

## **PRESS RELEASE**

### **PCC DECISION ON THE ACQUISITION OF TRANS-ASIA SHIPPING LINES**

Chelsea Logistics Holdings Corp. (Chelsea) received a Decision of the Philippine Competition Commission (the Commission) declaring void Chelsea's 2016 acquisition of Trans-Asia Shipping Lines, Incorporated (Trans-Asia) and imposing a penalty of Php22.8 Million. The Commission concluded that the parties to the acquisition failed to secure what is allegedly the required approval of the Commission. At the time of Chelsea's acquisition of Trans-Asia, the Commission had a Size of Transaction threshold of Php1.0 Billion for Compulsory Notification.

The Commission ruled that Chelsea should have notified the Commission because Trans-Asia then had assets of Php1.1 Billion, a little over the threshold.

Chelsea and the former owners of Trans-Asia disagree. Notification to the Commission is not required since Trans-Asia's Net Asset Value (NAV) at the time of the sale was way below the Commission's Php1.0 Billion threshold. The parties argue that the basis for the Php1.0 Billion Size of Transaction Threshold should be computed based on "Net Assets". Trans-Asia had debts on its books which brought down its NAV to not even half of the Commission's Php1.0 Billion threshold. The Commission however stated that the Size of Transaction Test should be determined based on "gross" assets, not "net" assets. The Commission cited in support of its Decision its own Guidelines on the Computation of Merger Notification Thresholds. The Commission only issued such Guidelines in December 2017, one year after Chelsea's acquisition of Trans-Asia.

Chelsea and the Sellers are convinced that the Commission should reconsider what the parties consider an unfair Decision. It will be recalled that the Commission early this year raised its own Size of Transaction threshold to Php2.0 Billion citing as reason that transactions below this amount will NOT likely raise competition issues. The twin voiding of the transaction and the penalty of Php22.8 Million is likewise unduly harsh in light of the ambiguity in the Commission's own rules.

Parties to the voided transaction are currently weighing their options on whether to first file a Motion for Reconsideration with the Commission or to go straight to the Court of Appeals for redress.

As the Decision is not yet final, it has no impact to the business, operations and financial conditions of Chelsea.

### **ABOUT THE COMPANY**

Chelsea Logistics Holdings Corp. (CLC) is the fastest growing shipping and logistics company in the Philippines. Established on 26 August 2016, CLC was created to act as the holding company of the shipping and logistics arm business segments of the Udena Group of Companies. On August 8, 2017, the Company went public and its shares of stock were initially listed at the Philippine Stock Exchange (PSE). The Company is engaged in shipping and logistics businesses with key segments divided into: (i) Charter, (ii) Passage, (iii) Freight, (iv) Tugboat services, and (v) Logistics services.



INVESTOR RELATIONS CONTACT

Rishamae S. Diaz

E: [rishamae.diaz@chelseashipping.ph](mailto:rishamae.diaz@chelseashipping.ph)

M: +63 917 823 6829