

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

Held on 17 June 2015

Geneva Room, Old Swiss Inn, Makati City

<u>PRESENT:</u>	<u>NO. OF SHARES</u>
Total No. of Shares Represented In Person and By Proxy	431,891,920
Total Outstanding Shares	605,238,580
Attendance Percentage to Total Outstanding Shares	71.36%

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I. CALL TO ORDER

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

II. CERTIFICATION OF NOTICE AND QUORUM

Based on the Certifications provided by Mr. Antonio B. Madrid, Jr. of Rizal Commercial Banking Corporation ("RCBC"), the stock and transfer agent of the Corporation, the Corporate Secretary certified that:

(a) Notices for the meeting were sent to all stockholders of record as of 15 May 2015 at least fifteen (15) business days prior to the meeting in compliance with Section 2, Article 1 of the By-Laws of the Corporation; and

(b) Present in person and by proxy are Four Hundred Thirty One Million Eight Hundred Ninety One Thousand Nine Hundred Twenty (431,891,920) shares of the total Six Hundred Five Million Two Hundred Thirty-Eight Thousand Five Hundred Eighty (605,238,580) shares, or 71.36%, of the Corporation's total issued and outstanding capital stock, and that a quorum existed for the valid transaction of business.

The Certifications of Mr. Madrid of RCBC regarding the sending of notices to stockholders of record as of 18 May 2015 and on quorum are attached hereto as Annexes "A" and "B", respectively.

III. APPROVAL OF PREVIOUS MINUTES

The Chairman stated that copies of the Minutes of the Special Meeting of the Stockholders held on 28 November 2014 were made available for inspection at the registration desk.

Upon motion duly made and seconded, the Minutes of the Special Meeting of the Stockholders held on 28 November 2014 were unanimously approved.

IV. MANAGEMENT REPORT

The Chairman and President rendered to the stockholders the Management Report for the period ending 31 December 2014. A copy of the report of the Chairman is attached hereto as Annex "C".

The Chairman then announced that during the meeting of the Board of Directors held on 17 June 2015 preceeding the Annual Stockholders' Meeting, the Board approved the declaration of a regular cash dividend of PHP0.038 per outstanding common share or in the total amount of PHP23,114,356.80. This will be taken out of the Corporation's unrestricted retained earnings of Php434,143,055.00 for the year ending 31 December 2014. Stockholders as of record date 10 July 2015 are entitled to receive dividends which shall be payable on 05 August 2015.

Mr. George Tan, a stockholder of the Corporation, inquired about the decline in the operating profit margin of the Corporation for FY2014. Mr. Tan noted that revenues in FY2014 increased by PHP200M yet the operating profit increased only by PHP5M. Investor Relations Officer, Mr. Dany Cleo B. Uson, replied that the expense was a result of the gestation period owing to the Corporation's asset acquisition in FY2014. Mr. Uson explained that it takes at least six (6) months before a tugboat is able to yield income for the Corporation.

Mr. Tan also requested an explanation for the consistent decline of the gross profit margin for the past 3 years. Chief Financial Officer, Ms. Adelia D. Vasquez, explained that the Corporation recognized a one-time gain from salvage income in FY2012 while income for FY2013 and FY2014 reflected the recurring business operations of the Corporation.

After discussion and upon motion duly made and seconded, the Management Report for 2014 was noted and approved by the stockholders.

V. APPROVAL OF THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING 31 DECEMBER 2014

After discussion and upon motion duly made and seconded, the stockholders noted and approved the Audited Financial Statements of the Corporation for the period ending 31 December 2014.

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

After discussion and upon motion duly made and seconded, the following resolution was unanimously approved:

“RESOLVED, that all legal acts, proceedings and resolutions of the Board of Directors and of the Management of the Corporation since 11 June 2014 up to 17 June 2015 be, as they are hereby, approved, confirmed and ratified.”

VII. ELECTION OF DIRECTORS

Mr. Rodriguez stated that the Articles of Incorporation of the Corporation provides for seven (7) directors, two (2) of which 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 Nomination 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 Nomination Committee and the Corporate Secretary at least forty-five (45) days before the date of the actual meeting.

The Nomination 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 Nomination Committee and as disclosed in the Corporation’s Information Statement are:

1. Geronimo P. Bella, Jr.
2. Ricardo Rodrigo P. Bella
3. Ignatius A. Rodriguez
4. Damian L. Carlos
5. Ryota Nagata

For Independent Directors:

6. Jose S. Navarro; and
7. Manuel H. Puey

Upon nomination duly made and seconded, the following were elected Directors to serve as such for the ensuing year and until the election and qualification of their successors:

Geronimo P. Bella, Jr.
Ricardo Rodrigo P. Bella
Ignatius A. Rodriguez
Damian L. Carlos
Ryota Nagata
Jose S. Navarro (Independent Director)
Manuel H. Puey (Independent Director)

VIII. APPOINTMENT OF EXTERNAL AUDITOR

Upon motion duly made and seconded, the stockholders approved the appointment of the auditing firm of Isla Lipana & Co. as the external auditor of the Corporation for the calendar year 2015.

“RESOLVED, That the auditing firm of Isla Lipana & Co. be, as it is hereby appointed to be the Corporation’s external auditor for 2015.”

IX. ADJOURNMENT

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

(original signed)
IGNATIUS A. RODRIGUEZ
Corporate Secretary

Confirmed and Approved:

(original signed)
GERONIMO P. BELLA, JR.
Chairman of the Board



CERTIFICATION

This is to certify that all notices of stockholders meeting of record date 18 May 2015 of **Harbor Star Shipping Services Inc.**, were dispatched last 25 May 2015 within the specified deadline.

