

**MINUTES OF THE ANNUAL MEETING
OF THE STOCKHOLDERS
OF
HARBOR STAR SHIPPING SERVICES, INC.**

Held on 08 July 2021
Conducted virtually via remote communication

<u>PRESENT:</u>	<u>NO. OF SHARES</u>
Total No. of Shares Represented In Person and By Proxy	618,834,369
Total Outstanding Shares	894,586,870
Attendance Percentage to Total Outstanding Shares	69.175%

I. CALL TO ORDER

The Chairman, Mr. Geronimo P. Bella, Jr., called the meeting to order and presided over the same. The Corporate Secretary, Atty. Ignatius Loyola A. Rodriguez, recorded the minutes of the proceedings.

The Chairman informed the stockholders that because of the current COVID-19 pandemic, the meeting is held in a remote communication format.

II. CERTIFICATION OF NOTICE AND QUORUM

The Corporate Secretary certified that:

(a) In accordance with the Securities and Exchange Commission's Notice dated 16 March 2021 and the provisions of the Securities Regulation Code, notice for this meeting was published in the business section of two (2) newspapers of general circulation, namely: Philippine Daily Inquirer and The Manila Standard, in print and online format, for two (2) consecutive days at least twenty-one (21) days prior to the date of this meeting;

(b) Electronic copies of the Definitive Information Statement and its attachments were also made available on the Corporation's website and the PSE Edge portal;

(c) Accordingly, stockholders of record as of 04 June 2021 were notified of this meeting. The stockholders were also notified of the internal guidelines of the Corporation for participation in this meeting through remote communication in accordance with applicable rules; and

(c) Present in person and by proxy are Six Hundred Eighteen Million Eight Hundred Thirty Four Thousand Three Hundred Sixty Nine(618,834,369) shares out of the total outstanding Eight Hundred Ninety Four Million Five Hundred Eighty Six Thousand Eight Hundred Seventy (894,586,870) shares, or 69.175%, of the Corporation's total outstanding capital stock, and that a quorum existed for the valid transaction of business.

The Affidavit(s) of Publication dated 01 July 2021 executed by Manila Standard and Philippine Daily Inquirer, respectively, attesting the publication of the notice of this meeting are attached hereto as Annexes "A" and "B", respectively.

III. RULES OF CONDUCT AND VOTING PROCEDURES

Since the Corporation is conducting the meeting through remote communication format, the Chairman requested the Corporate Secretary to share the rules of conduct and voting procedure for this meeting.

Thereafter, the Corporate Secretary explained that "Guidelines for Participation via Remote Communication and Voting in Absentia and through Proxy" for this meeting were made available in the Corporation's website, the Definitive Information Statement and in the Explanation of Agenda items which forms part of the Notice of the Annual Stockholders' Meeting. He emphasized the following points:

1. Only stockholders whose Letter(s) of Intent or proxy forms have been validated or verified were allowed to cast their votes for this meeting through the voting portal.
2. Resolutions proposed to be approved by the stockholders under the Agenda will be shown on the screen as it is being taken up.
3. Votes cast as of 29 June 2021 for each proposed resolution have been tabulated and results will be announced during the meeting.
4. A detailed result of the tabulation of the votes cast indicating the affirmative votes, negative votes and abstentions will be reflected in the Minutes of this meeting.
5. Relevant questions which have been submitted on or before 02 July 2021 will be addressed accordingly under the Other Matters item in the Agenda. Questions and comments not taken up during the meeting shall be addressed by the Corporation directly to the stockholder via email.

IV. APPROVAL OF PREVIOUS MINUTES

The Chairman stated that electronic copies of the Minutes of the Annual Stockholders' Meeting held on 23 September 2020 were made available for inspection on the Corporation's website.

The Corporate Secretary presented the resolution proposed by management and, based on the votes received, reported the approval by the stockholders of the following resolution which was shown on the screen:

"RESOLVED, that the Minutes of the Annual Stockholders' Meeting held on 23 September 2020 as appearing in the Minutes Book of the Corporation be approved."

