



(Company No. 23568-H)

(Registration No. 197501001462)

(Incorporated in Malaysia)

Summary of the key matters discussed at the Forty-Fourth Annual General Meeting of Hubline Berhad (“Hubline” or the “Company”) held at Dewan Muhibbah, 2nd Floor, Merdeka Palace Hotel & Suites, Jalan Tun Abang Haji Openg, 93000 Kuching, Sarawak, on Thursday, 27th February 2020 at 11:30 a.m. (the “Meeting”)

Present: Dato Haji Ibrahim Bin Haji Baki – Chairman

Members of the Board of Directors, Company Secretary, senior management of the Company, representatives of Crowe Malaysia, representatives of Commercial Quest Sdn. Bhd., shareholders, proxies, authorised representatives, invitees and others as per the attendance list.

1. Chairman

Dato Haji Ibrahim Bin Haji Baki (the “Chairman”) chaired the Meeting.

Our Independent Director, Mr. Bobby Lim Chye Huat, has expressed his apology for being unable to attend the Meeting as he is a Singaporean and due to the recent COVID-19 outbreak we are taking precautionary measures to avoid travel where possible especially given the potential self-quarantine period after travel.

2. Quorum

The Company Secretary, Madam Yeo Puay Huang, confirmed that a quorum was present. There being a quorum, the Chairman called the Meeting to order at approximately 11:30 a.m.

3. Voting

The Chairman briefed the members that pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the notice and put to vote at general meeting would be decided on a poll. He further informed that all the resolutions at the Meeting would be put to vote by poll using polling forms.

The Company has appointed Independent Scrutineer, Commercial Quest Sdn. Bhd. (Registration No. 199401025328 (311007-M)) to verify and validate the polling results. The polling process for voting on the resolutions would be conducted upon completion of the deliberation of all items to be transacted at the Meeting.

4. Notice of Meeting

The Notice convening the Meeting having been circulated within the prescribed period was, with the permission of the Meeting, taken as read.

5. Question and Answer Session

Prior to the Meeting, the Minority Shareholder Watchdog Group ("MSWG") had on 18 February 2020 submitted their questions to the Company via fax raising some points pertaining to the following:

1. Strategy and financial matters; and
2. Corporate Governance matters.

The questions and answers attached as Appendix 1 was presented at the Meeting.

The representative from MSWG informed that she was satisfied with the responses being given by the Company.

There were no further questions being raised on the business and operations of the Company.

6. Audited Financial Statements and Reports

The Chairman informed that the Audited Financial Statements for the financial year ended 30 September 2019 and the Directors' and Auditors' Reports thereon, were tabled at the Meeting for discussion only and were not required to be put forward for voting.

7. Any Other Business

The Meeting noted that the Company had not received any notice for transaction of any other business.

The Meeting then proceeded to voting using polling forms.

8. Polling Process

The Company Secretary briefed the Meeting on the procedures for the conduct of voting using polling forms.

The Chairman informed that he has been appointed as proxy for several members and that he would vote in accordance with the instructions given.

Thereafter, the members proceed to vote on the various resolutions using polling forms provided by the share registrar.

9. Declaration of Voting Results

After the Scrutineers have certified the polling results and passed the results to the Board of Directors, the Chairman called the Meeting to order the declaration of results.

Based on the polling results which have been verified and validated by the Scrutineers, the Chairman declared all the resolutions tabled at the Meeting, carried as follows:

Resolution 1:

To re-elect Dato Haji Ibrahim Bin Haji Baki who is retiring in accordance with Clause 18.2 of the Company's Constitution and is offering himself for re-election.

Results on voting by poll, as verified by the Scrutineer:

VOTE IN FAVOUR		VOTE AGAINST	
No. of shares	%	No. of shares	%
2,413,667,748	99.9995	10,000	0.0004

Based on the poll result, the Chairman declared the motion as carried.

Resolution 2:

To re-elect Mr. Lai Lian Yee who is retiring in accordance with Clause 18.2 of the Company's Constitution and is offering himself for re-election.

Results on voting by poll, as verified by the Scrutineer:

VOTE IN FAVOUR		VOTE AGAINST	
No. of shares	%	No. of shares	%
2,413,667,748	99.9995	10,000	0.0004

Based on the poll result, the Chairman declared the motion as carried.

Resolution 3:

To approve Directors' fee of RM850,000.00 for the financial year ending 30 September 2020.

Results on voting by poll, as verified by the Scrutineer:

VOTE IN FAVOUR		VOTE AGAINST	
No. of shares	%	No. of shares	%
2,413,667,648	99.9995	10,100	0.0004

Based on the poll result, the Chairman declared the motion as carried.

