

SIN GHEE HUAT CORPORATION LTD.

("SGH" or "the Company")
Company Registration No.: 197700475Z
(Incorporated in the Republic of Singapore)

MINUTES OF ANNUAL GENERAL MEETING

PLACE : 32 Penhas Road, Singapore 208191
DATE : Friday, 18 October 2019
TIME : 10:00 a.m.
PRESENT : Please see Attendance List attached hereto.
IN ATTENDANCE : Please see Attendance List attached hereto.
CHAIRMAN : Mr Goh Chee Wee

QUORUM

As a quorum was present, the Chairman declared the Annual General Meeting ("the Meeting" or "AGM") open at 10:00 a.m.

NOTE OF WELCOME

The Chairman welcomed the shareholders to the Meeting.

PRESENTATION OF THE GROUP'S PERFORMANCE FOR FY2019

The Chairman invited the CEO to present to the shareholders an overview of the Group's performance for FY2019. The presentation slides are annexed to these minutes.

NOTICE OF MEETING

The Notice convening the Meeting was taken as read.

The Chairman informed the shareholders that voting of the resolutions tabled at this Meeting would be conducted by way of a poll and polling would be conducted electronically using a wireless hand held device. Messrs Trusted Services Pte Ltd ("Trusted Services") had been appointed as the Polling Agent and Messrs Janusys Consultants Pte. Ltd. ("JC") as Scrutineer.

The representative from JC was invited by the Chairman to brief the shareholders on the Poll Voting process.

ORDINARY BUSINESS:

DIRECTORS' STATEMENTS AND AUDITED FINANCIAL STATEMENTS – RESOLUTION 1

The Chairman then moved on to the first item on the Agenda which was in respect of the motion to receive and adopt the Audited Financial Statements of the Company for the financial year ended 30 June 2019. The motion was duly proposed by the Chairman and seconded by Mr Ou Yong Yan Te ("Mr Ou Yong"). The Chairman thanked Mr Ou Yong and asked shareholders if they had any questions on the Financial Statements.

After dealing with questions from the shareholders, the following motion was put to vote by way of poll and the shareholders were directed to cast their votes on Resolution 1 using their wireless hand held devices:-

“That the Audited Financial Statements of the Company for the financial year ended 30 June 2019 and the Statement of the Directors and the Report of the Auditors’ Report thereon be received and adopted.”

Based on the results shown on the screen (as follows), the Chairman declared that Resolution 1 was carried:-

	FOR	AGAINST	TOTAL NO. OF VALID VOTES
NO. OF SHARES	156,671,943	3,422,100	160,094,043
PERCENTAGE	97.86%	2.14%	100.00%

ADDITIONAL DIRECTORS’ FEES – RESOLUTION 2

Subject to shareholders’ approval, the Board had recommended the payment of an additional sum of S\$16,880 as Directors’ fees for the financial year ended 30 June 2019.

The Chairman requested for a proposer and seconder for the said motion. Mr Ou Yong duly proposed the motion and this was seconded by Mr Phua Mui Keng Bernadette (“Mr Phua”). The Chairman thanked Mr Ou Yong and Mr Phua, and asked shareholders whether they had any questions on the said motion.

There being no question from the shareholders, the motion was put to the vote and the Chairman directed the shareholders to cast their votes on Resolution 2 using their wireless hand held devices:-

“That the additional Directors’ fees of \$16,880 for the financial year ended 30 June 2019 be approved.”

Based on the results shown on the screen (as follows), the Chairman declared that Resolution 2 was carried:-

	FOR	AGAINST	TOTAL NO. OF VALID VOTES
NO. OF SHARES	139,826,617	108,450	139,935,067
PERCENTAGE	99.92%	0.08%	100.00%

DIRECTORS’ FEES – RESOLUTION 3

Subject to shareholders’ approval, the Board had recommended the payment of \$176,000 as Directors’ Fees for the financial year ending 30 June 2020.

The Chairman requested for a proposer and seconder for the said motion. Mr Ou Yong duly proposed the motion and this was seconded by Mr Sim Chor Chye (“Mr Sim”). The Chairman thanked Mr Ou and Mr Sim, and asked shareholders whether they had any questions on the said motion.

