

14 March 2023

**DIRECTOR VICENTE GRACIANO P. FELIZMENIO, JR.**  
**MARKETS AND SECURITIES REGULATIONS DEPARTMENT**  
**Secretariat Building, PICC Complex, Roxas Boulevard**  
**Pasay City**

**Subject : Preliminary Information Statement**

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**Dear Director Felizmenio,**

Our Company Chelsea Logistics and Infrastructure Holdings Corp. will be holding its Annual Stockholders' Meeting on April 24, 2023 via remote communication.

In this connection, the Company hereby submits its Preliminary Information Statement for the consideration and approval of the Commission.

Very truly yours,



**MA. HENEDINA V. SAN JUAN**  
**Corporate Secretary**

# COVER SHEET

C S 2 0 1 6 1 9 7 3 4

SEC Registration Number

C H E L S E A L O G I S T I C S A N D

I N F R A S T R U C T U R E H O L D I N G S C O R P.

(Company's Full Name)

S T E L L A H I Z O N R E Y E S R O A D

B O . P A M P A N G A

D A V A O C I T Y 8 0 0 0

(Business Address: No. Street City/Town/Province)

**MA. HENEDINA V. SAN JUAN**

(Contact Person)

**+63 82 224 5373**

(Company Telephone Number)

1 2 3 1

Month Day  
(Fiscal Year)

2 0 - I S

Definitive  
(Form Type)

03 27

Month Day  
(Annual Meeting)

\*Last Monday of March of every year

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

\_\_\_\_\_  
LCU

Document ID

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Cashier

STAMPS

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## NOTICE OF ANNUAL STOCKHOLDERS' MEETING

Please take notice that the Annual Meeting of Stockholders of **CHELSEA LOGISTICS AND INFRASTRUCTURE HOLDINGS CORP.** will be held on **Monday, April 24, 2023** at **10:30 in the morning**, via Remote Communication, with the following:

### AGENDA

1. Call to Order
2. Certification of Notice and Determination of Quorum
3. Report of the President & CEO for the Year 2022
4. Report of the Chief Financial Officer for the Year 2022
5. Approval of the Minutes of the Annual Stockholders' Meeting held on May 3, 2022
6. Ratification and confirmation of all acts and resolutions of the Board and Management executed in the normal course of business covering the period February 9, 2022 until February 20, 2023
7. Amendment of the By-Laws of the Corporation
  - Article II, Section 1 – Change in the Date of the Annual Stockholders' Meeting
  - Article IV, Section 7 – Creation of the Office of the Chief Financial Officer, and Transfer of some of the functions of the Treasurer to the Chief Financial Officer
8. Election of Members of the Board of Directors
9. Appointment of External Auditor
10. Other Matters
11. Adjournment

Only stockholders of record as of **March 31, 2023** are entitled to notice of, and to vote at, this meeting.

Considering continuing COVID safety/ health concerns, the physical and actual holding of the Annual Stockholders' Meeting cannot be conducted. In lieu thereof, the Annual Stockholders' Meeting on April 24, 2023 shall be conducted via live streaming.


Stockholders who intend to participate are required to register by sending an email, together with the requirements to [ASM@chelsealogistics.ph](mailto:ASM@chelsealogistics.ph) on or before April 21, 2023 5PM (Philippine Time). Full list of requirements may be viewed on the following [link: https://www.chelsealogistics.ph/annual-stockholders-meeting/](https://www.chelsealogistics.ph/annual-stockholders-meeting/). The registration is subject to validation, and successful registrations will

receive an electronic invitation via email, along with a complete guide on how to join, participate and vote in the Meeting.

Copies of the Notice of the Meeting, Definitive Information Statement and other related documents may be found on <https://www.chelsealogistics.phannual-stockholders-meeting/> and through the PSE Edge Portal. Proxy Forms and Special Powers of Attorney or other Authorization forms are available on the Company's website must be submitted to the Office of the Corporate Secretary, 18<sup>th</sup> Floor, Udenna Tower, Rizal Drive corner 4<sup>th</sup> Avenue, Bonifacio Global City, Taguig City by mail or sent by email to [ASM@chelsealogistics.ph](mailto:ASM@chelsealogistics.ph). Validation of proxies and registration shall commence on April 3, 2023 until 5 p.m. of April 21, 2023. Participation in the meeting as well as voting shall be through remote communication. Detailed Procedure for voting shall be posted on the Company's website.

Stockholders may also send your queries regarding the conduct of the Meeting to [ir@chelseashipping.ph](mailto:ir@chelseashipping.ph)

Taguig City, 14 March 2023.

  
**MA. HENEDINA V. SAN JUAN**  
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

Information Statement  
of

CHELSEA LOGISTICS AND INFRASTRUCTURE HOLDINGS CORP.

Pursuant to Section 20 of the Securities Regulation Code (the "Code" or "SRC")

1. Check the appropriate box:

Preliminary Information Statement  
 Definitive Information Statement

2. Name of registrant as specified in its charter: CHELSEA LOGISTICS AND INFRASTRUCTURE HOLDINGS CORP.  
(the "Company" or "CLIHC")

3. Country of Incorporation: REPUBLIC OF THE PHILIPPINES

4. SEC Identification Number: CS201619734

5. BIR Tax Identification Code: 009-393-167-000

6. Address of principal office: Stella Hizon Reyes Road, Bo. Pampanga  
Davao City 8000

7. Registrant's telephone number: (082)224-5373

8. Date, time and place of the meeting of security holders:

Date - April 24, 2023  
Time - 10:30 A.M.  
Place - Remote Communication (via Zoom)

9. Approximate date on which the Information Statement is first to be sent or given to stockholders:

March 30, 2023

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the SRC:

<u>Title of Each Class</u>	<u>Par Value</u>	<u>Number of Shares</u>
Common Shares	₱ 1.00	1,821,977,615

11. Are any or all of the Company's securities listed on a Stock Exchange?

Yes  No

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:  
**Philippine Stock Exchange – Common Shares**

## INFORMATION REQUIRED IN INFORMATION STATEMENT

### A. GENERAL INFORMATION

#### Item 1. Date, time and place of meeting of stockholders

- a. Date - April 24, 2022
- Time - 10:30 A.M.
- Place - Stella Hizon Reyes Road, Bo. Pampanga, Davao City  
Remote Communication (via Zoom)
  
