issue shares pursuant to the vesting of awards granted under the Unigloves Performance Share Plan (the “**Unigloves PSP**”). Details of the resolution were set out under item 9B of the Notice of the Meeting.

Mr Lee Jun Yih informed that shareholders (including Executive Directors, Non-Executive Directors, Controlling Shareholders and their associates) who were eligible to participate in the Unigloves PSP had abstained from voting on this resolution and had not accepted nominations as proxy or otherwise for voting unless specific instruction on votes casting had been given in the proxy form.

Mr Lee Jun Yih, in his capacity as a shareholder of the Company, proposed the resolution and Ms Rosalina Soh Pei Xi seconded the resolution.

ORDINARY RESOLUTION 10 – PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

Resolution 10 was to seek shareholders’ approval on the proposed renewal of the Share-back Mandate. Details of the resolution were set out under item 10 of the Notice of the Meeting.

Mr Lee Jun Yih, in his capacity as a shareholder of the Company, proposed the resolution and Ms Rosalina Soh Pei Xi seconded the resolution.

After dealing with questions from shareholders, the Meeting proceeded with the poll for Resolutions 1 to 10.

CONDUCT OF POLL

Agile 8 Advisory Pte. Ltd. ("**Agile 8**") was appointed as independent scrutineer to verify the poll on the resolutions and B.A.C.S Private Limited ("**B.A.C.S**") was appointed as polling agent for the poll taken at this Meeting.

The poll procedures were explained by a representative from Agile 8. While the votes were being counted, the Meeting was adjourned.

The Meeting was re-convened at 10.38 a.m. for the results of the poll after the votes for all the resolutions had been counted and verified.

RESULTS OF POLL

Following the tabulation of votes by the scrutineers, the following was declared carried by poll:

Ordinary Resolution 1

"It was resolved that the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 30 June 2022 and the Auditors' Report be received and adopted."

	No. of Shares	In Percentage
Total number of votes casted :	425,809,838	100
Number of votes casted for :	425,807,138	100
Number of votes casted against :	2,700	0

Ordinary Resolution 2

"It was resolved that the declaration of a special one-tier tax exempt dividend of S\$0.0032 per ordinary share for the financial year ended 30 June 2022 be approved for payment."

	No. of Shares	In Percentage
Total number of votes casted :	425,818,338	100
Number of votes casted for :	425,815,638	100
Number of votes casted against :	2,700	0

Ordinary Resolution 3

"It was resolved that the declaration of a final one-tier tax exempt dividend of S\$0.0032 per ordinary share for the financial year ended 30 June 2022 be approved for payment."

	No. of Shares	In Percentage
Total number of votes casted :	425,818,338	100
Number of votes casted for :	425,815,638	100
Number of votes casted against :	2,700	0

Ordinary Resolution 4

“It was resolved that Mr Yip Wah Pung be re-elected a Director of the Company.”

	No. of Shares	In Percentage
Total number of votes casted :	425,818,338	100
Number of votes casted for :	423,091,517	99.36
Number of votes casted against :	2,726,821	0.64

Ordinary Resolution 5

“It was resolved that Mr Lee Keck Keong be re-elected a Director of the Company.”

	No. of Shares	In Percentage
Total number of votes casted :	425,818,338	100
Number of votes casted for :	422,490,437	99.22
Number of votes casted against :	3,327,901	0.78

Ordinary Resolution 6

“It was resolved that the Directors’ fees of S\$105,131.00 for the financial year ending 30 June 2023 be approved for payment.”

	No. of Shares	In Percentage
Total number of votes casted :	425,818,338	100
Number of votes casted for :	423,091,517	99.36
Number of votes casted against :	2,726,821	0.64

Ordinary Resolution 7

“It was resolved that Mazars LLP be re-appointed Auditors of the Company and that the Directors be authorised for fix their remuneration.”

	No. of Shares	In Percentage
Total number of votes casted :	425,818,338	100
Number of votes casted for :	423,091,517	99.36
Number of votes casted against :	2,726,821	0.64

Ordinary Resolution 8

“It was resolved that pursuant to Section 161 of the Companies Act 1967 (“**Companies Act**”) and Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) (“**Catalist Rules**”) and the Constitution of the Company, authority be and is hereby given to the Directors to:

- (a) (i) allot and issue shares in the capital of the Company (“**Shares**”), whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements, or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force, provided that:
- (i) the aggregate number of Shares and convertible securities to be issued (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution), does not exceed one hundred percent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares and convertible securities to be issued (including Shares to be issued pursuant to the Instruments) other than on a pro rata basis to existing shareholders of the Company shall not exceed fifty percent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below);
 - (ii) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST for the purpose of determining the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) that may be issued under sub-paragraph (i) above, the percentage of Shares (excluding treasury shares and subsidiary holdings) that may be issued shall be based on the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings) at the date of the passing of this Resolution, after adjusting for (a) new Shares arising from the conversion or exercise of convertible securities or (b) new Shares arising from the exercising of share options or vesting of share awards; provided that the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and (c) any subsequent bonus, consolidation or subdivision of Shares. Adjustments in accordance with (a) or (b) are only to be made in respect of new Shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of the resolution approving the mandate;
 - (iii) in exercising the authority conferred by this Resolution, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Catalist Rules for the time being in force (in each case, unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act, and otherwise, the Constitution for the time being of the Company; and
 - (iv) Unless previously revoked or varied by the Company in general meeting, such authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier."

