

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

Held on 13 July 2022
Conducted virtually via remote communication

<u>PRESENT:</u>	<u>NO. OF SHARES</u>
Total No. of Shares Represented In Person and By Proxy	619,680,469
Total Outstanding Shares	894,586,870
Attendance Percentage to Total Outstanding Shares	69.27%

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 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 February 2022 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. The Affidavits of Publication dated 01 July 2022 executed by Ms. Adela G. Mendoza and Mr. Mario P. Policarpio, Jr. were submitted to the Corporate Secretary, respectively. Copies of the Affidavits of Publication dated 01 July 2022 are attached hereto as Annexes "A" and "B", respectively;

(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 09 June 2022 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 Nineteen Million Six Hundred Eighty Thousand Four Hundred Sixty Nine (619,680,469) shares out of the total outstanding Eight Hundred Ninety Four Million Five Hundred Eighty Six Thousand Eight Hundred Seventy (894,586,870) shares, or 69.27%, of the Corporation's total outstanding capital stock, and that a quorum existed for the valid transaction of business.

III. RULES OF CONDUCT AND VOTING PROCEDURES

Since the Corporation is conducting the meeting through remote communication format, the Chairman requested the Assistant Corporate Secretary, Atty. Maximo Modesto Joel C. Flores, to share the rules of conduct and voting procedure for this meeting.

Thereafter, the Assistant 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 04 July 2022 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 06 July 2022 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 08 July 2021 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 08 July 2021 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	614,842,869		4,837,600
% of Shares of Shareholders Present	99.22%		0.78%

V. MANAGEMENT REPORT

The Chairman and President rendered the Management Report for the period ending 31 December 2021. The Treasurer, Mr. Dany Cleo B. Uson, also presented the 1st quarter updates for the year 2022. Copies of the Management Report and 1st quarter updates for the year 2022 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 2021 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	614,842,869		4,837,600
% of Shares of Shareholders Present	99.22%		0.78%

VI. APPROVAL OF THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDING 31 DECEMBER 2021

The Chairman presented for approval the Audited Consolidated Financial Statements for the period ending 31 December 2021 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 Consolidated Financial Statements of the Corporation as of 31 December 2021 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	614,842,869		4,837,600
% of Shares of Shareholders Present	99.22%		0.78%

VII. 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 08 July 2021 up to 13 July 2022, 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	614,842,869		4,837,600
% of Shares of Shareholders Present	99.22%		0.78%

VIII. ELECTION OF DIRECTORS

The Assistant 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>614,842,867</i>
<i>Ricardo Rodrigo P. Bella</i>	<i>614,842,867</i>
<i>Ceasar Daniel T. Castro</i>	<i>614,842,867</i>
<i>Ryota Nagata</i>	<i>614,842,867</i>
<i>Ramon C. Liwag</i>	<i>614,842,867</i>
<i>Gene S. De Guzman (Independent Director)</i>	<i>614,842,867</i>
<i>Gemma V. Sadiua (Independent Director)</i>	<i>614,842,867</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 2022.”

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	614,842,869		4,837,600
% of Shares of Shareholders Present	99.22%		0.78%

XI. OTHER MATTERS

After confirming with the Corporate Secretary that there were no other matters that require consideration by the stockholders, the Chairman requested the host, Ms. Edith Parro, DMMC Manager, 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 Mr. EJ Trapaga who asked if the Company is currently reviewing potential partnership opportunities.

The Chairman answered that partnership have played and will continue to play an important role in the Company’s aspiration of higher returns; like in 2021, the Company demonstrated the ability to sustain its business with less capital, generated higher revenue and maintained free cash flow, positioning for better opportunities ahead. Also in 2021, the Company focused on strategies to strengthen its core businesses and operationalizing a new subsidiary, “Harbor Star Construction Corporation”. The Company’s actively looking for partnership opportunities, but disciplined with its capital, similar to organic spend.

The second question read by Ms. Parro was from Ms. Marlyne Fernandez who asked how does the rising fuel price impacted Harbor Star’s operation and income in 2021 and this year, and how did the Company addressed the situation that also affected the world.

The Chairman referred the question to Mr. Uson who answered that the Company posted a net loss of PHP158-million in 2021, which is not proportionate with the 14% increase in revenues. And the increase in fuel price greatly affected the increase of the Company’s expenses as fuel and lubricants composed of 19% of the Company’s cost of services, a direct impact on the net loss posted by the Company in 2021. Harbor Star is aggressively addressed the situation by universally implementing pricing schemes that take into account fluctuating fuel prices. The strategy has been effective as the first quarter of 2022 posted a PHP197.8-million net income, despite the unprecedented fuel price hike since the Russia and Ukraine war erupted.