As tabulated, the votes for the adoption of foregoing resolution providing for the approval of the minutes of the previous meeting are as follows:

	<u>For</u>	<u>Against</u>	<u>Abstain</u>
Number of Voted Shares	618,834,369		
% of Shares of Shareholders Present	69.175%		

V. MANAGEMENT REPORT

The Chairman and President rendered the Management Report for the period ending 31 December 2020. The Treasurer, Mr. Dany Cleo B. Uson, also presented the 1st half updates for the year 2021. Copies of the Management Report and 1st half updates for the year 2021 are attached as Annexes "A" and "B".

Thereafter, the Corporate Secretary presented the resolution proposed by management and, based on the votes received, reported the approval by the stockholders of the following resolution which was shown on the screen:

"RESOLVED, that the Management Report for 2020 be noted and approved."

As tabulated, the votes for the adoption of foregoing resolution providing for the approval of the minutes of the previous meeting are as follows:

	<u>For</u>	<u>Against</u>	<u>Abstain</u>
Number of Voted Shares	618,834,369		
% of Shares of Shareholders Present	69.175%		

VI. AMENDMENT OF THE SECOND ARTICLE OF THE AMENDED ARTICLES OF INCORPORATION

The Chairman informed the stockholders that management proposes to amend the Second Article of the Amended Articles of Incorporation of the Corporation to include in the primary purpose the business of conducting ship repair, building and breaking activities.

The Corporate Secretary explained that in order to amend the Amended Articles of Incorporation of the Corporation, the Revised Corporation Code requires the approval of at least a majority of the board of directors and the affirmative vote of stockholders representing at least two-thirds (2/3) of the outstanding capital stock of the Corporation.

The Corporate Secretary informed the stockholders that on 23 April 2021, a majority of the Board of Directors approved to amend the Second Article of the Amended Articles of Incorporation of the Corporation to include in the primary purpose the business of conducting ship repair, building and breaking activities.

Thereafter, the Corporate Secretary presented the resolution proposed by management and, based on the votes received, reported the approval by the stockholders of the following resolution which was shown on the screen:

"RESOLVED, that Second Article of the Amended Articles of Incorporation of the Corporation be amended to include in its primary purpose the business of business of conducting ship repair, building and breaking activities."

As tabulated, the votes for the adoption of foregoing resolution providing for the approval to amend the Second Article of the Amended Articles of Incorporation of the Corporation to include in the primary purpose the business of conducting ship repair, building and breaking activities minutes of the previous are as follows:

	<u>For</u>	<u>Against</u>	<u>Abstain</u>
Number of Voted Shares	618,834,369		
% of Shares of Shareholders Present	69.175%		

**VII. APPROVAL OF THE AUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDING 31 DECEMBER 2020**

The Chairman presented for approval the Audited Financial Statements for the period ending 31 December 2020 as discussed in the Management Report.

Thereafter, the Corporate Secretary presented the resolution proposed by management and, based on the votes received, reported the approval by the stockholders of the following resolution which was shown on the screen:

"RESOLVED, that the Audited Financial Statements of the Corporation as of 31 December 2020 be noted and approved."

As tabulated, the votes for the adoption of foregoing resolution providing for the approval of the minutes of the previous meeting are as follows:

	<u>For</u>	<u>Against</u>	<u>Abstain</u>
Number of Voted Shares	618,834,369		
% of Shares of Shareholders Present	69.175%		

**VIII. APPROVAL, CONFIRMATION AND RATIFICATION
OF ALL ACTS, PROCEEDINGS AND RESOLUTIONS
OF THE BOARD OF DIRECTORS AND MANAGEMENT**

The Chairman stated that a summary of the acts, proceedings, and resolutions to be ratified by the stockholders have been included in Item 16 of the Definitive Information Statement which were made available on the Corporation's website and the PSE Edge portal.