There being no question from the shareholders, the motion was put to the vote and the Chairman directed the shareholders to cast their votes on Resolution 3 using their wireless hand held devices:-

“That the Directors’ fees of \$176,000 payable quarterly in arrear for the financial year ending 30 June 2020 be approved.”

Based on the results shown on the screen (as follows), the Chairman declared that Resolution 3 was carried:-

	FOR	AGAINST	TOTAL NO. OF VALID VOTES
NO. OF SHARES	147,480,417	47,000	147,527,417
PERCENTAGE	99.97%	0.03%	100.00%

RE-ELECTION OF DIRECTOR (MR HOON TAI MENG) – RESOLUTION 4

The Meeting was informed that Mr Hoon Tai Meng retired under Article 107 of the Company's Article of Association and had offered himself for re-election.

The Chairman duly proposed the motion and this was seconded by Mr Phua. The Chairman thanked Mr Phua and asked if shareholders had any questions on the said motion.

After dealing with questions from the shareholders, the following motion was put to vote by way of poll and the shareholders were directed to cast their votes on Resolution 4 using their wireless hand held devices:-

“That Mr Hoon Tai Meng be re-elected as a Director of the Company.”

Based on the results shown on the screen (as follows), the Chairman declared that Resolution 4 was carried:-

	FOR	AGAINST	TOTAL NO. OF VALID VOTES
NO. OF SHARES	151,041,843	8,898,200	159,940,043
PERCENTAGE	94.44%	5.56%	100.00%

RE-ELECTION OF DIRECTOR (MR LIM LIAN SOON) – RESOLUTION 5

The Meeting was informed that Mr Lim Lian Soon retired under Article 117 of the Company's Article of Association and had offered himself for re-election.

The Chairman duly proposed the motion and this was seconded by Mr Sim. The Chairman thanked Mr Sim and asked if shareholders had any questions on the said motion.

There being no question from the shareholders, the motion was put to the vote and the Chairman directed the shareholders to cast their votes on Resolution 5 using their wireless hand held devices:-

“That Mr Lim Lian Soon be re-elected as a Director of the Company.”

Based on the results shown on the screen (as follows), the Chairman declared that Resolution 5 was carried:-

	FOR	AGAINST	TOTAL NO. OF VALID VOTES
NO. OF SHARES	159,932,343	47,000	159,979,343
PERCENTAGE	99.97%	0.03%	100.00%

RE-ELECTION OF DIRECTOR (MR LOW CHUI HENG) – RESOLUTION 6

The Meeting was informed that Mr Low Chui Heng retired under Article 117 of the Company's Article of Association and had offered himself for re-election.

The Chairman duly proposed the motion and this was seconded by Mr Low Thiam Eng ("Mr Low"). The Chairman thanked Mr Low and asked if shareholders had any questions on the said motion.

After dealing with questions from the shareholders, the following motion was put to vote by way of poll and the shareholders were directed to cast their votes on Resolution 6 using their wireless hand held devices:-

"That Mr Low Chui Heng be re-elected as a Director of the Company."

Based on the results shown on the screen (as follows), the Chairman declared that Resolution 6 was carried:-

	FOR	AGAINST	TOTAL NO. OF VALID VOTES
NO. OF SHARES	138,695,767	49,000	138,744,767
PERCENTAGE	99.96%	0.04%	100.00%

FINAL DIVIDEND – RESOLUTION 7

The Directors had recommended the payment of a Final one-tier tax-exempt dividend of 0.6 cents per share for the financial year ended 30 June 2019.

The Chairman duly proposed the motion and this was seconded by Mr Sim. The Chairman thanked Mr Sim and asked if shareholders had any questions on the said motion.

There being no question from the shareholders, the Chairman directed the shareholders to cast their votes on Resolution 7 using their wireless hand held devices:-

"That a Final one-tier tax-exempt dividend of 0.6 cents per share for the financial year ended 30 June 2019 be declared."