- b. Approximate date when the Information Statement is first to be sent to stockholders:  
March 30, 2023

**WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.**

#### Item 2. Dissenter's right of appraisal

Pursuant to Section 80 of the Revised Corporation Code of the Philippines, a stockholder has the right to dissent and demand payment of the fair value of his shares in case of any amendment to the Articles of Incorporation that has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence; in case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; in case of merger or consolidation; and in case of investment of corporate funds for any purpose other than the primary purpose of the corporation. Pursuant to Section 81 of the Code, the dissenting stockholder who votes against a proposed corporate action may exercise the right of appraisal by making a written demand on the Company for the payment of the fair value of shares held within thirty (30) days from the date on which the vote was taken. Failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented, the corporation shall pay the stockholder, upon surrender of the certificate or certificates of stock representing the stockholder's shares, the fair value thereof as of the day before the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within sixty (60) days from the approval of the corporate action by the stockholders, the withdrawing stockholder and the Company cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the Company and third by the two thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the Company within thirty (30) days after such award is made: Provided, that no payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment: Provided, further, that upon payment by the Company of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the Company.

**THERE ARE NO MATTERS THAT WILL BE PRESENTED FOR SHAREHOLDERS' APPROVAL DURING THE ANNUAL STOCKHOLDERS' MEETING THAT MAY OCCASION THE EXERCISE OF THE RIGHT OF APPRAISAL.**

#### Item 3. Interest of certain persons in or opposition to be acted upon

- a. No Director or Officer of the Company since the beginning of the last fiscal year, nominee for election as Director of the Company, nor any of their associates, have any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon during the Annual Stockholders' Meeting, other than election to office.
- b. No Director of the Company has informed the Company in writing that he intends to oppose any action to be taken by the Company during the meeting.

## **B. CONTROL AND COMPENSATION INFORMATION**

### **Item 4. Voting Securities and Principal Holders Thereof**

#### **a. Voting Securities**

As of December 31, 2022, the total number of shares outstanding and entitled to vote on all corporate matters to be acted upon during the Annual Stockholders' Meeting is 1,821,977,615 common shares.

#### **b. Record Date**

The record date for purposes of determining the stockholders entitled to notice of and to vote at the Annual Stockholders' Meeting is **March 31, 2023**.

#### **c. Voting Rights and Trust**

In the matters to be voted upon in the Annual Stockholders' Meeting, stockholders of record as of March 31, 2023 shall be entitled to one vote per share in person or by proxy. If he will vote thru a proxy, the By-Laws of the Company requires the submission of the accomplished proxy form to the Corporate Secretary for validation and authentication at least ten (10) days before the date of the Annual Stockholders' Meeting.

The validation of proxies chaired by the Corporate Secretary or Assistant Corporate Secretary and attended by the Stock and Transfer Agent shall be convened at least five (5) days before the Annual Stockholders' Meeting. Any questions and issues relating to the validity and sufficiency, both as to form and substance, of proxies shall only be raised during said forum and resolved by the Corporate Secretary. The Corporate Secretary's decision shall be final and binding upon the shareholders, and those not settled at such forum shall be deemed waived and may no longer be raised during the Annual Stockholders' Meeting.

With respect to the election of the members of the Board of Directors, cumulative voting is allowed. A stockholder may vote such number of shares for as many persons as there are Directors to be elected; or he may cumulate his shares and give one candidate as many votes as the number of Directors to be elected multiplied by the number of his shares; or he may distribute these shares on the same principle among as many candidates as he shall see fit; provided that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Company multiplied by the total number of Directors to be elected.

#### **d. Security ownership of certain Record and Beneficial Owners and Management**

##### **i. Security Ownership of Certain Record / Beneficial Owners as of December 31, 2022**

Title of Class	Name & Address of Record Owner & Relationship to Issuer	Name of Beneficial Owner & Relationship to Record Owner	Citizenship	No. of Shares	Percentage of Outstanding Shares
Common	Udenna Corporation Stella Hizon Reyes Road, Bo. Pampanga, Davao City <i>Stockholder</i>	Udenna Corporation	Filipino	1,275,384,606	70.000%
Common	PCD Nominee Corporation 29/F BDO Equitable Tower 8751 Paseo de Roxas, Makati City <i>Stockholder</i>	PCD participants acting for themselves or for their customers	Filipino	544,138,201	29.865%

*\*PCD Nominee Corporation is not a related Company*

Udenna Corporation is the holding company of the Uy family. It is directly owned by spouses Dennis A. Uy and Cherylyn C. Uy.

The 544,138,201 common shares under the name of PCD Nominee Corporation are owned by PCD participants acting for themselves or for their Filipino customers.

Other than the stockholders identified above, as of December 31, 2022, there are no other stockholders other than participants under PCD account who own more than five percent (5%) of the voting securities. Of the increase in the authorized capital stock of the Corporation from Two Billion Pesos (Php 2,000,000,000.00) to Three Billion Five Hundred Million Pesos (Php 3,500,000,000.00), which was approved by the Securities and Exchange Commission on April 4, 2022, Udenna Corporation subscribed to 375,000,000 additional shares, which are not yet recorded in the books of the Corporation's Stock Transfer as the shares are not yet fully-paid.

As of December 31, 2022, 0.9196% or 16,754,300 Common Shares are owned by foreign stockholders.