Thereafter, the Corporate Secretary presented the resolution proposed by management and, based on the votes received, reported the approval by the stockholders of the following resolution which was shown on the screen:

"RESOLVED, that all legal acts, proceedings and resolutions of the Board of Directors and of the Management of the Corporation since the Annual Stockholders' Meeting held on 23 September 2020 up to 08 July 2021, be, as they are hereby, approved, confirmed and ratified."

As tabulated, the votes for the adoption of foregoing resolution providing for the approval of the minutes of the previous meeting are as follows:

	<u>For</u>	<u>Against</u>	<u>Abstain</u>
Number of Voted Shares	618,834,369		
% of Shares of Shareholders Present	69.175%		

IX. ELECTION OF DIRECTORS

The Corporate Secretary stated that the Articles of Incorporation of the Corporation provides for seven (7) directors, two (2) of whom are required to be independent directors.

Under the Corporation's By-Laws and Manual on Corporate Governance, the nomination of the Corporation's directors shall be conducted by the Corporate Governance Committee prior to the annual stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity of the would-be nominees and shall be submitted to the Corporate Governance Committee and the Corporate Secretary at least forty-five (45) days before the date of the actual meeting.

The Corporate Governance Committee shall pre-screen the qualifications and prepare a Final List of all Candidates for directors. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as directors.

The Final List of Candidates for directors as determined by the Corporation's Corporate Governance Committee and as disclosed in the Corporation's Information Statement are:

1. Geronimo P. Bella, Jr.
2. Ricardo Rodrigo P. Bella
3. Ceasar Daniel T. Castro
4. Ramon C. Liwag
5. Ryota Nagata

For Independent Directors:

6. Gene S. De Guzman; and
7. Gemma V. Sadiua.

Thereafter, the Corporate Secretary, reported that, after tabulating the votes cast, the votes garnered by the nominees mentioned in the Final List of Candidates are as follows:

<i>Nominee</i>	<i>Votes</i>
<i>Geronimo P. Bella, Jr.</i>	<i>618,834,369</i>
<i>Ricardo Rodrigo P. Bella</i>	<i>618,834,369</i>
<i>Ceasar Daniel T. Castro</i>	<i>618,834,369</i>
<i>Ryota Nagata</i>	<i>618,834,369</i>
<i>Ramon C. Liwag</i>	<i>618,834,369</i>
<i>Gene S. De Guzman (Independent Director)</i>	<i>618,834,369</i>
<i>Gemma V. Sadiua (Independent Director)</i>	<i>618,834,369</i>

The Corporate Secretary certified that the seven (7) nominees mentioned in the Final List of Candidates for directors prepared by the Corporation's Corporate Governance Committee have received sufficient votes for election to the Board of Directors and they shall serve as such for the ensuing year until the election and qualification of their successors.

X. APPOINTMENT OF EXTERNAL AUDITOR

The Chairman stated that the present external auditor of the Corporation is auditing firm of Isla Lipana & Co.. The handling partner of Isla Lipana & Co. is rotated at least once every 5 years, in compliance with the 5-year limit under the rules of the Securities Regulation Code.

Thereafter, the Corporate Secretary presented the resolution proposed by management and, based on the votes received, reported the approval by the stockholders of the following resolution which was shown on the screen:

“RESOLVED, That the auditing firm of Isla Lipana & Co. be, as it is hereby appointed to be the Corporation’s external auditor for the calendar year 2021.”

As tabulated, the votes for the adoption of foregoing resolution providing for the approval of the minutes of the previous meeting are as follows:

	<u>For</u>	<u>Against</u>	<u>Abstain</u>
Number of Voted Shares	618,834,369		
% of Shares of Shareholders Present	69.175%		

XI. OTHER MATTERS

After confirming with the Corporate Secretary that there were no other matters that require consideration by the stockholders, the Chairman requested Ms. Edith Parro, DMMC Admin OIC, to read aloud the questions and comments together with the names of the stockholders who sent them.

The first question read by Ms. Parro was from a stockholder, who asked via email, the plans and strategies of the Company in this time of the COVID-19 pandemic.

