



RISKS AND IMPACT OF COVID-19 ON CHELSEA GROUP'S BUSINESS OPERATIONS

The community quarantine imposed on the various cities in the country has no direct impact on the tankering and cargo transport segments of the Chelsea Group. In accordance with the latest guidelines on Stringent Social Distancing issued by the Office of the Executive Secretary, the community quarantine restricts the travel of people via sea transport but allows delivery of cargo including petroleum products to continue unhampered as this is essential to ensure that the supplies and goods needed within Metro Manila are available. Revenues from tankering and cargo shipping comprised 63% of the Group's 2019 revenues. In addition, for our freight business which is focused on corporate accounts, there continues to be a stable demand for our logistics services.

On passenger transport, travel to and from the NCR, Batangas, Cebu, Bohol, Mindoro and Ozamis have been restricted and this will impact the revenues from most of our passage vessels in the short run. Our passenger shipping business comprised 20% of our revenues in 2019.

There are still opportunities in these trying times. We would benefit from the lower direct expense due to the significant decrease in oil prices. Furthermore, we see increased demand for logistics services in bringing fast-moving consumer goods and medical supplies across the country. Our logistics company, Worklink Services, continues to serve the demand for logistics services particularly for specialized and efficient delivery service especially during these trying times.

As we see our passenger business to be the mostly affected by the community quarantine, we intend to re-route some of our vessels subject to the outcome of discussions with the local government on routes we can pursue. In all our routes, aside from our standard services which ensure comfort and safety for our passengers, with the present Covid situation we have likewise put into place health and security measures to assist in the government's objective to controlling the spread of the Covid 19 virus. We also intend to seek relief from port charges from the government in the meantime while our vessels are not operating and docked.

As for the cargo shipping business, we are always on the lookout for logistics requirements of customers particularly those requiring urgent transport given the current situation. Our logistics and shipping services are vital parts of the economy which will remain needed during the community quarantine period.

As above-stated, the Company is now implementing measures to ensure the health and safety of its customers and employees as regards the Covid-19 virus. In partnership with the Philippine Ports Authority, the customers are asked to fill up a Health Declaration Form which contains the essential information needed by the Government to combat the spread of the virus. Customers and employees are required to observe the social distancing guidelines issued by the Department of Health for people taking mass transportation.

For its employees, the Company has implemented flexible work hours and Work from Home arrangements to minimize contact with other people.

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ABOUT THE COMPANY

Chelsea Logistics and Infrastructure Holdings Corp. (C) 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 Udenna 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.