#### ii. Security ownership of Directors and Management as of December 31, 2022

Title of Class	Name of Beneficial Owner	Citizenship	Nature of Beneficial Ownership	No. of Shares	Percentage of Outstanding Shares
<b>Directors</b>					
Common	Dennis A. Uy	Filipino	Direct	215,501	.01%
Common	Cherylyn C. Uy	Filipino	Direct	1	NIL
Common	Chryss Alfonsus V. Damuy	Filipino	Direct	722,000	0.04%
Common	Eduardo A. Bangayan	Filipino	Direct	70,001	NIL
Common	Miguel Rene A. Dominguez	Filipino	Direct	1	NIL
Common	Jesus S. Guevara II	Filipino	Direct	1	NIL



Title of Class	Name of Beneficial Owner	Citizenship	Nature of Beneficial Ownership	No. of Shares	Percentage of Outstanding Shares
			Indirect	100,000	0.01%
Common	Gener T. Mendoza	Filipino	Direct	20,001	NIL
Common	Arthur Kenneth L. Sy	Filipino	Direct	1	NIL
Common	Efren E. Uy	Filipino	Direct	270,001	NIL
<b>Executive Officers</b>					
Common	Ignacia S. Braga IV	Filipino	Direct	802,000	0.04%
Common	Ma. Henedina V. San Juan	Filipino	Direct	219,000	0.01%
Common	Reynaldo A. Phala	Filipino	N/A	NIL	NIL
Common	Darlene A. Binay	Filipino	N/A	NIL	NIL
Common	Maria Katherine A. Agbay	Filipino	N/A	NIL	NIL
Common	Leandro E. Abarquez	Filipino	Direct	36,300	NIL
<b>All Directors and Officers as a group</b>				<b>1,277,839,413</b>	<b>70.13%</b>

As of December 31, 2022, Directors and Executive Officers of the Company owned an aggregate of 1,277,839,413 shares of the Company, equivalent to 70.13% of the Company's total issued and outstanding shares.

### iii. Voting trust holders of 5% or more

Other than those mentioned above, there are no persons holding more than five percent (5%) of a class under a voting trust or any similar agreements as of the date of this Report.

### iv. Changes in control

The Company is not aware of any arrangements that may result in a change of control in the Company since the beginning of its fiscal year.

## Item 5. Directors and Executive Officers

- a. The incumbent members of the Board of Directors and Executive Officers of the Company are as follows:

Office/Position	Name	Age	Citizenship
<b>Directors</b>			
Chairman	Dennis A. Uy	49	Filipino
Director/President & CEO	Chryss Alfonsus V. Damuy	49	Filipino
Director/Treasurer	Cherylyn C. Uy	43	Filipino
Director	Arthur Kenneth L. Sy	55	Filipino
Director	Efren E. Uy	61	Filipino
Director	Eduardo A. Bangayan	71	Filipino
Independent Director	Miguel Rene A. Dominguez	46	Filipino
Independent Director	Jesus S. Guevara II	68	Filipino
<b>Executive Officers</b>			
President & CEO	Chryss Alfonsus V. Damuy	49	Filipino
Treasurer	Cherylyn C. Uy	43	Filipino
Chief Financial Officer	Ignacia S. Braga IV	57	Filipino
Vice President – Treasury/Deputy CFO	Reynaldo A. Phala	56	Filipino

Office/Position	Name	Age	Citizenship
AVP – Legal & Corporate Affairs / Corporate Secretary	Ma. Henedina V. San Juan	61	Filipino
Finance Controller	Darlene A. Binay	50	Filipino
Compliance Officer	Leandro E. Abarquez	39	Filipino
Chief Audit Executive	Maria Katherine A. Agbay	50	Filipino

## Information required of Directors and Executive Officers

### i. Directors and Executive Officers

#### **Board of Directors**

The following are the final nominees who were duly screened by the Nomination Committee for election to the Board of Directors for the following fiscal year 2023 at the forthcoming Annual Stockholders' Meeting:

1. Dennis A. Uy
2. Chryss Alfonsus V. Damuy
3. Cherylyn C. Uy
4. Arthur Kenneth L. Sy
5. Efren E. Uy
6. Eduardo A. Bangayan
7. Miguel Rene A. Dominguez
8. Jesus S. Guevara II
9. \*Independent Director nominee (under evaluation by Nomination Committee)

Miguel Rene A. Dominguez was nominated as Independent Director by Dennis A. Uy, while Jesus S. Guevara II was nominated as Independent Director by Chryss Alfonsus V. Damuy.

The nominees are not related by consanguinity or affinity and have no professional or business dealings with the person who nominated them. The nominees are neither officers nor substantial stockholders of the Company. They possess the qualifications and none of the disqualifications of Independent Directors. Prior to being elected as Director of the Company, they have not, at any time, rendered any service to the Company.

For the scheduled Annual Stockholders' Meeting, the Nomination Committee has screened and evaluated the candidates for Independent Directors based on Rule 38 of the Securities Regulation Code ("SRC") and the Company's Amended By-laws and Manual of Corporate Governance.

*Below is a summary of the nominees' qualifications:*

#### **Dennis A. Uy**

##### **Chairman**

Dennis A. Uy, Filipino, 49 years old, is the founder and the Chairman of Chelsea Logistics and Infrastructure Holdings Corp. (CLIHC) since its incorporation. He served as President & CEO of CLIHC from incorporation until March 27, 2017. He is the Chairman and President of Phoenix Petroleum Holdings, Inc., the holding company of Phoenix Petroleum Philippines, Inc. (PPPI), and Udenna Corporation, the ultimate parent company of PPPI and CLIHC. He is also the President and CEO of ISM Communications Corp., Udenna Communications, Media and Entertainment Holdings Corp., Udenna Land Inc., Le Penseur Inc., PH resorts Group Inc., DITO Holdings Corp, Udenna

Management & Resources Corp. (UMRC) and its subsidiaries. Among the subsidiaries of UMRC are Global Synergy Trade & Distribution Corporation, PNX-UDENNA Insurance Brokers, Inc., ValueLeases, Inc. Mr. Uy is also Chairman of F2 Logistics, Phoenix Philippines Foundation, and Udenna Foundation. He is a member of the Young Presidents Organization – Philippine chapter and the Philippine Business for Social Progress. Mr. Uy has been the Honorary Consul of Kazakhstan to the Philippines since November 2011. He has a degree in Business Management from De La Salle University.