The Chairman answered the main strategy is to make sure our operations continue despite of the pandemic, to adapt and modify the operations throughout the organization by adjusting to the quarantine and travel restrictions, implementing work-from-home arrangements, increasing online transactions, be imaginative with our crew rotations and tug deployments, and build capacity and flexibility for the new normal..

Ms. Parro read the second question asking what actions the company is taking to recover from its losses in the previous years and improve investor confidence.

The Chairman reiterated Mr. Uson’s 1st quarter updates, that the Company’s revenue continues to grow because of strategies and investments we made years ago. In the next few years, we intend to focus on reducing the cost of service and other expenses to improve the bottom line. The Company still find ways to streamline the operations, right-size our manpower, lower our operating and borrowing costs, and implement cashflow conservation strategies, yet, continue to increase our client base on our tug assist, construction and other service lines. The Company will also conservatively look into other opportunities for growth and diversification.

Thereafter, Ms. Parro relayed to the Chairman that there are no other questions.

XII. ADJOURNMENT

There being no further business to transact, and upon motion duly made and seconded, the meeting was adjourned.

(Original Signed)
IGNATIUS LOYOLA A. RODRIGUEZ
Corporate Secretary

Confirmed and Approved:

(Original Signed)
GERONIMO P. BELLA, JR.
Chairman of the Board

AFFIDAVIT OF PUBLICATION

I, ADELA GERSALIA MENDOZA, of legal age, Filipino, married and a resident of 14 Registration St. SSS Homes North, Quezon City Philippines after having duly sworn to in accordance with law, hereby declare and testify.

1. That I am the Classified Manager of the PHILIPPINE DAILY INQUIRER, INC., publisher of the Philippine Daily Inquirer which is being published daily in English, of general circulation with editorial and business address at Chino Roces St. cor. Yague and Mascardo Sts., Makati.

2. That at the order of
**HARBOR STAR SHIPPING SERVICES,
INC.**

RE: Notice of Annual Stockholders' Meeting

Text of which would be described as follows:

AS PER ATTACHED

Has been published in the Philippine Daily Inquirer in its issue/issues of:

June 17 and 18, 2021

Affiant Further Sayeth
Naught, Makati Philippines _____


ADELA G. MENDOZA
Affiant

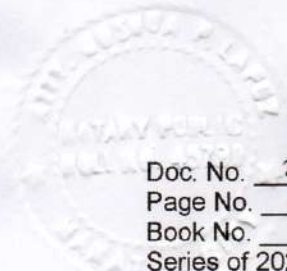
SUBSCRIBED AND SWORN to before me this
JUL 01 2021 day of _____
PHILIPPINES, affiant exhibited to me her Driver's License No. 102-01-455507 issued at Quezon City valid until October 10, 2023 and her SSS No. 03-9451924-9, bearing her photograph and signature.

ATTY. JOSHUA P. LAPUZ

*Notary Public Makati City
Until Dec. 31, 2021*

*Appointment No. M-66-(2020-2021)
PTR No. 8531012 Jan. 4, 2021 / Makati
IBP Lifetime No. 04897 Roll No. 45790
MCLE Compliance No. VI-0016565
G/F Fedman Bldg., 199 Salcedo St.
Legaspi Village, Makati City*

Doc. No. 286;
Page No. 59;
Book No. 177;
Series of 2021.



Manila Standard

PHILIPPINE MANILA STANDARD PUBLISHING, INC.

AFFIDAVIT OF PUBLICATION

I, Mario R. Policarpio Jr., Chief Accountant of Manila Standard, with office address at 6th Floor Universal Re Building, 106 Paseo de Roxas, Makati City, hereby depose and state that:

Manila Standard is a newspaper of general circulation and is distributed nationwide;

Manila Standard at the same time, publishes its online version through its website <https://manilastandard.net>;

Manila Standard is qualified to publish all kinds of judicial notices.

Manila Standard published on
June 17 & 18, 2021

a Notice:

HARBOR STAR SHIPPING SERVICES, INC.

