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PRESS RELEASE

Chelsea Logistics Holdings Corp. (CLC) supports Maritime Industry Authority (MARINA) Circular No. 2017-04 - **Rules on Importation of Passenger Ships**, which was issued by the MARINA Board on July 13, 2017.

The primary objective of this Circular, issued pursuant to Presidential Decree No. 474, Executive Order Nos. 125/125-A, and Section 20 of Republic Act No. 9295 and its Revised Implementing Rules and Regulations, is to provide guidelines on the importation of passenger ships in order to ensure the continued viability of domestic shipping operations and to encourage the development of a viable shipbuilding and ship repair industry to support the expansion and modernization of the Philippine domestic merchant marine fleet and its strict adherence to safety standards which will ensure the seaworthiness of all sea-borne structures.

The salient provisions of MARINA Circular No. 2017-04 refer to the age and size requirements of imported passenger vessels intended for domestic shipping, to wit:

" 1. AGE AND SIZE REQUIREMENTS

- a. Passenger ships to be imported under this Circular should be no less than 500GT and should not be more than 20 years old upon the filing of the application.
- b. Fastcrafts of less than 500GT may be imported under this circular in the meantime pending issuance of another policy by the MARINA specifically for fastcrafts.
- c. Ship re-structuring or re-building does not change the ship's age. A day more than the maximum age required in the importation of the ship shall be more than the required maximum age requirement, hence, importation will no longer be allowed."

The plans and programs of CLC are aligned with the objective of this Circular to modernize the domestic Shipping Industry. CLC has been implementing its re-fleeting since 2016 up to the present time. From the proceeds of its initial public offering (IPO), CLC allocated for re-fleeting and fleet expansion. It earmarked P1.78 billion of the proceeds for fleet expansion; P245 million for purchase and/or upgrade of ports, port facilities, containers, machineries and equipment; P3.20 billion for acquisition of shipping and logistics firms; and P278 million for general corporate purposes.

“By modernizing and expanding our operations, we can provide better shipping and logistics solutions as well as make our country more competitive in capturing the increasing trade opportunities in Southeast Asia,” CLC Chairman Dennis A.Uy said.

The Udenna Group of Mr. Uy ventured in shipping in 2006 through Chelsea Shipping Corp. to support the operations of Phoenix Petroleum Philippines, Inc. It has since grown the business into the country's biggest logistics group with the largest tanker fleet in terms of capacity.

In March, CLC further grew the Group with the acquisition of a 28.15% indirect economic interest in 2GO Group, Inc.

Presently, CLC has 11 tankers, 8 tugboats, 7 roll-on/ roll-off vessels with passenger accommodation (RoPax), 4 barges and 3 cargo ships. In addition, 2GO Group has 8 RoPax, 10 Fastcrafts and 8 cargo vessels.