**Chryss Alfonsus V. Damuy**  
**Director, President & CEO**

Chryss Alfonsus V. Damuy, Filipino, 49 years old, has been a Director of CLIHC since its incorporation and was appointed President & CEO of the Company on March 27, 2017. He is the President of Chelsea Shipping Corp. and its subsidiaries namely PNX-Chelsea Shipping Corp., Fortis Tugs Corporation, Michael, Inc., Bunkers Manila, Incorporated, Chelsea Ship Management & Marine Services Corp., and Chelsea Marine Manpower Resources, Inc. Mr. Damuy is currently the Vice Chairman of Trans-Asia Shipping Lines, Incorporated and its subsidiaries Oceanstar Shipping Corporation, Starsy Shoppe, Inc., Dynamic Cuisine, Inc. and Quality Metals & Shipworks, Inc. Prior to joining CLIHC, he was the Vice President for Finance of Phoenix Petroleum Philippines, Inc. and General Manager of Calaca Industrial Seaport Corp. Before that, he was the Controller of Lapanday Foods Corporation and held various positions in its subsidiaries including the Fresh Asia Produce as Accounting Manager and the Mindanao Fresh Produce Services Corporation as Assistant Accounting Manager. He also worked as Chief Accountant of the Regional Educators Multi-Purpose Cooperative and as its Branch Officer. Mr. Damuy started his professional career as College Instructor of the Holy Cross of Davao College. He is a Certified Public Accountant and has a degree in Bachelor of Science in Accountancy.

**Cherylyn C. Uy**  
**Director, Treasurer**

Cherylyn C. Uy, Filipino, 43 years old, is a Director and Treasurer of CLIHC since February 10, 2017. She also serves as the Treasurer of Chelsea Shipping Corp. and its subsidiaries. She is likewise a Director of Phoenix Petroleum Philippines, Inc. and the Corporate Treasurer of the Udenna Group of Companies and F2 Logistics, Inc. Ms. Uy is a graduate of Ateneo de Davao University with a degree in Business Finance.

**Arthur Kenneth L. Sy**  
**Director**

Arthur Kenneth L. Sy, Filipino, 55 years old, has been a Director of CLIHC since March 27, 2017. He serves as Co-Chairman of Trans-Asia Shipping Lines, Incorporated, and currently the President and CEO of Sybu Real Estate Corporation and Director of Big Hub Transport & Logistics Corp., Dynamic Cuisine, Inc., Starsy Shoppe, Inc., Star Maritima Port and Allied Services, Inc., Oceanstar Shipping Corporation, and Quality Metal and Shipworks Inc. He holds degrees in the fields of business and engineering namely, Bachelor of Science in Business Administration from the University of San Carlos; Bachelor of Science in Marine Engineering, and Bachelor of Science in Mechanical Engineering from the University of Cebu.

**Efren E. Uy**  
**Director**

Efren E. Uy, Filipino, 61 years old, has been a Director of CLIHC since March 27, 2017. Mr. Uy currently serves as the President and Chief Executive Officer of F2 Logistics Philippines, Inc., F2 Global Logistics, Inc., Agri Farmers, Inc., F8 Prime Transport Services, Inc., Ultimate Yellow Transport Services, Inc., Fmoves Transport Corp. and Miren Holdings, Inc. He has a degree in

Bachelor of Science in Mechanical Engineering from University of San Carlos.

**Eduardo A. Bangayan**

**Director**

Eduardo A. Bangayan, Filipino, 71 years old, has been a Director of CLIHC since March 27, 2017. He is currently the President of Summit World Group of Companies, a Director for Fuji Oil Philippines and an Independent Director for Manila Mining Corporation. From 2004 until 2008, he served as Trustee of the Local Water Utilities Association. Mr. Bangayan served as a Director of the Davao City Water District since 1993 prior to his reappointment as Chairman in January 2023 with a term until 2028, and a member of the Philippine Association of Water Districts (PAWD) Board of Governors. He has served as a Director of the Rural Bank of Tagum from 2015 until present, as well as a member of the Board of Governors of the Philippine National Red Cross. He has a degree in Bachelor of Science in Business Administration from Silliman University and currently serves on the Board of Trustees representing the Alumni for a term up to July 31, 2027. He continues to serve as a pillar in the country's business sector by serving as Regional Director of the Federation of Filipino-Chinese Chambers of Commerce and Industry, Inc. in Southern Mindanao from 2017 to present.

**Miguel Rene A. Dominguez**

**Independent Director**

Miguel Rene A. Dominguez, Filipino, 46 years old, has been an Independent Director of CLIHC since March 27, 2017. He is currently the Vice President of Alsons Agribusiness Unit, Director of Sarangani Agricultural Company, Inc. and Alsons Dev't & Investment Corp., and Trustee of Philippine Business for Social Progress, Philippine Business for Education and Synergeia Foundation. He served as Chairman of the Regional Peace and Order Council for Region 12 (2011-2013), Chairman of SOCSARGEN Area Development Board (2008-2011), Chairman of Regional Development Council of Region 12 (2007-2010) and Vice Chairman of Galing Pook Foundation (2014-2016). Mr. Dominguez was named an awardee for Governance and Public Service in the Ten Outstanding Young Men 2013 by the Junior Chamber International Philippines and the TOYM Foundation. He was the first awardee of the Jesse Robredo Leadership Award given the same year. He was governor of Sarangani province for three (3) consecutive 3-year terms that began in 2004. Prior to his election as governor, he was the National Sales and Marketing Manager of the Alsons Aquaculture Corporation in 2003, earning for the brand "Sarangani Bay" a stronghold in the international markets, particularly in the US, Japan and Europe. He has a degree in AB Economics from Boston College in the US.

**Jesus S. Guevara II**

**Independent Director**

Jesus S. Guevara II, Filipino, 68 years old, has been an Independent Director of CLIHC since March 27, 2017. From 2009 to the present, he sits as Director of Lipa Bank, Inc. He served as Executive Vice President of the Development Bank of the Philippines, where he worked for eighteen (18) years. He was appointed Chairman of the Board of Phividec Industrial Authority. He has a degree in Bachelor of Arts in Economics from University of the Philippines and Master's Degree in Industrial Relations.