RE: NOTICE OF ANNUAL
STOCKHOLDERS' MEETING

IN WITNESS WHEREOF, I hereby affix my signature this 1st day of July, 2021 in Makati City.

MARIO R. POLICARPIO JR.
Authorized Signatory

SUBSCRIBED AND SWORN to before me this 1st day of July, 2021 in Makati City, affiant exhibiting to me his SSS No. 33-0476897-7

Doc. No.:

Page No.:

Book No.:

Series of 2021.

JOSUIT M. GABARRON
NOTARY PUBLIC CITY OF MAKATI
UNTIL DECEMBER 31, 2020
AJUNTMENT NO. 10047 MAKATI
*TR NO. MKY 52253 M-04-02020 MKR
ISP NO. 1064507010106 2020/025



NOTICE OF ANNUAL STOCKHOLDERS' MEETING

Please be informed that the Annual Meeting of the Stockholders of HARBOR STAR SHIPPING SERVICES, INC. ("HSSSI") will be held and conducted virtually via the MS Teams online meeting platform on Thursday, 08 July 2021, 9:30 a.m. for the following purposes:

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of the Minutes of the Annual Stockholders' Meeting held on 23 September 2020
4. Management Report
5. Amendment of Article II of the Amended Articles of Incorporation to include in its Primary Purposes the business of conducting ship repair, building and breaking activities
6. Approval of Audited Consolidated Financial Statements of HSSSI and its subsidiaries as of 31 December 2020
7. Ratification of all acts, resolutions and proceedings of the Board of Directors and of Management, done in ordinary course of business since the 23 September 2020 Annual Stockholders' Meeting up to 08 July 2021
8. Election of Directors
9. Appointment of External Auditor
10. Other Matters
11. Adjournment

The record date for stockholders entitled to notice of, participate and vote at the Annual Stockholders' Meeting is set on 04 June 2021 ("Stockholders of Record").

Considering the current circumstances, Stockholders of Record may only attend/participate via proxy, remote communication or vote in absentia, subject to validation procedures. Only validated stockholders will be provided access to the MS Teams meeting platform and can cast their votes in absentia on or before 29 June 2021 via the Corporation's secure online voting facility.

Stockholders who wish to participate in the meeting via the MS Teams online meeting platform and to vote in absentia should notify the Office of the Corporate Secretary through a Letter of Intent to be sent via e-mail to asm-2021@harborstar.com.ph or fill up the registration form at www.harborstar.com.ph/asm2021registrationform on or before 23 June 2021.

The Corporation is not soliciting for proxies. Stockholders who are unable to join the meeting but wish to vote on items in the agenda by proxy must submit their duly accomplished proxy forms via email to asm-2021@harborstar.com.ph on or before 23 June 2021.

Stockholders may send their queries and comments to the Management Report and other items in the Agenda to asm-2021@harborstar.com.ph on or before 02 July 2021.

The Definitive Information Statement containing the attendance, voting and election procedures, along with the Notice, Agenda, Proxy, Management Report, SEC Form 17-A, SEC Form 17-Q and other information related to the Annual Stockholders' Meeting can be accessed at http://www.harborstar.com.ph/investors/pse_dislosures.

Very truly yours,

(SGD)
IGNATIUS A. RODRIGUEZ
Corporate Secretary

For the latest registration and filing procedures, please visit the above-mentioned website and refer to the "Guidelines for Participants in Remote Communication and Voting in Absentia and Proxy Form"

2021 JUN 18 10:14:20 AM

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MESSAGE TO OUR STOCKHOLDERS

Annual Stockholders' Meeting 2021

To our directors, officers, stockholders, investors, to the other equally important stakeholders of Harbor Star and guests, a good morning to all!

The year 2020 was unprecedented and challenging to say the least. Even now, the world is still constantly changing because of the effects of the COVID-19 pandemic on all aspects of life. Despite the negative impact of the lockdowns and quarantines on the shipping and construction industries, we are proud to report that Harbor Star's overall business performance in 2020 showed significant improvement over the previous year.