Based on the results shown on the screen (as follows), the Chairman declared that Resolution 7 was carried:-

	FOR	AGAINST	TOTAL NO. OF VALID VOTES
NO. OF SHARES	160,004,243	47,000	160,051,243
PERCENTAGE	99.97%	0.03%	100.00%

APPOINTMENT OF AUDITORS – RESOLUTION 8

The Chairman informed that the retiring auditors, Messrs KPMG LLP, had expressed their willingness to continue in office.

The Chairman duly proposed the motion and this was seconded by Mr Phua. The Chairman thanked Mr Phua and asked if shareholders had any questions on the said motion.

There being no question from the shareholders, the motion was put to the vote and the Chairman directed the shareholders to cast their votes on Resolution 8 using their wireless hand held devices:-

“That Messrs KPMG LLP be re-appointed as Auditors of the Company and the Directors be authorised to fix their remuneration.”

Based on the results shown on the screen (as follows), the Chairman declared that Resolution 8 was carried:-

	FOR	AGAINST	TOTAL NO. OF VALID VOTES
NO. OF SHARES	107,412,626	52,503,667	159,916,293
PERCENTAGE	67.17%	32.83%	100.00%

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

SPECIAL BUSINESS

SHARE ISSUE MANDATE – RESOLUTION 9

The Chairman moved on to the last item on the Agenda which was in respect of the motion to seek shareholders' approval on the Share Issue Mandate. The motion was duly proposed by the Chairman and seconded by Mr Phua. The Chairman thanked Mr Phua and asked if shareholders had any questions on the said motion.

After dealing with questions from the shareholders, the motion was put to the vote and the Chairman directed the shareholders to cast their votes on Resolution 9 using their wireless hand held devices:-

“That pursuant to the Listing Rules of the Singapore Exchange Securities Trading Limited (“SGX-ST”) and the Company’s Articles of Association, authority be and is hereby given to the Directors to:

- (a) issue shares in the capital of the Company whether by way of bonus issue, rights issue or otherwise; and/or
- (b) 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) warrants, debentures or other instruments convertible into shares; and/or
- (c) issue additional Instruments convertible into shares arising from adjustments made to the number of Instruments

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 (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument 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 pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares (excluding treasury shares) of the Company, of which the aggregate number of shares and convertible securities (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued other than on a pro-rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company, and for the purpose of this Resolution, the issued share capital shall be the issued share capital of the Company at the time this Resolution is passed, after adjusting for:

- (aa) new shares arising from the conversion or exercise of convertible securities;
 - (bb) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the SGX-ST; and
 - (cc) any subsequent consolidation or subdivision of shares; and
- (ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue to be in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.”

Based on the results shown on the screen (as follows), the Chairman declared that Resolution 9 was carried:-

	FOR	AGAINST	TOTAL NO. OF VALID VOTES
NO. OF SHARES	151,073,693	8,903,100	159,976,793
PERCENTAGE	94.43%	5.57%	100.00%

CLOSE OF MEETING

There being no further business to transact, the Chairman thanked the members for their attendance and declared the meeting closed at 11.16 a.m.

Confirmed as a correct record,

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GOH CHEE WEE
CHAIRMAN

SIN GHEE HUAT CORPORATION LTD.

("SGH" or the "Company")
 Company Registration No.: 197700475Z
 (Incorporated in the Republic of Singapore)

ANNUAL GENERAL MEETING HELD ON 18 OCTOBER 2019

SUMMARY OF QUESTIONS AND ANSWERS

Resolution 1 – Directors’ Statements and Audited Financial Statements

Question 1 : I notice that the Company had produced a good set of results for the financial year ended 30 June 2019 ("FY2019"). What was the main factor that contributed to the increase in revenue? Was it due to the increase in nickel and stainless steel prices or increase in volume or average selling price?
 (Chua Ghim Hock (Cai JinFu))

Answer 1 : The surge in nickel price happened after FY2019. Within FY2019, there was a good recovery in this industry across the entire region in general which had contributed to the Company's good performance. There was an increase in business activities in the market in response to the stability of oil price as well as increase in price of products.
 (Kua Ghim Siong)