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**Independent Director nominee\*** (under evaluation by Nomination Committee)

**Period of Directorship in the Company**

Name of Director	Period of Service	Term of Office
Dennis A. Uy	since incorporation to present	6 years

<b>Name of Director</b>	<b>Period of Service</b>	<b>Term of Office</b>
Chrissy Alfonsus V. Damuy	since incorporation to present	6 years
Cherylyn C. Uy	since February 10, 2017 to present	6 years
Arthur Kenneth L. Sy	since March 27, 2017 to present	6 years
Efren E. Uy	since March 27, 2017 to present	6 years
Eduardo A. Bangayan	since March 27, 2017 to present	6 years
Miguel Rene A. Dominguez	since March 27, 2017 to present	6 years
Jesus S. Guevara II	since March 27, 2017 to present	6 years

### **Directorships in Other Reporting Companies**

The following are directorships held by the Directors in other reporting companies during the last five (5) years:

<b>Name of Director</b>	<b>Name of Reporting Company</b>	<b>Position Held</b>
Dennis A. Uy	Phoenix Petroleum Philippines, Inc.	Director, President and CEO
	2Go Group, Inc.	Chairman of the Board
	PH Resorts Group Holdings, Inc.	Chairman of the Board
	Dito CME Holdings Corp.	Chairman of the Board
	Atok-Big Wedge Co., Inc.	Vice Chairman
	Apex Mining Co., Inc.	Independent Director
Cherylyn C. Uy	Phoenix Petroleum Philippines, Inc.	Director
	PH Resorts Group Holdings, Inc.	Director
	Dito CME Holdings Corp.	Director / Treasurer
Eduardo A. Bangayan	Manila Mining Corporation	Independent Director

### **Directorships with government agencies or its instrumentalities**

Director Eduardo A. Bangayan is a member of the Board of Directors of the Davao City Water District and Director Jesus S. Guevara II is on the Board of Directors of Phividec Industrial Authority. The written consent / permission issued by these government agencies / instrumentalities for these Directors to hold these positions are attached hereto as Annexes A and A-1 respectively.

There are no other Directors or officers of the Company connected with any government agency or its instrumentalities. Please see Certification of the Corporate Secretary, Annex A-2, that except for Directors Eduardo A. Bangayan and Jesus S. Guevara II, no other Directors or officers of the Company are connected with any government agency or its instrumentalities.

### **Certification of Independent Directors**

The Certification of the Independent Directors of the Company, namely Miguel Rene A. Dominguez and Jesus S. Guevara II, on their qualification as Independent Directors, are attached as Annex B, and B-1, respectively.

### **Executive Officers**

The following Officers are expected to be nominated for re-election or election at the Organizational Meeting of the Board of Directors following the Annual Stockholders' Meeting on April 24, 2023:

**Ignacia S. Braga IV**  
**Chief Financial Officer**

Filipino, 57 years old, is the Chief Financial Officer of CLIHC. She is also the Vice President for Finance of Udenna Corp., Udenna Management & Resources Corp. and Chelsea Shipping Corp. and its subsidiaries. She is the Treasurer of Starlite Ferries Inc. and its subsidiaries and Trans Asia Shipping Lines, Incorporated. Ms. Braga is a Certified Public Accountant with more than thirty (30) years of corporate finance and accounting experience. Prior to joining the Company, she was formerly the Assistant Vice President – Group Controller of Lapanday Foods Corporation and former Controller of Macondary Agro-Industrial Corporation. She was the Finance Manager of RFM Tuna Corporation and the Asia Industries (Mindanao) Inc. She began her career as an auditor of Sycip Gorres Velayo & Co. in 1986. She is a Cum Laude graduate of Bachelor of Science Commerce Major in Accounting from Ateneo de Davao University.

**Reynaldo A. Phala**  
**Deputy Chief Financial Officer / Treasury Head**

Filipino, 56 years old, is the Vice President for Treasury and Deputy CFO. He joined the Company in April 2020 after spending 12 years with an affiliate company as AVP for Treasury. He led a progressive banking career for 17 years, which he started at UCPB. He also worked with the Department of Trade and Industry as Municipal Trade and Industry Officer for a year. He graduated from Mindanao State University-General Santos City with the degree Bachelor of Science in Civil Engineering as a consistent academic scholar and passed the licensure examinations for Civil Engineers in May 1989. He obtained his MBA degree conferred by the Ateneo de Manila University and Regis University, Denver, Colorado, USA in 2013 and his Diploma in Corporate Finance in 2018 from the Ateneo Graduate School of Business. He also attended executive courses at Harvard Law School in 2019.

**Ma. Henedina V. San Juan**  
**Corporate Secretary and Assistant Vice President for Legal and Corporate Affairs**

Filipino, 61 years old, is the Corporate Secretary and concurrently the Assistant Vice President for Legal and Corporate Affairs of CLIHC. She also serves as the Corporate Secretary of Chelsea Shipping Corp. and its subsidiaries, and other Companies in the Udenna Group. Prior to joining the Company, she worked for Petron Corporation, Petronas Energy & Petroleum, Inc. and Herma Corporation. She has a degree in Bachelor of Arts in Political Science and Bachelor of Laws both from University of the Philippines.

**Darlene A. Binay**  
**Finance Controller**

Filipino, 50 years old, is the Finance Controller of the Company. Prior to joining CLIHC, she was formerly the VP – Finance of Philippine Span Asia Carrier Corp. and AVP – Cluster Finance and Accounting of Magsaysay Shipping and Logistics Group (National Marine Corporation). She also served as Group Accounting Head of Roxas Holdings, Inc. and Subsidiaries. She was also an Assurance Senior Associate of Joaquin Cunanan & Co. (now Isla Lipana and Co), a Price Waterhouse Coppers member firm. She is a Certified Public Accountant and has a degree in B.S. Accountancy from St. Paul College Quezon City.

**Leandro E. Abarquez**  
**Compliance Officer**

Filipino, 39 years old, is the Compliance Officer of the Company. Prior to joining CLIHC, he was a Senior Associate at Romulo, Mabanta, Buenaventura, Sayoc & de los Angeles. He has a Bachelor's degree in Biology from the Ateneo de Manila University and obtained his Juris Doctor degree from the same university in 2009.

**Maria Katherine A. Agbay**  
**Chief Audit Executive**

Filipino, 50 years old, is the Chief Audit Executive and Internal Audit Manager of the Company. Prior to joining CLIHC, she was an active Professional Practitioner in audit, insurance and real estate. She was previously a Lecturer at Far Eastern University – Makati and San Beda College, Manila; Vice-President - Audit and Systems Head and Finance Manager of Trust International Paper Corporation (TIPCO); Vice-President – Controller of subsidiary TIPCO Estates Corporation; Assistant Vice-President of Citibank and Accounting Manager of Kuok Philippine Properties, Inc. and KSA Realty Corporation. She started her career as an Auditor at SyCip, Gorres Velayo & Co. She is a Magna Cum Laude graduate of University of the East, Manila. She also has a Master’s Degree in Business Administration from De La Salle University.