Resolution 4:

To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company and to hold office until the conclusion of the next Annual General Meeting and that the Directors be authorized to determine their remuneration.

Results on voting by poll, as verified by the Scrutineer:

VOTE IN FAVOUR		VOTE AGAINST	
No. of shares	%	No. of shares	%
2,413,667,748	99.9995	10,000	0.0004

Based on the poll result, the Chairman declared the motion as carried.

Resolution 5:

Authority to allot and issue shares pursuant to Section 75 and Section 76 of the Companies Act 2016

That pursuant to Section 75 and 76 of the Companies Act 2016, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten (10) percent of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company, subject always to the Companies Act 2016, the Constitution of the Company and approval of all relevant regulatory bodies being obtained for such allotment and issue.

Results on voting by poll, as verified by the Scrutineer:

VOTE IN FAVOUR		VOTE AGAINST	
No. of shares	%	No. of shares	%
2,413,667,648	99.9995	10,100	0.0004

Based on the poll result, the Chairman declared the motion as carried.

10. Closure

There being no other business to be transacted, the Chairman concluded the Meeting at approximately 12:15 p.m. and thanked all present for their attendance.

APPENDIX1

Strategy & Financial Matters

1. Currently, the Group has expanded into Flying Academy and Aviation Logistics segment by acquiring Layang Layang Aerospace Sdn Bhd on 15 May 2019. Layang Layang Aerospace was established in April 1994 and has grown to become one of the largest general aviation companies in Malaysia operating six (6) units of helicopters and eight (8) units of fixed wing aircrafts covering Sabah and Sarawak (page 5 of AR 2019).
 - a. What is the expected average percentage revenue and profit contribution from the Flying Academy and Aviation Logistics segment for the next 3 years?

Response:

Our current expectation is that the aviation logistics segment will contribute approximately 35 – 40% in revenue contribution and approximately 50% in profit contribution over the next 3 years.

- b. What is the Group's insurance policy for aviation logistics?

Response:

For aviation logistics insurance, the Group covers all owned and/or operated units for Aviation Hull, Hull War and Allied Perils, third party legal liability as well as crew personal accident insurance.

- c. Are there any plans to increase the number of helicopters and fixed wing aircrafts in the next 3 years? If yes, by how many?

Response:

Yes, the Group does intend to increase the number of helicopters and fixed wing aircrafts in the next 3 years. At this stage, the exact number of helicopters and fixed wing aircrafts to be acquired has not been determined but is expected to be approximately 10 units in total being a combination of both helicopters and fixed wing aircrafts.

- d. The Group is in the process of acquiring a Super King Air fixed wing which is equipped with medical equipment for emergency medical charters to service regional areas such as Kalimantan and Singapore. What is the estimated cost to be incurred for acquiring a Super King Air fixed wing?

Response:

The acquisition cost for a Super King Air fixed wing is approximately USD2.3 million.

2. On barge logistics segments:-

- a. What is your current fleet utilisation rate?

Response:

All our tugs and barges are currently fully deployed unless they have been called back for routine maintenance in accordance with our vessel class requirements. Such maintenance will occur once every 2.5 years per set (i.e. per tug and barge). Taking into account the downtime for maintenance etc and the repositioning of vessels, our current effective utilisation rate is approximately 80%.

- b. How many vessels, tugs and barges does the Group currently own?

Response:

The Group currently owns 24 tugs and 24 barges.

- c. It is stated that the Group's fleet maintenance program has been relatively consistent with last year and the Company will continue with its fleet renewal and expansion program as per prior year (page 5 of AR 2019) What is the expected cost to be incurred in relation to the expansion program?

Response:

We refer to our most current RCN program and as part of our fleet renewal and expansion program, over the next 4 years, the Group is expecting to acquire / build 3 sets of tugs and barges. The total cost expected for this renewal / expansion program is in the region of RM50.0 million however, the price will be heavily dependent on the price of steel and vessel engines at the time of entering the construction / acquisition agreement.

3. Based on the three-year financial highlight, the Group managed to turnaround from Loss After Tax of RM4.528 million in FY2018 to Profit After Tax of RM1.3264 million (page 4 of AR 2019). Is the positive result for FY2019 a signal of a sustainable turnaround for the Group?

Response:

The Group has been working to improve our financial situation and from the three-year financial highlights, we have shown that the Group has improved in sales, gross profit margins as well as Profit After Tax. Our financial position has also strengthened through increasing profitable assets, reducing liabilities and increasing equity. Having placed much effort on improving the Group's position, we are optimistic that the positive results of FY2019 would be sustainable in the coming years.

4. The Group currently has 2 business segments and the aviation segment contributes approximately 35.1% of the Group's total profit (Note 37, page 129 of AR 2019).