Question 2 : Can you share with us more about the increase in inventories? Is it due to stocking up in term of quantum or value?
 (Chua Ghim Hock (Cai JinFu))

Answer 2 : Inventory level has increased proportionally in response to the pace of our business. We replenish our inventories after sales on regular basis. The increase in inventory level is consistent with the increase in the Company's sales revenue and this is within the norm of our business.
 (Kua Ghim Siong)

Question 3 : Please refer to the Financial Statistics on Page 9 of the 2019 Annual Report ("AR"). Based on the current ratio, inventory turnover, receivables turnover and payables turnover, it seems that the Company has become more efficient over the years. Am I right? Or it is because the Company's business activities have ramped up? I would like to know the reasons behind these numbers.
 (Chua Ghim Hock (Cai JinFu))

Answer 3 : Inventory turnover is a good signal of how the Company is doing. An improvement in inventory turnover (days) means we are able to sell our inventories faster and our customers are buying more inventories from us. In prior years, inventory turnover (days) was higher, which means, the Company's inventories were selling slower and that could be due to the lack of demands. When revenue increases and the inventory turnover (days) declines, it means that there is an improvement in the Company's performance.
 (Kua Ghim Siong)

The lower receivable turnover (days) was attributed to prompt payment from our customers and the finance team's efforts in actively following up with the customers to ensure that they pay us promptly and timely.

Question 4 : It was mentioned in the Letter to Shareholders on Page 5 of the AR that the redevelopment of 32 Gul Crescent warehouse would "enhance operation efficiency and productivity to support business growth". Would the redevelopment of 32 Gul Crescent warehouse further improve the efficiency ratio of the Company?
 (Chua Ghim Hock (Cai JinFu))

- Answer 4*
(Kua Ghim Siong) The redevelopment of 32 Gul Crescent warehouse would definitely have certain impact on the efficiency ratio. However, as I have mentioned earlier, inventory turnover and other efficiency ratios are very much dependent on sales pace as well as market condition.
- Question 5*
(Chua Ghim Hock (Cai JinFu)) : I note from the Statement of Financial Position on Page 38 of the AR that the investment in joint venture in New Zealand (“NZJV”) was zero valued for FY2019. The NZJV has been making losses but in the Letter to Shareholders on Page 5 of the AR, the Chairman mentioned that “there is confidence of the joint venture making a return to recovery in the foreseeable future”. Can you share with us what is the action plan and how long do you think it would take for the NZJV to become profitable?
- Answer 5*
(Kua Ghim Siong) : The Company entered the New Zealand market when we secured a contract of substantial amount, but the said customer subsequently terminated the contract after the NZJV was established. The market condition in New Zealand has deteriorated over the past years due to global trade tension. The Board has been closely monitoring the performance of the NZJV and discussions were held in every quarterly Board meeting. We are seeing some improvements in the NZJV’s business. If the NZJV fails to perform up to our expectation within a certain timeline, the Board would review and respond appropriately.
- Answer 5*
(Goh Chee Wee) : The Board has set a certain timeframe for the NZJV to recover. If the recovery does not happen as what we anticipate, we are prepared to wind down the New Zealand operation.
- Question 6*
(Chua Ghim Hock (Cai JinFu)) : The Suzhou operation has been making losses over the past few years. What options for this subsidiary are the Board looking at?
- Answer 6*
(Goh Chee Wee) : The Board did not take our decision lightly when reviewing the Suzhou operation. The Suzhou subsidiary was set-up for us to expand our business into the China market. The performance of the Suzhou operation has not been meeting our expectations until to-date. Recently, the Board decided that a decision would need to be made on whether to continue or discontinue the Suzhou operation. The Company would make an announcement on this matter via SGXNET at the appropriate time.
- Answer 6*
(Kua Ghim Siong) : The Suzhou subsidiary has been operating for more than 9 years. In the first 5 years of its operation, we were dealing with existing customers in China and we had attempted to expand our footprint over there. A turnaround plan was executed two years ago and it managed to increase its revenue at a point of time. However, it ran into loss subsequently due to the US-China trade war and depreciation in RMB currency. The Board has been engaged in active discussions on what it should do with the Suzhou subsidiary. In view that the Suzhou subsidiary had been given sufficient time to perform and to explore chances of new business, the Board would have to make tough decision if it did not hit the target set.
- Question 7*
(Goh Guan Siong) : Nickel price has increased after the close of FY2019. What are the implications to the Company so far, and what are the potential implications?