		No. of Shares	In Percentage
Total number of votes casted	:	425,818,338	100
Number of votes casted for	:	421,848,808	99.07
Number of votes casted against	:	3,969,530	0.93

Ordinary Resolution 9A

"It was resolved that pursuant to Section 161 of the Companies Act, authority be and is hereby given to the Directors to:

- (i) offer and grant options (“**Options**”) from time to time in accordance with the rules of the Unigloves Employee Share Option Scheme (the “**Unigloves ESOS**”); and
- (ii) allot and issue from time to time such number of Shares as may be required to be issued pursuant to the exercise of Options granted under the Unigloves ESOS,

provided always that the aggregate number of Shares to be issued pursuant to the Unigloves ESOS, when aggregated to the aggregate number of Shares issued and issuable or transferred and to be transferred in respect of all options or awards under any other share option schemes or share schemes, shall not exceed fifteen percent (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings), on the day immediately preceding the date on which an offer to grant an Option is made. The grant of Options can be made at any time from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.”

	No. of Shares	In Percentage
Total number of votes casted	16,639,821	100
Number of votes casted for	12,333,976	74.12
Number of votes casted against	4,305,845	25.88

Ordinary Resolution 9B

“It was resolved that pursuant to Section 161 of the Companies Act, authority be and is hereby given to the Directors to:

- (i) offer and grant awards (“**Awards**”) from time to time in accordance with the rules of the Unigloves Performance Share Plan (the “**Unigloves PSP**”); and
- (ii) allot and issue from time to time such number of Shares as may be required to be issued pursuant to the vesting of Awards granted under the Unigloves PSP,

provided always that the aggregate number of Shares to be issued or transferred pursuant to the Awards granted under the Unigloves PSP, when aggregated with the aggregate number of Shares over which options or awards are granted under any other share option schemes or share schemes, shall not exceed fifteen percent (15%) of the total number of issued Shares (excluding treasury shares) from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.”

	No. of Shares	In Percentage
Total number of votes casted	16,639,821	100
Number of votes casted for	12,333,976	74.12
Number of votes casted against	4,305,845	25.88

Ordinary Resolution 10

“It was resolved that:

- (a) for the purposes of the Companies Act and the Catalist Rules of the SGX-ST, the Directors of the Company be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire the Shares not exceeding in aggregate the Prescribed Limit

(as hereafter defined) during the Relevant Period (as hereafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

- (i) on-market acquisitions (“**Market Purchases**”), transacted on the SGX-ST or through any other securities exchange on which the Shares may, for the time being, be listed; and/or
- (ii) off-market acquisitions (“**Off-Market Purchases**”) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act of Singapore and the Catalist Rules,

and otherwise in accordance with all other provisions of the Companies Act and the Catalist Rules of the SGX-ST as may for the time being be applicable (the “**Share Buy-back Mandate**”);

- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy-back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:
 - (i) the date on which the next annual general meeting is held or required by law to be held;
 - (ii) the date on which Share Buy-backs have been carried out to the full extent mandated under the Share Buy-back Mandate; or
 - (iii) the date on which the authority contained in the Share Buy-back Mandate is varied or revoked by the Shareholders in a general meeting;

Collectively known as the “**Relevant Period**”

- (c) in this resolution:

“**Prescribed Limit**” means 10.0% of the total number of issued and paid-up Shares of the Company (excluding treasury shares and subsidiary holdings) as at the date of passing of this resolution, unless the Company has effected a reduction of its share capital in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of issued Shares of the Company shall be taken to be the total number of issued Shares of the Company as altered, excluding any treasury shares, that may be held by the Company from time to time;

“**Maximum Price**” in relation to a Share to be purchased or acquired, means the purchase price (including brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

- (i) in the case of a Market Purchase, hundred and five percent (105.0%) of the Average Closing Price (as defined herein); and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, hundred and twenty percent (120.0%) of the Average Closing Price, where:

“**Average Closing Price**” means the average of the closing market prices of the Shares over the last five (5) Market Days on which the Shares are transacted on the SGX-ST or, as the case

may be, such securities exchange on which the Shares are listed or quoted, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the Offer Date pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the Catalist Rules, for any corporate action that occurs during the relevant 5-day period and the day the Share purchases are made; and

“**Offer Date**” means the date on which the Company makes an offer for a Share Buy-back, stating therein the purchase price for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

- (d) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this resolution.”

		No. of Shares	In Percentage
Total number of votes casted	:	425,818,338	100
Number of votes casted for	:	423,091,517	99.36
Number of votes casted against	:	2,726,821	0.64

CONCLUSION

There being no other business to transact, Mr Lee Jun Yih informed the shareholders that the results of the Meeting would be announced via SGXNet in the evening of the day.