The third question read by Ms. Parro was from Mr. Rudy Palad who asked what Harbor Star current work set-up now that the pandemic restrictions are less stringent, with COVID-19 still posting risks for employees, and what policies for those working in the office or on-site.

The Chairman answered that the Company currently applies a hybrid work set-up for office employees, and can work-from-home ("WFH") for two (2) days and at the office for three (3) days a week. Vessel crews meanwhile needs to be on-site. The Company developed a coordinated plan to safely guide its employees back to the workplace, taking in consideration the Inter-Agency Task Force ("IATF") and local government unit's ("LGU") guidelines, including temperature screening, mandatory wearing of face mask, and promote appropriate social distancing and hygiene practices. The Company also encourages its employees to get vaccinated with any of the available vaccines. 100% of its office-based employees are fully vaccinated.

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.

IGNATIUS LOYOLA A. RODRIGUEZ
Corporate Secretary

Confirmed and Approved:

ORIGINAL SIGNED
GERONIMO P. BELLA, JR.
Chairman of the Board

REPUBLIC OF THE PHILIPPINES)
CITY OF MAKATI) S. S.

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 22 and 23, 2022

Affiant Further Sayeth
Naught, Makati Philippines _____




ADELA G. MENDOZA
Affiant

SUBSCRIBED AND SWORN to before me this
JUL 01 2022 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, 2023

Appointment No. M-019-(2022-2023)
PTR No. 8852510 Jan. 3, 2022 / Makati
IBP Lifetime No. 04897 Roll No. 45790
MCLE Compliance No. VI-0016565
G/F Fedman Bldg., 199 Salcedo St.
Legaspi Village, Makati City



HARBOR STAR
SHIPPING SERVICES, INC.

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 Wednesday, 13 July 2022, 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 08 July 2021
4. Management Report
5. Approval of Audited Consolidated Financial Statements of HSSSI and its subsidiaries as of 31 December 2021
6. Ratification of all acts, resolutions and proceedings of the Board of Directors and of Management, done in ordinary course of business since the 08 July 2021 Annual Stockholders' Meeting up to 13 July 2022
7. Election of Directors
8. Appointment of External Auditor
9. Other Matters
10. Adjournment

The record date for stockholders entitled to notice of, participate and vote at the Annual Stockholders' Meeting is set on 09 June 2022 ("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.¹ Only validated stockholders will be provided access to the MS Teams meeting platform and can cast their votes in absentia on or before 04 July 2022 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-2022@harborstar.com.ph or fill up the registration form at www.harborstar.com.ph/asm2022registrationform on or before 28 June 2022.

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 e-mail to asm-2022@harborstar.com.ph on or before 28 June 2022.

Stockholders may send their queries and comments to the Management Report and other items in the Agenda to asm-2022@harborstar.com.ph on or before 06 July 2022.

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 www.harborstar.com.ph/investors/pse_disclosures.

Very truly yours,

(Sgd.) **IGNATIUS A. RODRIGUEZ**
Corporate Secretary

¹ For the detailed registration and voting procedures, please visit www.harborstar.com.ph/ and refer to the "Guidelines for Participation via Remote Communication and Voting in Absentia and through Proxy"

(PDI - June 22 & 23, 2022)

Doc. No. 203
Page No. 10
Book No. 171
Series of 2022.

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 22 & 23, 2022

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 2022 in Makati City.

MARIO R. POLICARPIO JR.
Authorized Signatory

SUBSCRIBED AND SWORN to before me this 1ST day of JULY, 2022 in Makati City, affiant exhibiting to me his SSS No. 33-0476897-7.

Doc. No.: ATTN: MARIO R. POLICARPIO JR.
Page No.: 13
Book No.: 178
Series of 2022.
NOTARIAL OFFICE OF GALARRITA
2ND FLOOR ALDO A. LAND TOWER MAKATI CITY
ROLL OF ATTORNEYS NO. 5451
APPOINTMENT NO. 6-2041 MAKATI CITY



HARBOR STAR
SHIPPING SERVICES, INC.

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Very truly yours,

(SGD)
IGNATIUS A. RODRIGUEZ
Corporate Secretary

For the detailed registration and voting procedures, please visit www.harborstar.com.ph/ and refer to the "Guidelines for Participation via Remote Communication and Voting in Absentia and Through Proxy".