Issued this 17th day of June 2015 upon the request of **Harbor Star Shipping Services Inc.**,

RIZAL COMMERCIAL BANKING CORP.
Stock Transfer Department

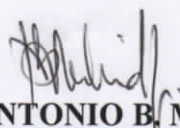
ANTONIO B MADRID JR.
Operations Manager

CERTIFICATION

As Stock Transfer Agent of **HARBOR STAR SHIPPING SERVICES INC**, we hereby certify that the total number of shares represented by shareholders who attended in person and by proxy during the Annual Stockholder's Meeting last May 18, 2015 is 431,891,920 shares equivalent to 71.36% of the total outstanding shares of the company.

Issued this 17th day of June 2015, upon the request of Harbor Star Shipping Services Inc.

RIZAL COMMERCIAL BANKING CORP.
Stock Transfer Department



ANTONIO B. MADRID JR.
Operations Manager

Message to Our Stockholders

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

The year 2014 saw an unprecedented 7-month long congestion in the ports of Manila which resulted in an astounding 25% decrease in vessel calls in the nation's capital. This reduction of vessel calls directly affected Harbor Star's core business of docking and undocking vessels. Yet, I am proud to report that Harbor Star still managed to increase its gross revenues year-on-year by 22.8% and, for the first time, surpass the P1 Billion revenue mark.

Your Management's strategic direction to focus on servicing ports outside traditional commercial ports coupled with a deliberate effort to market Harbor Star's other service lines was rewarded. The Company's modest revenue growth in harbor assist was boosted by triple digit growths in our lighterage, towing and underwater marine works services.

Harbor assistance continued to be the highest contributor to the Company's service income. Our docking and undocking operations earned P796.2 million or 72% of the Company's total service income. But the growth in service income in 2014 was primarily due to a jump in towing service with earnings of P99.9 million - a 377.6% increase from the previous year. Such tow jobs included Harbor Star's MV Rho Cas towing from Okinawa to Cagayan de Oro the largest crane barge ever to be operated in Philippine shores.

Our underwater marine and diving service line also increased earnings by 289.9%, from P8.1 million in 2013 to P31.4 million in 2014. Harbor Star also conducted significant salvage projects during the year leading to a 141.4% growth to P50.7 million.

The funds generated by the Initial Public Offering were put into good use. Investments made on newly-acquired vessels, properties and equipment in 2014 increased the company's asset base to P2.3 billion. While our overall business activities resulted in an increase in the cost of services, our EBITDA still improved to P414.2 million in 2014 from P365.9 million in the previous year.

For these achievements, I personally congratulate the most important assets of Harbor Star, its working men and women who are on call 24/7 serving our customers.

And because of the more than satisfactory performance of Harbor Star in 2014 despite the challenges, it is my great pleasure to announce that this morning, your board of directors approved the declaration of cash dividends equivalent to 20% of the Corporation's net income after tax which amounts to **POINT ZERO THREE EIGHT PESOS (PHP 0.038)** or **THREE POINT EIGHT CENTAVOS (PHP 0.038)** per share in favor of the Corporation's shareholders of record as of 10 July 2015 payable on 5 August 2015.

Our bottom line is not limited to how well we perform as a company, but also how we present ourselves as corporate citizens. Our CSR center-piece is our Adopt-A-Mangrove Program where we committed 5 years ago to plant 20,000 mangroves along the Philippine shorelines. As

of today, we are pleased report that we have planted 21,612 mangrove seedlings surpassing our mangrove target.

Other than our Adopt-A-Mangrove Program, we also engage in other non-profit activities that you may not be aware of. Because of our country-wide deployment of tugboats and oil spill equipment, we are often requested by the Philippine Coast Guard to provide assistance whenever a vessel which runs aground and threatens to spill oil, bunker, or chemicals. Just recently, the Philippine Coast Guard requested us to lay out our oil spill booms around a fuel barge which run aground in Tagum, Davao del Norte. We were also invited by the Philippine Coast Guard to be resource persons and provide support assets for the recently concluded Maritime Pollution Exercises conducted in Cebu and attended by respective coast guards of Malaysia, Indonesia, and the Philippines.

We also offer our assets for use in times of national calamities. In the aftermath of Typhoon Yolanda, Harbor Star's barges conducted missionary runs to bring in the trucks, forklifts, reach stackers, cranes and other terminal equipment for the Tacloban port to become operational to accept relief goods.

We look to 2015 and onward with guarded confidence and optimism. The effects of the 2014 port congestion will still be felt as shipping lines calling the Philippines have reduced their scheduled voyages. Nevertheless, we see our harbor assist business to expand as we look to enter other markets such as General Santos and Cebu. We are also upbeat in finally penetrating overseas markets specifically in Malaysia, Indonesia and Vietnam.

Internally, we will complete by end 2015 the computerization of our finance, procurement, inventory, and engineering departments using the latest enterprise resource planning systems of Oracle. Simultaneously, we will also finish the installation of GPS trackers in all our floating assets. The utilization of these two technological advances will give Harbor Star the leading edge over its competitors in terms of the management of its internal processes and assets.

We have accomplished much in 16 years. From a one-tug company in 1998 to the expansive operations we have now, Harbor Star has gotten this far thanks to the continued support of our shareholders, partners and associates. We would like to take this opportunity to thank all of our stakeholders - from the management team and Board of Directors for their leadership and guidance, to the officers, workforce and crew for their commitment to genuine service excellence. Rest assured, we at Harbor Star are going full speed ahead towards a brighter future.