



Hubline Berhad

Registration No. 197501001462 (23568-H)

(Incorporated in Malaysia)

SUMMARY OF KEY MATTERS DISCUSSED DURING THE FORTY-SIXTH ANNUAL GENERAL MEETING (“AGM”) OF HUBLINE BERHAD (“HUBLINE” OR THE “COMPANY”) CONDUCTED AT DEWAN MUHIBBAH, 2ND FLOOR, MERDEKA PALACE HOTEL & SUITES, JALAN TUN ABANG HAJI OPENG, 9300 KUCHING, SARAWAK, ON FRIDAY, 25TH FEBRUARY 2022 AT 11:00 A.M.

Attendance of Directors:

Present at the AGM Venue:

Dato Richard Wee Liang Huat @ Richard Wee Liang Chiat	Non-Independent Executive Chairman
Mr. Dennis Ling Li Kuang	Non-Independent Chief Executive Officer / Managing Director
Ms. Katrina Ling Shiek Ngee	Non-Independent Executive Director / Chief Financial Officer
Mr. Peter Chin Mui Khiong	Senior Independent Non-Executive Director

Present via Video-Conferencing:

Mr. Bobby Lim Chye Huat	Independent Non-Executive Director
Mr. Lai Lian Yee	Independent Non-Executive Director

In Attendance:

Present at the AGM Venue:

Madam Yeo Puay Huang	Company Secretary
Ms. Michelle Chin	Representative of Crowe Malaysia PLT
Ms. Beatrice Tang	Representative of Crowe Malaysia PLT
Ms. Jessie Ng	Representative of Crowe Malaysia PLT
Mr. Ooi Beng Hooi	Representative of Minority Shareholders Watch Group

1. Welcome Address by the Chairman

Dato Richard Wee Liang Huat @ Richard Wee Liang Chiat (“the Chairman”) chaired the 46th AGM of the Company and welcomed all present at the AGM of the Company. He introduced the members of the Board of Directors to the members.

2. Quorum for the Meeting

The Chairman, having confirmed that the requisite quorum being present, called the Meeting to order at approximately 11:05 a.m.

3. Voting By Way of Poll

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 and there was a quorum for the Meeting. Thus, with the permission of the Meeting, it was taken as read.

5. Audited Financial Statements and Reports

The Chairman informed that the Audited Financial Statements for the financial year ended 30 September 2021 together with the Report of the Directors and Auditors thereon, were tabled at the Meeting for discussion only and were not required to be put forward for voting.

The Audited Statements of Accounts together with the Reports have been circulated to all members within the prescribed period.

6. Questions and Answers Session

Prior to the Meeting, the Minority Shareholders Watch Group (“MSWG”) had on 10 February 2022 submitted their questions to the Company Secretary via e-mail raising some points pertaining to the following:

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

These questions and answers are attached in Appendix A were presented at the Meeting.

Mr. Ooi, the representative from MSWG, further asked the Board if the dry bulk freight rates will continue to increase and remain elevated in the foreseeable future. Mr. Dennis Ling responded by making references to the combination of thriving commodity demand, scrapping of older vessels and significant vessel under-investment in recent years have collectively led to the current vessel supply tightness. As new vessel capacity is unlikely to come in soon with the average lead time between vessel orders and vessel deliveries in recent years being more than two years, this should keep the market supply tight and spot dry bulk prices to remain at an elevated level for the short to medium term.

Moreover, Mr. Ooi proposed that the Board consider shares consolidation corporate action in the future. Mr. Dennis Ling responded by confirming that the Board has considered this proposal in the past and will continue to analyse the merits, costs and risks associated with shares consolidation corporate action in the future.

Mr. Ooi indicated that he 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.

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 Poll Voting Results

After the Scrutineer had 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 Scrutineer, the Chairman declared all the resolutions tabled at the Meeting, carried as follows:

Resolution 1:

To re-elect Dato Richard Wee Liang Huat @ Richard Wee Liang Chiat 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	%
2,371,128,121	99.9999958	100	0.0000042

Mr. Dennis Ling stepped in and acted as Acting Chairman for the purpose of poll voting for this particular resolution for the sake of objectivity and transparency. Based on the poll result, Mr. Dennis Ling declared the motion as carried.

Resolution 2:

To re-elect Mr. Ling Li Kuang 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	%
2,371,126,521	99.9999283	1,700	0.0000717

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

Resolution 3:

To re-elect Mr. Bobby Lim Chye Huat 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	%
2,371,127,221	99.9999578	1,000	0.0000422

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

Resolution 4:

To approve Directors' fees of RM720,000.00 for the financial year ending 30 September 2022.