Operational achievements

I am pleased to report that the increase in revenues combined with effective cost management helped the company trim its losses by 77% to PHP84.93-Million in 2020 from a net loss of PHP376.26-Million in 2019.

Despite the pandemic, Harbor Star was able to increase its revenues for FY 2020 by 21% from PHP1.39-Billion to PHP 1.68 Billion. This is attributed to the increases in revenue from power generation, lighterage services and charter hire, salvage income, and other marine services.

A major contributor was the revenue generated by our Santos Solar Plant, which grew to PHP305.4-Million in 2020 from PHP 107.1 Million in 2019. This was a direct result of the group's first full year of operations wherein ADGI delivered 35,566,000 KWh of electricity to its off-taker, South Cotabato II Electric Cooperative.

Salvage income also saw an increase in revenue from the previous year's PHP31 Million to PHP109 Million in 2020. This was mainly due to rendering oil spill response operations to clean and collect 48,000 liters of fuel and oil from the shores of Barrio Obrero, Iloilo City, and its neighboring barangays.

Other service lines such as the lighterage services, construction, diving, and other marine services contributed PHP131.3-Million in 2020. Most of the income was due to revenue recognized from construction contracts as well as income from port rehabilitation projects.

Subsidiaries, such as Harbor Star Subic Corp. also added PHP52.3-Million to the group's total revenues for the year. The ferry services rendered in the Subic freeport zone complemented the harbor assist income.

These positive results helped to soften the impact of COVID-19 lockdowns on harbor assistance and towing services which declined by 2.3% and 52%, respectively, due to limited operations and movement restrictions.



General and administrative expenses were reduced by 8.6% from PHP344.7-Million in 2019 to PHP315-Million in 2020. However, cost of services increased by 7% from PHP1.11-Billion in 2019 to PHP1.23-Billion in 2020, due to the increased costs of repairs and maintenance works and supplies, and the depreciation of solar power plant for a first full year of operation.

Despite the modest gains and improvements, we know there is much work to be done as the COVID pandemic will continue to create challenges in the business environment we work in.

The challenges of COVID-19

Due to the COVID-19 pandemic, the Company saw a decrease in ship arrivals which in turn affected Harbor Assist revenues. Ship traffic was further slowed down by low production of factories resulting in the decrease in cargo transport requirements.

Construction activities were also halted during the nationwide lockdowns, resulting in delays in the Company's construction projects.

In response to the challenges, Harbor Star adapted and modified its operations to weather the effects of COVID on the economy and sustain revenue flow. The Company initiated internal cost saving measures requiring departments and unit heads to reduce their fixed cost by 5% to 15%. These were achieved by cutting down on non-essential services, renegotiating contracts with suppliers, merging of office functions and suspension of non-critical activities and programs.

To further mitigate the negative impact of the pandemic, the company also focused on generating more revenue from its other service lines such as its special projects division, which focuses on construction and provision of specialized marine services. The Company also re-examined its investment and expansion activities as it remained focused on strengthening its core competencies.

Looking ahead with cautious optimism

Through hard work, solidarity and excellence, we are in a position to keep our heads above water in these trying and unprecedented times. Our strong performance amidst one of the most difficult periods the world has ever faced has given us the confidence and knowledge we need to stay the course. Despite recent challenges, we look to the long term with much optimism.

We intend to continue to find ways to streamline our operations, right-size our manpower, lower our operating costs, and implement cashflow conservation strategies. Yet, we will continue to increase our client base on our tug assist and construction service lines. We will also conservatively look into other opportunities for growth and diversification.



With a total of 60 vessels covering various local and international ports, the Company will maintain its leadership in the industry through its commitment to quality service, its strong relationships with its clients, and its well-trained work force.

We express our gratitude for the continued support from our shareholders, partners, customers, dedicated employees and crew, directors and stakeholders, through which we will overcome the challenges that lie ahead.

Thank you and stay safe!