



April 13, 2018

**The Philippine Stock Exchange**  
3<sup>rd</sup> Floor, Philippine Stock Exchange Plaza  
Ayala Triangle, Ayala Avenue  
Makati City

Attention: **Mr. Jose Valeriano B. Zuño**  
OIC – Disclosure Department

Subject: Quarterly Progress Report on the Application of IPO Proceeds with Certification by the Company's External Auditors

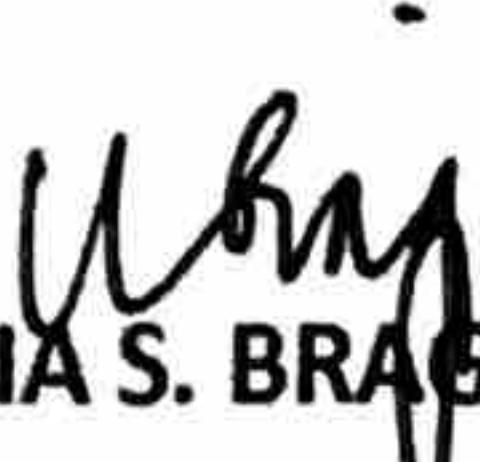
Gentlemen:

We are submitting the following attachments in compliance with the PSE requirement in connection with Chelsea Logistics Holdings Corp. IPO proceeds.

1. Progress Report on the application of proceeds for the period January 1, 2018 to March 31, 2018; and,
2. Certification of Punongbayan & Araullo on the accuracy of information provided by Chelsea Logistics Holdings Corp. in relation to the Progress Report.

We hope you find everything in order.

Very truly yours,

  
**IGNACIA S. BRAGA IV**  
Vice President – Finance

April 13, 2018

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3<sup>rd</sup> Floor, Philippine Stock Exchange Plaza  
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Makati City

Attention: **Mr. Jose Valeriano B. Zuño**  
OIC – Disclosure Department

Subject: Quarterly Progress Report on the Application of IPO Proceeds with Certification by the Company's External Auditors

Gentlemen:

In connection with the Initial Public Offering (IPO) of **Chelsea Logistics Holdings Corp.** (the Company) on August 8, 2017, we submit herewith our report on the application of the proceeds amounting to P5,837,613,240. The details of the disbursements as of and for the period ended March 31, 2018 are as follows:

Total proceeds (546,593,000 shares at P10.68 per share)		P 5,837,613,240
Less: IPO-related expenses		
Underwriting and selling commission fees	239,801,737	
Advisory fees	175,128,397	
IPO taxes	116,752,265	
PSE listing application fees	19,296,884	
Professional fees – legal and audit	10,403,897	
Documentary stamp taxes	2,732,965	
Miscellaneous expenses	<u>1,149,323</u>	<u>565,265,468</u>
Net proceeds after IPO expenses		5,272,347,772



**CHELSEA**

LOGISTICS HOLDINGS CORP.  
A UDENNA Company

Net proceeds after IPO expenses		5,272,347,772
Less: Disbursements		
Accumulated cost incurred as of December 31, 2017		5,233,968,964
Costs incurred from January 1, 2018 to March 31, 2018		
Acquisitions of forklift trucks	32,863,750	
Payments for container yard improvements	<u>5,515,058</u>	<u>38,378,808</u>
Total expenditures		<u>38,378,808</u>
Balance of IPO proceeds as of March 31, 2018		<u>P -</u>

Very Truly Yours,

  
IGNACIA S. BRAGA IV  
Vice President – Finance



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## Report on Factual Findings

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**Punongbayan & Araullo**

20th Floor, Tower 1  
The Enterprise Center  
6766 Ayala Avenue  
1200 Makati City  
Philippines

T +63 2 988 2288

### **The Stockholders and Board of Directors**

**Chelsea Logistics Holdings Corp.**

*(Formerly Chelsea Logistics Corp.)*

*(A Subsidiary of Udenna Corporation)*

Stella Hizon Reyes Road

Bo. Pampanga, Davao City

We have performed the procedures enumerated below, which have been agreed upon with you, on the accompanying Quarterly Progress Report on the Application of Proceeds (the Report) for the quarter ended March 31, 2018, as required by the Philippine Stock Exchange, Inc. (the PSE). The Report covers the utilization of the P5,272,347,772 net proceeds from and expenses related to the initial public offering (the IPO) of common shares of Chelsea Logistics Holdings Corp. (the Company) at the PSE on August 8, 2017. The procedures were performed solely to assist the Company comply with the PSE requirement.

Our engagement was undertaken in accordance with Philippine Standard on Related Services 4400, *Engagement to Perform Agreed-Upon Procedures Regarding Financial Information*, applicable to agreed-upon procedures engagements.

### ***Agreed-Upon Procedures Performed***

The agreed-upon procedures that we performed on the Report are presented below and in the succeeding page.