(MS-JUNE 22 & 23, 2022)



MESSAGE TO OUR STOCKHOLDERS

Annual Stockholders' Meeting 2022

In 2021, the COVID Pandemic showed no let-up in disrupting the population and economy. Quarantines, though less strict, still stymied economic growth and development. Despite these, I am pleased to report that Harbor Star and its related companies increased its total revenue by more than PHP200M or from PHP1.68 Billion in 2020 to PHP1.91 Billion in 2021.

Core Service Lines Rule, Subsidiaries Impress

As in previous years, harbor assist continues to be the top revenue contributor for the Company. Harbor assist generated PHP 1.10 Billion revenue in 2021 from PHP 1.03 Billion in 2020, a 7% increase despite the pandemic. Another consistent major contributor was the salvage division which saw revenues grow from PHP 109 Million in 2020 to PHP 260 Million in 2021, a 139% increase from last year.

I am also pleased to share that some of our subsidiaries posted their highest revenues on record. Our 25MW solar power plant company, Astronergy Development Gensan, Inc., added PHP301 Million to the total revenue. Harbor Star Subic Corp. which operates our tugboats in the Subic Freeport Economic Zone, finally turned the corner and generated PHP 75.8 Million. Not to be outdone was Peak Flag Sdn Bhd, our overseas operator, which contributed PHP 97.9 Million in 2021.

Unfortunately, some of our subsidiaries and affiliates were not spared by the challenges brought about by the lingering pandemic. Our construction division generated only PHP 70.3 Million in 2021 despite our high expectations early in the year. To address this, we are set on fully operationalizing Harbor Star Construction Corporation by transferring the principal Company's construction assets and personnel to the subsidiary. We believe this will allow us to engage in a broader class of construction projects. Our affiliate, Hi-Energy Marine Services, Inc. (HEMSI) - where Harbor Star owns 32% of its outstanding capital stock - distributed dividends in the amount of only P10 Million in 2021. We continue to work with HEMSI to find ways how we can partner to promote our business interests while ensuring the best service for our customers.

Optimism Despite Continued Losses

While Harbor Star experienced an all-time high revenue of PHP1.91 Billion in 2021, the Company's bottom line still posted a negative PHP 158 Million from a negative PHP 84.9 Million in 2020. Despite this, we remain satisfied with the Company's performance as the increased expenses were mostly a result of higher fuel prices, increased depreciation because of revaluations, accounting reversals, and higher interest costs. We believe that these causes can be adequately addressed in the coming years as we universally implement pricing schemes that take into account fluctuating fuel prices, become more conservative in recognizing accrued income, and slowly pay down our debt.



Despite not availing of any additional substantial bank loan since the start of the COVID pandemic in 2019, Harbor Star maintained a cash ending of PHP263 Million by December 2021. The Company was able to self-fund its operations and expansions proving its viability, resiliency and revenue-generating capability at a time when so many companies have faltered due to the new normal brought about by the COVID pandemic. Further, our current ratio is now at 1.06 as compared to 0.4 in 2020. Management's cost-cutting measures, cash conservation strategies, and loan portfolio management yielded positive results. We are confident they will continue to do so.

Looking Ahead

As a new government takes the helm for the next six years and, hopefully, the COVID pandemic becomes less disruptive, we see better opportunities ahead. The Company plans stay the course in fully utilizing its assets and strengthening its other business lines. This includes beginning development of its 4-hectare Lemery, Batangas property which will act as Harbor Star's marine and construction base. We are also looking into increasing by 50MW the production capacity of the Company's General Santos solar power plant possibly thru entering into joint ventures. We look forward to renewable energy no longer taking a backseat in the coming administration.

Harbor Star will give extra attention to support its underdeveloped high-yield service lines such as dredging and construction. The Company intends to acquire additional equipment and personnel to support the capacity-building plans. We have likewise set up a business unit solely dedicated to developing the dredging business which we project will be a major revenue contributor in the coming years.

As we are more focused now on prudently managing our existing business and looking into partnerships rather than solely funding our expansion plans, we believe that better days for the Company are just around the corner.

As always, I would like to thank all our stakeholders for the trust and support despite all the industry challenges that we have worked to overcome. We remain in an excellent position for future growth as the country continues to recover and return to normalcy. Thank you for continuing to take this journey with us.

Stay safe always!