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

VOTE IN FAVOUR		VOTE AGAINST	
No. of Shares	%	No. of Shares	%
2,370,406,946	99.9695809	721,275	0.0304191

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

Resolution 5:

To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company and to authorize the Directors 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	%
2,371,128,221	100.00	NIL	NIL

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

Resolution 6:

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 of the Company be and are hereby empowered to issue and allot shares to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of shares issued does not exceed twenty per cent (20%) of the total number of issued shares of the Company for the time being to be utilized until 31st December 2022 as empowered by Bursa Securities pursuant to Bursa Malaysia's letter dated 23rd December 2021 to grant additional temporary relief measures to listed issuers and thereafter ten percent (10%) of the total number of issued shares of the Company for the time being as stipulated under paragraph 6.03(1) of the Bursa Securities Main Market Listing Requirements (hereinafter referred to as the "General Mandate");

This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

The new General Mandate will enable the Directors to take swift action for allotment of shares for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s) and to avoid delay and cost of convening general meeting(s) to approve such issue of shares.

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

VOTE IN FAVOUR		VOTE AGAINST	
No. of Shares	%	No. of Shares	%
2,371,128,221	100.00	NIL	NIL

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

10. Meeting Closure

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

Mr. Dennis Ling thanked the Chairman for his chairmanship.

Appendix A:

We refer to the questions being raised by the Minority Shareholders Watch Group's letter dated 10 February 2022. Accordingly, our responses to the questions being raised are disclosed as follows:

Operational & Financial Matters

1. The independent auditor has highlighted material uncertainty related to going concern as the group's current liabilities exceeded its current assets by RM 62,294,772 as at 30 September 2020 and RM 50,045,240 as at 30 September 2021. What are the immediate to mid-term measures being taken or to be taken by the Board to address the liquidity risk?

Response:

We refer to Note 4 of our audited financial report that details all our considerations of the Group's cash flow forecast and our ability to generate positive net income, realise assets and settle liabilities in the normal course of business. A copy of this is attached as Appendix I.

In particular, we wish to highlight the following items:

- i. Contract liabilities of RM 10.8 million which relates to advance receipts for our aviation course fees that will be recognised as revenue in future periods;*
- ii. RM 36.6 million of revolving credit facilities of which only RM 7.2 million is repayable within FY 2022, RM 14.4 million will be repayable over the next 3 – 4 years based on an existing repayment schedule, and the balance RM 15.0 million will remain revolving in nature;*
- iii. RM 4.9 million of overdraft borrowings will remain an evergreen facility.*

Further, the aviation segment had secured new contracts during FY 2021 that will be performed in the FY 2022.

The Board is confident that the Group will be able to meet all its commitments as and when they fall due and remain as a going concern.

2. Please disclose the vessels (barge logistics), helicopters and fixed wings (aviation logistics) owned and leased by the group by category, year built, capacity and net book value? Please disclose such key information in future annual reports as this material information is helpful in investment decision making.

Response:

Segment	No. units	Year Built	Capacity	NBV @ 30.09.2021 ('000)
<i>Barge logistics (owned)</i>	<i>44 units / 22 sets</i>	<i>2000 - 2016</i>	<i>7,000MT – 10,000MT per set</i>	<i>172,771</i>
<i>Aviation logistics fixed wing - (owned)</i>	<i>20 units</i>	<i>1976 – 2020</i>	<i>4 – 15 pax each</i>	<i>22,973</i>
<i>Aviation logistics helicopters - (owned)</i>	<i>8 units</i>	<i>1974 - 2020</i>	<i>2 – 7 pax each</i>	<i>11,824</i>
<i>Aviation logistics fixed wing - (leased)</i>	<i>2 units</i>	<i>2005</i>	<i>4 pax each</i>	<i>N/A</i>
<i>Aviation logistics helicopters - (leased)</i>	<i>6 units</i>	<i>1978 - 1991</i>	<i>5 pax each</i>	<i>N/A</i>

We shall take note of the request to disclose the above information in future annual reports into consideration.

3. What is the budgeted capital expenditure for FY22?

Response:

Our budgeted capital expenditure for FY2022 is RM 25.0 million and this predominantly allocated towards new builds for the barge logistics segment and additional aircrafts.

4. On the outlook for the barge logistics segment, what is:

- a. The current vessel utilisation rate?

Response:

The current utilisation of non scheduled docking vessel sets is 100%. Presently we have 2 vessel sets undergoing docking to comply with the vessel class requirements.

- b. The movement of dry bulk freight rates since the beginning of FY22?

Response:

Dry bulk freight rates have increased since the beginning of FY22 i.e. 1 October 2021. The average dry bulk freight rate has increased by approximately 8-10% between October 2021 and February 2022.

- c. The outlook for the dry bulk freight rates in the foreseeable future?

Response:

Our forecast is that by March 2022, dry bulk freight rates will improve a further 7-8% from February 2022 rates and we expect continued a gradual increase in dry bulk freight rates in the foreseeable future.

Corporate Governance Matters

5. Executive Directors of listed companies are discouraged from holding another executive position in another public listed company as Executive Directors should be fully committed to day-to-day management of a listed company. The Executive Chairman of Hubline also holds the position of Group Executive Vice Chairman of a company listed on the LEAP market of Bursa Malaysia Securities Bhd. How does the Board ensure that the Executive Chairman is able to stay focused and discharge his duties and responsibilities diligently, especially in such an uncertain and challenging business environment during Covid-19 pandemic?