- Answer 7*
(Kua Ghim Siong) : The increase in nickel price does not translate into more business for us. Rather, it has a direct impact on the cost of inventories if we were to place orders with the mills. We doubt that we would be able to pass these costs to the customers. However, pleased to note that the Company has replenished its inventories in the last financial year when the cost of inventories was lower, and this would enable us to meet the current market demand.
- Question 8*
(Goh Guan Siong) : Please refer to Page 7 of the AR. The Engineering and Construction segment recorded a significant increase in revenue in FY2019. In terms of geographical segment, China and Indonesia had showed significant increase in their contributions to the Group's revenue. What are the major factors that led to the increase in revenue?
- Answer 8*
(Kua Ghim Siong) : The increase in revenue in Engineering and Construction segment was due to the general recovery in that industry in the last financial year where some projects that were being halted previously, due to the bad market condition, were resumed. These projects mainly took place in Indonesia and China.
- Question 9*
(Goh Guan Siong) : What is the outlook of the Oil & Gas and Petrochemical industry in the next 12 to 18 months?
- Answer 9*
(Kua Ghim Siong) : We have seen and read from the news that the main driver of oil price is demand. The US-China trade war affects the consumption of oil and fuel, and hence, has a negative impact on the oil and petrochemical business. However, there was also positive news being released such as development of oil rigs, orders being awarded, and so on. Thus, it is difficult for us to tell the outlook of the oil & gas and petrochemical industry at the moment.
- Question 10*
(Ng Cheng Yiak) : Please refer to the AR:
1. Page 63, Note 5 – Investment in subsidiaries at cost at S\$8 million;
2. Page 69, Note 10 – Amount due from subsidiaries at S\$7.4 million; and
3. Page 68, Note 9 – Inventories held by subsidiaries at S\$12.8 million.
- The total commitment of the Company to its subsidiaries is approximately S\$28 million.
- In view of the substantial amount of commitment in subsidiaries, what is the risk posed to the profitability and liquidity of the Company?
- Answer 10*
(Hoon Tai Meng) : The investment in subsidiaries at cost amounting to S\$8 million and amount due from subsidiaries amounting to S\$7.4 million were being utilized to finance the inventories. Adding up this way would be double counting.
- Answer 10*
(Kua Ghim Siong) : The total commitment to subsidiaries should just be approximately S\$12.8 million, and not S\$28 million, Most of these subsidiaries hold inventories on hand. In terms of exposure, this is normal business risk, as these inventories are held for the day-to-day operations of the subsidiaries.
- The amount due from subsidiaries of S\$7.4 million included loans extended to a few subsidiaries, and not a single subsidiary.

The inventories held by subsidiaries amounting to S\$12.8 million would definitely possess risk and may have an impact on the profitability of the Group if inventory turnover is not fast enough. If our auditors feel that a provision on impairment is required on the inventories in subsidiaries, we are prepared to provide for it.

We hear your concerns about the performance of the subsidiaries and that they would affect the Group's overall performance. Please be assured that the Board is actively and constantly reviewing the subsidiaries' activities and their performance.

Answer 10
(Lim Lian Soon)

: I will clarify the point which relates to the risk associated with the amount due from subsidiaries. Actually, there is no impact on the Group's risk (overall), as these subsidiaries are wholly-owned by the Company. They were set up to house specific products and for ring-fencing purpose. If the Company did not set up these subsidiaries, all the inventories currently held by these subsidiaries would be held by the Company and there would not be any amount due from subsidiaries. The risk that the Group is facing, with or without the subsidiaries, is the same. There is no third party involved.

Answer 10
(Hoon Tai Meng)

: Our subsidiaries are in the same business as us. Thus, the nature of the risk is inappropriate in this context.