He then declared the Meeting of the Company closed at 10.43 a.m. and thanked everyone for their attendance.

Confirmed as True Record of Proceedings held


Yip Wah Pung
Chairman

UG HEALTHCARE CORPORATION LIMITED
- Notes to the Minutes of the AGM held on 28 October 2022

ORDINARY RESOLUTION 1 – DIRECTORS’ STATEMENTS AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 AND AUDITORS’ REPORT

Question 1

A shareholder commented that the Company had a strong balance sheet and sought clarity on how the Company ensured the best return of funds given the rising interest rate environment.

Mr Lee Jun Yih replied that at the moment, all excess funds which were not used for working capital had been placed in fixed deposit accounts mainly denominated in Singapore Dollars (“**SGD**”), United States Dollar (“**USD**”) and Renminbi (“**RMB**”). The interest rate was 3-4% for SGD, over 4% for USD, and approximately 3% for RMB. The Company has not invested in debt/equity securities.

Question 2

Another shareholder thanked the management for the presentation. He raised a concern regarding the Company’s strategy of investing in Malaysia’s property market due to potential political and exchange rate risks. He made comparisons with development projects such as Forest City and Iskandar. He commented that the Forest City project which was developed by a China developer might not be successful due to a change in government policy and the Company must exercise caution on such investments.

Mr Lee Jun Yih thanked the shareholder for the comments. He informed that the main selling point of the proposed diversification (the “**Project**”) was different from the Forest City and Iskandar projects because of its strategic location:

- a. Beach front; and
- b. Near to Desaru Ferry Terminal, direct ferry to & from Johor / Singapore with 90 mins of traveling time

Given the strategic and enhanced close proximate location, the Company believed that the land location was attractive. The next step would be to ensure the execution of the Project would be in good order in terms of construction cost, target market, price and products. The Company will work with a strategic partner who is experienced in the property development business and familiar with the rules and business network needed for such project. The Company will also own a significant stake in the project and believe that it could ride on and enhance its business network with the strategic partner. The upfront investment is approximately RM33 million but will be repaid to the Company before the distribution of profits for the project. The upfront investment only represents about 10% of the cash and cash equivalents of the Group, providing a relatively easy entry point considering the attractiveness of the location. In the next 12 months, the Company will make project update announcements via SGXNet as and when there are material developments.

Question 3

A shareholder asked for the targeted return on investment of the proposed diversification.

Mr Lee Jun Yih replied that the Company is unable to share such information at this juncture but expects that the return for the proposed diversification to be higher than the return from its core glove business in the next 3 to 5 years. Due to a global oversupply of gloves and economic slowdown, the business environment for its core glove business continues to be challenging. It is therefore important for the Company to explore new businesses to enhance its return on equity.

ORDINARY RESOLUTION 2 – DECLARATION OF SPECIAL DIVIDEND
ORDINARY RESOLUTION 3 – DECLARATION OF FINAL DIVIDEND

Question 1

A shareholder commented that the quantum of the special and final dividend payouts was the same and asked why the Company had not combine the two dividends. He also raised a concern on the distribution of scrip dividend.

Mr Lee Jun Yih clarified that there is no scrip dividend declared this year. Rather, both special and final dividends relate to cash dividends. Hence, there is no dilution of shares. He further clarified that the final dividend amount was in line with the Group's financials while the special dividend was to reward shareholders in addition to the final dividend, providing some value to the shareholders.

ORDINARY RESOLUTION 10 – PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

Question 1

A Shareholder asked about the rationale for the proposed renewal of the share buy-back ("**SBB**") mandate.

Mr Lee Jun Yih replied that in the event the Company choose to do a SBB, it would have a mandate to do so, depending on the need and best utilisation of the Company's cash resources. If there is no future growth and future use of the Company's cash for its current business or new business, the Company may choose to exercise SBB. As long as there are viable business plans which could generate better returns for the shareholders, embarking on a SBB would not be the top priority for the Board.

Question 2

The same Shareholder further commented that given the Company's share price was trading 50% below the Net Asset Value ("**NAV**"), and for the Company to consider deploying some cash for SBB to build the confidence of shareholders.

Mr Lee Jun Yih informed that depending on the direction of the gloves industry and having observed its industry peers, a SBB may build confidence for investors but only for a short period of time as share price still faced subsequent declines. With the new business plan and new project update announcements for the next 12 months, the Company is optimistic that it would regain confidence and the share price will eventually reflect the value of the Company. The Company believed that there are other better ways for cash utilisation and embarking on a SBB might not be the best option now.

To reward the shareholders, the Company has proposed a higher total dividend this year as compared to the past two years. Nonetheless, the Company will continue to monitor whether to embark a SBB in the next 12 months. Mr Lee Jun Yih reiterated that the Company would consider embarking on SBB only if the Group's business is stagnating and there is no more usage for cash. For now, with the current global economic situation, the Company is conserving cash for future business expansion.