Which business segment will be the growth driver of the Group, going forward?

Response:

In the short to medium term i.e. 1-3 years, we expect that the aviation segment will be the main growth driver of the Group. It is the expansion potential in this segment that drew us to invest in Layang Layang Aerospace Sdn Bhd. With the Group's expected plans to increase the helicopter and fixed wing fleet in the next few years, coupled by the increase in student pilot intake by Layang Layang Flying Academy Sdn Bhd (a subsidiary of Layang Layang Aerospace Sdn Bhd), we believe that this business segment will be the growth driver of the Group in the next few years.

Since 2010, the shipping industry has undergone a downturn. It is still trying to recover, however, our shipping segment which covers dry bulk shipping using tugs and barges in the ASEAN region have been profitable all these years. Though the current coronavirus crisis is affecting the business in the short term, we are confident that this business segment is going to perform satisfactorily and will continue to grow given our expected high utilisation rate and the additions of 3 additional sets of tugs and barges.

5. There is a RM10.1 million (2018: RM3.5 million) insurance recovery (Note 24, page 111 or AR 2019). What is this related to?

Response:

This insurance recovery was due to search and rescue attempts as well as recovery works which we performed on a number of accidents that occurred during severe weather conditions back in 2017, 2018 and 2019. The proceeds were only received in the FY 2019 financial year.

6. The Group's recorded allowance for impairment losses is RM15.141 million of trade receivables for FY2019 (Note 9, page 98 of Annual Report).

What are the measures taken to recover the receivables concerned? What is the amount recovered to-date? What is the amount expected to be recovered?

Response:

The allowance for impairment losses of RM15.141 million is a cumulative figure. To comply with MFRS 9 and to ensure the adequacy of impairments, the Group has taken up allowance for impairment losses. To mitigate the possibility of non-payment, each business unit closely monitors the outstanding trade receivables regularly. For those trade receivables where there is indication that they are not able to settle within the credit period provided to them, we would negotiate and agree with a repayment schedule. In doing so, we are more likely to recover the amounts owed to us.

Since 30 September 2019, we have recovered RM9.535 million. The Group intends and expects to fully recover the remaining outstanding balances.

7. There was significant increase in employee benefits expenses amounting to RM12.3 million (2018: RM4.9 million) and in non-executives directors' remuneration amounting to RM0.5 million (2018: RM0.2million) (Note 27, page 113 of AR 2019).

What are the major reasons for these increases?

Response:

The main reason for the increase in employee benefit expenses is due to the addition of a new business segment i.e. the aviation segment. The employee benefits for an aviation company includes many allowances such as (but are not limited to) Management and Responsibility allowance, flying allowance, night stop allowance, ground crew allowance and airside driving allowances. Similarly, the increase in non-executive director remuneration in FY2019 is due to the inclusion of those in the aviation segment. The table below summarises the employee benefits since the addition of the new business segment:

	<i>HQ & drybulk segment</i>	<i>Aviation segment</i>	<i>Total</i>
<i>No. of employees</i>	<i>70</i>	<i>118</i>	<i>188</i>
<i>Employee benefit expense (FY2019)</i>	<i>RM 5.3 million</i>	<i>RM 7.1 million</i>	<i>RM 12.3 million</i>

Corporate Governance Matter

1. Appendix 9C Part A(11) of the Main Market Listing Requirements requires disclosures of the remuneration of directors of the listed issuer (including the remuneration for services rendered to the listed issuer as a group) for the financial year on a named basis, stating the amount received or to be received from the listed issuer and on a group basis respectively. The disclosure must include the amount in each component of the remuneration (e.g. director's fees, salaries, percentages, bonuses, commission, compensation for loss of office, benefits in kind based on an estimated money value) for each director.

The Company has explained that it has departed from Practice 7.1, however, please take note that the non-disclosure is a breach of the Main Market Listing Requirements.

Response:

The Company takes note of the non-disclosure breach and will ensure compliance in the next annual report issued.

2. The Directors' fees to be approved amounted to RM850,000 – a significant increase compared to RM630,000 in 2019's AGM (Resolution 3)
What is the rationale for the higher Directors' fees this year?

Response:

The proposed Directors' fees of RM850,000 to be approved, include Directors' fees of all subsidiary companies within the Group. As we now have added a new business segment i.e. aviation segment, hence, we have also increased the approved amount requested accordingly. A summary of the Director's fees requested is as follows:

<i>Holding company</i>	<i>RM 600,000</i>
<i>Drybulk segment</i>	<i>RM 72,000</i>
<i>Aviation segment</i>	<i>RM 178,000</i>
<i>Total</i>	<i>RM 850,000</i>