**Period of Service in the Company**

<b>Name of Executive Officer</b>	<b>Period of Service</b>
Ignacia S. Braga IV	Since incorporation to present
Reynaldo A. Phala	April 15, 2020 to present
Ma. Henedina V. San Juan	Since incorporation to present
Darlene A. Binay	January 4, 2021 to present
Leandro E. Abarquez	April 3, 2017 to present
Maria Katherine A. Agbay	December 5, 2017 to present

**ii. Significant employees**

No single person is expected to make a significant contribution to the Company’s business since the Company considers the collective efforts of all its employees as instrumental to the Company’s overall successful performance.

**iii. Family relationships**

There are no family relationships between any Directors and any members of the Company’s senior management as of the date of this Information Statement, except for the following:

1. Spouses Dennis A. Uy (Chairman of the Board) and Cherylyn C. Uy (Treasurer)
2. Spouses Arthur Kenneth L. Sy (Director and Trans-Asia Shipping Vice Chairman) and Sheila Fay U. Sy (Trans-Asia Shipping – General Manager - Interport)

**Involvement of Directors and Officers in certain legal proceedings**

As of the date of this Information Statement, there are no other material legal proceedings involving CLIHC’s Directors and Executive Officers except for the following:

1. *Cases filed against Chairman of the Board Dennis A. Uy*

The Department of Justice (DOJ) filed twenty-five (25) Informations against Dennis A. Uy, for alleged violations of the Tariff and Customs Code of the Philippines, twenty-two (22) of which were filed with the Regional Trial Court of Davao City, and three (3) Informations filed with the Regional Trial Court of Batangas City.

With respect to the Informations filed with the Regional Trial Court of Batangas City, upon filing by Mr. Uy on September 2, 2013 of an *Omnibus Motion for the Determination of Lack of Probable Cause*, the Regional Trial Court of Batangas City granted said Motion on September 17, 2013 and DISMISSED all three (3) Informations which were filed in 2011 and 2013. The DOJ filed a *Motion for Reconsideration with Motion for Inhibition* of Judge Ruben A. Galvez, which was subsequently denied on December 6, 2013. On July 7, 2014, the Regional Trial Court of Batangas City issued a Certificate of Finality certifying that its Order dated December 6, 2013, which denied the Motion for Reconsideration and affirmed the Order dated September 17, 2013 which dismissed the 3 Informations filed against Mr. Uy for lack of probable cause, has already become final and executory since no appeal was filed therefrom.

With respect to the Informations filed with the Regional Trial Court of Davao City which were filed in 2011, 2013 and 2014, on October 4, 2013, the Regional Trial Court of Davao City ordered the DISMISSAL of the criminal cases against Mr. Uy. The subsequent Motion for Reconsideration of the Plaintiff, People of the Philippines, was also denied in an Order dated August 18, 2014. Hence, the People of the Philippines ("Petitioner") filed on October 27, 2014 with the Court of Appeals (CA), Cagayan de Oro City a *Petition for Certiorari* under Rule 65 of the Rules of Court docketed as CA G.R. SP No. 06500-MINm CA, CDO, 23<sup>rd</sup> Division. On October 24, 2016, Mr. Uy received a copy of the Decision of the CA dated October 12, 2016 DENYING the Petition for Certiorari. On November 10, 2016, Mr. Uy received a copy of the Motion for Reconsideration filed with the CA, and on January 25, 2017, the Court of Appeals DENIED the Petitioner's Motion for Reconsideration and upheld the Decision of the Court on October 12, 2016.

On April 4, 2017, the Group received a copy of the Petition for Review on Certiorari dated March 27, 2017 filed by petitioner docketed as GR No. 229705 with the Supreme Court, Manila, 3rd Division. As of December 31, 2017, the Group is awaiting for the Supreme Court's issuance of the resolution directing the Group to file Comment to the Petition for Review.

In a "Manifestation in Lieu of Reply" filed by the Office of the Solicitor General on July 10, 2019, the SOJ has prayed that their manifestation be duly considered and to dismiss all three (3) Petitions without prejudice to the possible filing, if the Court desires, of supplemental memoranda from the parties.

The Supreme Court has finally settled all pending issues on the BOC cases and in a Decision on 10 December 2021, the Supreme Court DISMISSED the petitions for Review on Certiorari filed by the former Secretary of the Department of Justice Leila M. De Lima, Bureau of Customs and the People of the Philippines (De Lima, et. Al.), with respect to the Court of Appeals' Affirmation of the Dismissal of the charges filed against Jorlan C. Cabanes and the Company's Chairman, Dennis A. Uy for alleged violations of the Tariff and Customs Code, with G.R. Nos. 219295-96 and 229705. A copy of the decision can be read through the Supreme Court's website: <https://sc.judiciary.gov.ph/23373/> The dispositive portion of the decision reads: "*In sum, the lower courts' finding of no probable cause are supported by relevant laws and evidence on record. Mindful of these considerations, the Court of Appeals' affirmation of the dismissal of the charges is not tainted with grave abuse of discretion. Wherefore, the Petitions are DENIED. The Court of Appeals Decisions and Resolutions in CA-G.R SP No. 129740 and CA-G.R. SP No. 131702 and CA-G.R. SP No. 06500-MIN are AFFIRMED. SO ORDERED.*"

**2. *People of the Philippines v. Prospero Pichay, Eduardo Bangayan, et.al., SB Criminal Case Nos. SB16CRM0425-30***

These cases charge Mr. Eduardo Bangayan for (a) violation of Section 3(e) of R.A. 3019; (b) violation of Section X126.2(C)(1)(2) of the Manual of Regulation for Banks in relation to Sections 36 and 37 of R.A. No. 7653; and, (c) committing Malversation of Public Funds under the Revised Penal Code, for allegedly conspiring with the other accused in the (a) Local Water Utilities Association's (LWUA)



purchase of 445,377 shares in Express Savings Bank, Inc. (ESBI) and release from the LWUA Fund of at least ₱800,003,070.51 in connection with the said purchase of shares; and, (b) LWUA's deposit and/or capital infusion of the ₱400,000,000.00 and deposit of ₱300,000,000.00 with ESBI, as well as the release of the foregoing amounts from the LWUA Fund.