Question 11
(Ng Cheng Yiak)

What are the contributions of the subsidiaries to the Group in the past 3 years?

Answer 11
(Kua Ghim Siong)

The Suzhou subsidiary managed to achieve a small profit in FY2018 but fell back into loss in FY2019. It contributed revenue to the Group, but not profit.

There are two local subsidiaries, one of which was set up to house specific products and another was set up 3 years ago to cater for specific segment in oil and gas products. The latter managed to turn profitable last year. It also contributed revenue to the Group.

Question 12
(Ng Cheng Yiak)

What is the risk in the event of default by the subsidiaries? Will the default by subsidiaries has an impact on the Group's results?

Answer 12
(Lim Lian Soon)

These subsidiaries are managed by the same management team of SGH. The assets of these subsidiaries are inventories and receivables. There would only be risk in default by subsidiaries if the inventories are totally written-off or customers' default in payment. Management has been constantly reminded to pay attention to the inventory turnover in the subsidiaries and manage the inventories level carefully.

Question 13
(Ng Cheng Yiak)

: Please refer to Page 65 and 69 of the AR. Can you explain why the losses amounting to S\$110,000 from the New Zealand JV was not recognized? Is the receivable of S\$1.96 million recoverable?

Answer 13
(Kua Ghim Siong)

: The losses had been seen by the Auditors but yet to be registered in the Company's book. The S\$1.96 million receivable relates to inventories that the Company sold to the NZJV. We are in the midst of discussing with the JV partner and exploring a way for the NZJV to repay SGH. We believe the receivable is recoverable.

Question 14
(Ng Cheng Yiak)

It is noted on Page 8 - Operating and Financial Review of the AR - that there were no outstanding borrowings as of 30 June 2019. What is the outstanding borrowing as of 30 September 2019?

Answer 14
(Kua Ghim Siong) : There is no outstanding borrowing as of 30 September 2019.

[Post meeting note: Management has subsequently checked and advised that outstanding borrowing as at 30 September 2019 was \$533K.]

Question 15
(Low Thiam Eng) : Please refer to Page 21 of the AR. The remuneration of the Executive Directors included a variable component in FY2019. Please share with us how the variable component is derived.

Answer 15
(Goh Chee Wee) : The Executive Directors are entitled to profit sharing and these figures are computed based on the profit sharing formula.

Resolution 4 – Re-election of Mr Hoon Tai Meng as Director of the Company

Question 16
(Tan Eng Keong) : Mr Hoon Tai Meng was appointed as an independent Director in 2007 and has been serving on the Board for about 12 years. What is the Board's view on the new Code of Corporate Governance in connection to the additional safeguard on the independence of directors? When will Board's renewal kick in?

Answer 16
(Goh Chee Wee) : When an independent director has served the Board for more than 9 years, the Nominating Committee ("NC") will carry out a rigorous review on the said director to determine whether he remains independent, and he is able to continue to contribute to the Board. In the case of Mr Hoon, the NC had carried out a rigorous review and concluded that notwithstanding that Mr Hoon has served on the Board of SGH for more than 9 years, he is able to maintain his independence and continue to contribute to the Board.

Resolution 6 – Re-election of Mr Low Chui Heng as Director of the Company

Question 17
(Tan Eng Keong) : I understand that Mr Low Chui Heng is the owner of a business that is similar to SGH. How does Mr Low manage the conflict of interests?

Answer 17
(Low Chui Heng) : I am a Non-Executive Director of SGH. All decisions of the Company are made by all Board members. There are some business transactions between Hong Hock Hardware Pte Ltd ("HHH") and SGH. I have been making quarterly declaration to the Audit Committee of SGH on those business transactions between HHH and SGH.

Resolution 9 – Share Issue Mandate

Question 18
(Yeo Seng Chong) : I would like to propose for the threshold for shares and convertible securities to be issued other than on a pro-rata basis to be capped at 10% of the total number shares of the Company instead of 20%, as this seems to be too stretch/flexible.

Answer 18
(Goh Chee Wee) : We take note of your concerns. However, the threshold of 20% is in line with the regulatory requirements.