1. Obtained and checked the mathematical accuracy of the following:
  - a. The Report;
  - b. Schedule of planned application of proceeds from the IPO;
  - c. Trial balance as of March 31, 2018; and
  - d. Detailed schedule of utilization of proceeds for the quarter ended March 31, 2018.

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**Certified Public Accountants**

Punongbayan & Araullo is the Philippine member firm of Grant Thornton International Ltd

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Offices in Cavite, Cebu, Davao  
BOA/PRC Cert of Reg. No. 0002  
SEC Accreditation No. 0002-FR-4

2. Compared the schedule of planned application of the IPO proceeds to the use of proceeds section of the prospectus. Inquired with the Company's management of the reason for the difference, if any, and requested a copy of the approval by the Board of Directors and the PSE, as appropriate, i.e., if it involved reallocation or change in the use of proceeds.
3. Compared the disbursements from the net IPO proceeds shown in the Report with the schedule of planned application of proceeds from the IPO and investigated any difference or excess of disbursements over the planned application of proceeds.
4. Performed the following procedures on the schedules obtained:
  - a. Agreed related totals to the general ledger; and,
  - b. Assessed reasonableness of the movements in the designated cash in bank ledger with the list of disbursements in the Report.
5. Traced to and examined supporting documents, including approval documents, of significant disbursements in the detailed schedule of utilization of proceeds and traced the total amount of disbursements per category to the Report.

***Results of Agreed-upon Procedures Performed***

We report the results of our work as follows:

1. We have obtained the required documents and noted no exceptions on the mathematical accuracy of each of the documents.

We present below a summary of the application of the net IPO proceeds for the quarter ended March 31, 2018 on the information provided by management.

	<b>Planned Allocation of The Net IPO Proceeds</b>	<b>Application of Proceeds Incurred as of December 31, 2017</b>	<b>Application of Proceeds Incurred for the 1st Quarter of 2018</b>	<b>Unused IPO Proceeds as of March 31, 2018</b>
Acquisition of new vessels and vessel equipment	P 1,783,000,000	(P 1,783,000,000)	P -	P -
Acquisition of port facilities, containers and terminal equipment	245,000,000	( 206,621,192)	( 38,378,808)	-
Acquisition of other shipping and logistics companies*	3,200,000,000	( 3,200,000,000)	-	-
General corporate services	44,347,772	( 44,347,772)	-	-
	<b>P 5,272,347,772</b>	<b>(P5,233,968,964)</b>	<b>(P 38,378,808)</b>	<b>P -</b>

\*Based on the Company's final prospectus, approximately P1,000,000,000 of the P3,200,000,000 is intended for the prepayment of any outstanding balance of amounts drawn from the US\$220,000,000 credit line from Bank of China Ltd.

2. We have compared the schedule of planned application of the IPO proceeds to the use of proceeds section of the final prospectus. We noted no exceptions.
3. We have compared the disbursements from the net IPO proceeds shown in the Report with the schedule of planned application of proceeds from the IPO. Unused proceeds as of December 31, 2017 amounting to P38,378,808, as shown in the summary in table 1, is allocated for the acquisition of port facilities, containers and terminal equipment. Our examination of the disbursements incurred from January 1 to March 31, 2018 showed that the Company used the remaining IPO proceeds for this purpose as follows.

- ***Acquisitions of forklift trucks***

On January 31, 2018 and March 20, 2018, the Company paid a total of P19,360,000 to acquire 32-tonner forklift trucks amounting to P17,810,000 or equivalent to €274,000 and 5-tonner forklift trucks amounting to P1,550,000 for the use of Trans-Asia Shipping Lines, Inc. (Trans-Asia), a subsidiary. Also, on January 31, 2018, the Company paid a total of P13,503,750 or equivalent to €207,750 as downpayment for the acquisition of additional forklift trucks for the use of Trans-Asia.

- ***Payments for container yard improvements***

The Company paid P5,515,058 for the improvements of the container yard of Trans-Asia.

4. We noted no exceptions after performing procedures 4 and 5.

Because the above procedures do not constitute either an audit or a review made in accordance with Philippine Standards on Auditing (PSA) or Philippine Standards on Review Engagement (PSRE), respectively, we do not express an opinion or conclusion, respectively, on the use of the IPO proceeds. Had we performed additional procedures or had we performed an audit or a review of the financial statements in accordance with PSA or PSRE, respectively, other matters might have come to our attention that would have been reported to you.

We have no responsibility to update this report for events or circumstances occurring after the date of this report.

**PUNONGBAYAN & ARAULLO**

  
By: **Ramilito L. Nanola**  
Partner

CPA Reg. No. 0090741

TIN 109-228-427

PTR No. 6616015, January 3, 2018, Makati City

SEC Group A Accreditation

Partner - No. 0395-AR-3 (until May 19, 2019)

Firm - No. 0002-FR-5 (until Mar. 26, 2021)

BIR AN 08-002511-19-2018 (until Jan. 25, 2021)

Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2018)

April 13, 2018