Mr. Bangayan sought for the dismissal of the criminal cases against him based on his defense that he had acted in good faith, upon the honest belief and based on information made available to him, that LWUA's acquisition of ESBI had the approval of the BSP and complied with all applicable laws and regulations, and that there was no prima facie evidence on his alleged conspiracy, hence, there is no probable cause to indict him for any of the alleged offenses.

The Sandiganbayan dismissed the case insofar as Mr. Bangayan is concerned through its Resolution dated October 18, 2016. The prosecution moved for reconsideration thereof. On 17 November 2017, the Sandiganbayan issued its Resolution denying the prosecution's Motion for Partial Reconsideration, and thus affirmed the dismissal of all cases against Mr. Bangayan.

Claiming grave abuse of discretion on the part of the Sandiganbayan, the prosecution filed its Petition for Certiorari with the Supreme Court. Mr. Banyagan filed his Comment / Opposition dated 1 June 2018 to the prosecution's Petition for Certiorari. The said Petition for Certiorari is pending resolution by the Supreme Court.

### *3. Ombudsman v. Bundoc, et. Al., G.R. No. 225521-28, Supreme Court, First Division*

On November 2012, the Office of the Ombudsman issued a review decision finding certain individuals, including Jesus S. Guevara II, guilty of Grave Misconduct and Conduct Prejudicial to the Best Interest of the Service. On November 2015, the Court of Appeals set aside the decision, which prompted the Office of the Ombudsman to file a motion for reconsideration. The Court of Appeals denied such motion for reconsideration on June 2016. A petition for review on certiorari was filed by the Office of the Ombudsman before the Supreme Court on August 2016. The Supreme Court in its Order dated December 1, 2016 and received on March 30, 2017, ordered the respondents including Jesus Guevara II to comment on the Petition filed by the Ombudsman. The respondents including Jesus Guevara II seasonably filed their Comment before the Supreme Court.

Other court cases typical and customary in the course of the business operations of the Company such as those, among others, involving collection, qualified theft, breach of contract and reckless imprudence have been filed by and against the Company, by and against its employees and/or third parties. The results of which will not significantly affect the financial standing of the Company.

Except for the above, to the best of the Company's knowledge there has been no occurrence during the past five (5) years up to the date of this Information Statement of any of the following events which are material to an evaluation of the ability or integrity of any Director, person nominated to become a Director, executive officer, or control person of the Company:

- Any insolvency or bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the insolvency or within two years prior to that time;
- Any conviction by final judgment in a criminal proceeding, domestic or foreign, or any pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- Any final and executory order, judgment, or decree or any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending, or otherwise limiting involvement in any type of business, securities, commodities, or banking activities; and

- Any final and executory judgment by a domestic or foreign court or competent jurisdiction (in a civil action), the Commission, or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, for violation of a securities or commodities law.

b. Certain relationships and related transactions

The Company's related parties include its parent company, related parties under common ownership, the Company's key management personnel and stockholders.

A summary of the Company's and its Subsidiaries' transactions with its related parties for the periods ended December 31, 2022 and 2021 and the related outstanding balances as of December 31, 2022 and 2021 is presented below.

Related Party Category	Notes	Amounts of Transactions			Outstanding Balances	
		2021	2020	2019	2021	2020
<b>Parent --</b>						
Cash advances granted	21.4	P 6,426,326,198	P 317,184,433	{ P 2,283,754,735}	P 7,406,704,900	980,378,702
<b>Associate:</b>						
Chartering of services rendered	21.1	-	-	237,132,921	-	-
Sale of Dito	10	-	4,106,249,866	-	271,874,967	271,874,967
<b>Related parties under common ownership:</b>						
Chartering of services rendered	21.1	261,107,005	447,541,689	987,960,089	32,949,882	70,355,694
Fuel purchases	21.2	1,673,670,555	1,261,997,185	1,769,113,489	{ 2,743,065,055}	{ 2,659,297,546}
Acquisition of SFFC's shares	21.6	-	-	650,000,000	-	{ 528,132,766}
Acquisition of CSC's shares	21.6	-	-	-	{ 500,000,000}	{ 500,000,000}
Rental income	21.3	-	-	3,003,290	-	-
Rental expense	21.3	2,213,728	80,955	644,065	{ 1,330,110}	{ 57,748}
Donation	21.9(b)	360,000	180,000	360,000	{ 360,000}	{ 180,000}
Cash advances granted	21.4	{ 32,410,566}	{ 2,716,725}	{ 29,548,339}	115,930,575	148,341,141
Cash advances obtained	21.4	140,384,270	{ 527,032,651}	1,078,717,998	{ 728,168,285}	{ 987,784,015}
Right-of-use assets	9, 21.7	{ 82,242,174}	{ 34,146,043}	159,417,613	43,029,396	125,271,570
Lease liabilities	13.4, 21.7	79,779,198	{ 27,520,382}	150,824,376	{ 43,524,796}	{ 123,303,994}
<b>Key management personnel --</b>						
Compensation and benefits	21.8	55,335,632	53,729,336	51,439,571	-	-

Unless otherwise stated, the outstanding receivables and payables from and to related parties are unsecured, non-interest bearing and are generally settled in cash upon demand or through offsetting arrangement with the related parties.

### **Charter Fees and Standby Charges**

The Group entered into chartering agreements with PPPI, a related party under common ownership, and 2GO, an associate until 2020, both agreements are made on the same terms as those transactions with third parties. The amounts of revenue recognized are presented as part of Charter fees and Standby charges under the Revenues section of the consolidated statements of profit or loss. The related outstanding receivable as of December 31, 2022 and 2021 is presented as part of Trade receivables under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 5).

The outstanding receivables from related parties are unsecured and do not bear any interest as the credit terms range from 30 to 45 days. Further, no impairment loss was recognized on the outstanding receivables from related parties as of December 31, 2022 and 2021 based on management's assessment.