Response:

Our Executive Chairman has been with Hubline as a director since 1985 and he has always adequately discharged his fiduciary duties and responsibilities. His appointment to Executive Chairman was following the resignation of our previous Executive Chairman in October 2020.

He has both the leadership skills and experience to manage his time across his portfolio. He is also supported by our CEO, Directors, Managing Directors of each business segment, and management teams.

The Group is confident that our Executive Chairman is able to allocate sufficient time to discharge his duties. However, our Group will continue to evaluate and monitor internally to align ourselves with best practices.

6. The company is seeking shareholders' approval for FY22 Directors' fees of RM 720,000. What is the justification for the significant jump in the proposed quantum given the Group's directors' fees for FY20 and FY21 were RM 534,000 and RM 258,581 respectively. Furthermore, the independent auditor has highlighted material uncertainty related to going concern as the group's current liabilities exceeded its current assets by RM 62,294,772 as at 30 September 2020 and RM 50,045,240 as at 30 September 2021.

Response:

Our director fees have not increased in more than 10 years due to our difficult financial position. This is despite all the additional commitments and responsibilities from the financial restructuring work over the last few years following the Group's exit from the container shipping business. Further, in FY 2021, due to the Covid-19 pandemic, the directors voluntarily agreed to reduce their fees by 20% to assist the company in times of difficulty. This was the reason why the fees were so low in FY 2021.

With the increase in the volume of our business and the expansion into the aviation segment in mid 2019, together with the expanded responsibilities of corporate governance, the Group feels that the increased director fees are justifiable.

Furthermore, there have been improvements in the financial performance of the Group as evidenced in FY 2021. Notwithstanding the material uncertainty related to going concern disclosure which, as explained in query 1 above the Group has many mitigating factors under consideration and the Board is confident that the Company has adequate resources to continue as a going concern in the foreseeable future.

Extract of Note 4 to the Audited Financial Report**4. GOING CONCERN**

The financial statements of the Group and the Company are prepared on the basis of accounting principles applicable to a going concern, notwithstanding that the Group's current liabilities exceeded its current assets by RM50,045,240 as at 30 September 2021.

In assessing the appropriateness of the use of the going concern assumption, management has considered the Group's cashflow forecast for the financial year ending 30 September 2022 which has indicated the Group's ability to generate positive net income, realise their assets and settle their liabilities in the normal course of business.

In addition, management has considered the following:

- (a) Despite COVID -19 outbreak, the shipping and aviation segments have recorded profit after tax of RM14.28 million and RM5.14 million respectively for the financial year ended 30 September 2021;
- (b) The Group was able to generate operating profit before working capital changes of RM33.08 million and positive Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") of RM46.40 million for FYE 30 September 2021;
- (c) A private placement was successfully completed during financial year ended 30 September 2021 with full subscription raising a total of RM15.70 million. The Group will propose a new mandate on private placement exercise in the forthcoming AGM;
- (d) The Group has RM6.77 million cash and cash equivalents and RM6.67 million fixed deposits pledged to licensed banks as at 30 September 2021 and there was no default in payments during the financial year;
- (e) The Group has been able to meet all its debt obligations during the financial year and there are approved unutilized credit facilities amounting to RM7.48 million as at 30 September 2021;
- (f) Included in the net current liabilities are the followings:-
 - contract liabilities of approximately RM10.80 million which relates to advance consideration received for aviation course fees that will be recognised as revenue in future periods; and
 - revolving credit facilities of RM36,600,000 of which RM12,200,000 is payable within the next 12 month. The management is not aware of any significant event that may trigger the licensed bank to recall the remaining revolving credits of RM24,400,000 in view of its good payment history with the licensed bank.

- (g) The Group has settled its term loan facilities amounting to RM8.40 million during financial year ended 30 September 2021 and has unencumbered vessels with net book value of approximately RM45.30 million that can be pledged to licensed banks to raise new fundings (if required);
- (h) The Group's Approved Redeemable Convertible Notes ("RCN") program still has RM194 million available to be issued to the subscribers stated in their subscription agreement dated 27 July 2018;
- (i) A subsidiary, Layang Layang Aerospace Sdn Bhd has secured new contracts at a total contract sum of approximately RM54.8 million during the financial year. One of the contracts, as disclosed in Note 40(a)(ii), has been fully completed in December 2021 and revenue of approximately of RM25.6 million will be fully recognised in financial year ending 30 September 2022. The other new contract will be utilized over the periods from 2022 to 2026 in accordance with the terms of the contract;
- (j) The Group continues to undertake measures to improve operational efficiencies and productivity; and
- (k) Market outlook for both segments are positive. The management is confident that both segments will be able to improve their operating results and profitability in the financial year ending 30 September 2022.

In view of the above, barring any unforeseen circumstances, management is confident that the Group and the Company has adequate resources to continue as a going concern in the foreseeable future. Accordingly, the financial statements of the Group and the Company have been prepared on the going concern basis.