### **Fuel Purchases**

The Group purchases fuel and lubricants largely from PPPI, a related party under common ownership with a credit term ranging from 30 to 90 days on an unsecured basis. Fuel consumed is included as part of Bunkering under the Cost of Sales and Services account in the consolidated statements of profit and loss (see Note 16) while the remaining fuel and lubricants inventory amounting to P112.0 million and P168.2 million as of December 31, 2021 and 2020, respectively, are included as part of the Inventories account in the consolidated statements of financial position (see Note 6). The outstanding liability, arising from these transactions as of December 31, 2022 and 2021 is presented as part of Trade Payables and Accrued Expenses under the Trade and Other Payables account in the consolidated statements of financial position (see Note 14).

### **Rentals**

The Group entered into a one-year contract of lease covering vehicles with Valueleases, Inc., a related party under common ownership. Related expense is presented as part of Rentals under Other Operating Expenses in the consolidated statements of profit or loss (see Note 17). The outstanding security deposits arising from this transaction is presented as part of Security deposits under the Other Non-current Assets accounts in the consolidated statements of financial position (see Notes 12 and 24.2).

Furthermore, the Group bills a related party under common ownership for their corresponding share on the office space rent. Income from this transaction is presented as part of Rental income under the Other Income (Charges) section of the 2019 consolidated statement of profit or loss (see Note 19.3). No similar transaction occurred in 2021 and 2020. There were also no outstanding receivables as of December 31, 2021 and 2020.

The outstanding receivables from related parties are unsecured and do not bear any interest and are normally due within 30 days. No impairment loss was recognized on the outstanding receivables from these transactions as management has determined that such financial assets are fully collectible.

### **Advances to and from Related Parties**

In the normal course of business, the Group grants and obtains unsecured, noninterest-bearing cash advances to and from its related parties mainly for working capital requirements and to bridge financing of vessel acquisitions pending draw down of related loans.

As of December 31, 2022 and 2021, the outstanding receivable and payable balances from these advances are shown as Advances to Related Parties and Advances from Related Parties, respectively, in the consolidated statements of financial position. These advances have no repayment terms and are payable in cash on demand or through offsetting arrangement with the related parties.

The movement of Advances to Related Parties in 2022 and 2021 follows:

	<u>2021</u>	<u>2020</u>
Balance at beginning of year	<b>P 1,400,594,810</b>	P 814,252,135
Net advances (collections)	<b><u>6,393,915,632</u></b>	<u>586,342,675</u>
Balance at end of year	<b><u>P 7,794,510,442</u></b>	<u>P 1,400,594,810</u>

Based on Management’s assessment, no impairment loss is recognized in 2021 and 2020 related to the advances granted to related parties (see Note 27.2).

The movement in the Advances from Related Parties account in 2022 and 2021 follows:

	<u>Note</u>	<u>2021</u>	<u>2020</u>
Balance at beginning of year		<b>P 587,784,015</b>	P 1,114,816,666
Advances (repayments of advances)		<b>36,239,823</b>	( 266,615,985)
Offsetting against acquisition costs	10	<u>-</u>	<u>( 260,416,666)</u>
Balance at end of year		<b><u>P 624,023,838</u></b>	<b><u>P 587,784,015</u></b>

In addition, the following table presents the outstanding balance of advances to officers and employees of the Company as of December 31, 2022:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Advances to officers and employees	₱ 19,931,175	₱ 24,603,182

Advances to officers and employees represent unsecured, non-interest bearing cash advances for business-related expenditures and are subject to liquidation. These advances were extended from 2018 to 2021.

c. Ownership structure and parent company

As of December 31, 2022, Udenna Corporation owns 70.00% of the outstanding shares of the Company.

d. Resignation of Directors

Since the organizational meeting of the Company on May 3, 2022, no Director or Officer has resigned because of a disagreement with the Company on any matter relating to the Company’s issuance, operations, policies or practices.

**Item 6. Compensation of Directors and Executive Officers**

The Company’s executive officers are regular employees entitled to a 12-month compensation package and other mandatory pay and benefits. They also receive performance bonuses similar to those of the managerial, supervisory and technical employees.

The members of the Board of Directors who are not employees of the Company are elected for a period of one (1) year. The Company pays its non-executive Directors a per diem of ₱30,000.00 for each meeting. There are no other arrangements for which the members of the Board of Directors are compensated.

The members of the Board of Directors are elected for a period of one (1) year.

The aggregate compensation paid or incurred during the last two (2) fiscal years and estimated to be paid in the ensuing fiscal year to the executive officers of the Company are as follows:

Compensation of Executive Officer and Directors (in ₱ millions)					
Name	Principal Position	Salary	Bonus	Other	Total
		Estimated Compensation For the Year Ended December 31, 2023			
Chryss Alfonsus V. Damuy Cherylyn C. Uy Ignacia S. Braga IV	President & CEO Treasurer Chief Financial Officer	18.88	0.25	8.22	27.34
All other officers as a group unnamed		16.45		2.16	18.60

Compensation of Executive Officer and Directors (in ₱ millions)					
Name	Principal Position	Salary	Bonus	Other	Total
		Actual Compensation For the Year Ended December 31, 2022			
Chryss Alfonsus V. Damuy Cherylyn C. Uy Ignacia S. Braga IV	President & CEO Treasurer Chief Financial Officer	17.14	0.18	6.92	24.24
All other officers as a group unnamed		16.27	0.2	2.16	18.43

Compensation of Executive Officer and Directors (in ₱ millions)					
Name	Principal Position	Salary	Bonus	Other	Total
		Actual Compensation For the Year Ended December 31, 2021			
Chryss Alfonsus V. Damuy Cherylyn C. Uy Ignacia S. Braga IV	President & CEO Treasurer Chief Financial Officer	25.07	0.18	6.90	32.14
Raul L. Quisumbing	Vice President – Marketing & Port Operations				
All other officers as a group unnamed		10.19	0.2	3.8	23.19

Generally, a typical employment contract executed between the Company and its named executive officers has the following terms:

- a. Specification of job title, commencement date of employment, work assignment and possible need for reassignment of work or location as the need may arise.
- b. Probation of 6 months from commencement of employment. If the job performance is found to be satisfactory, employment shall be converted to regular status.
- c. Salary & Benefits: specifies that the executive officer shall receive his or her monthly salary and a guaranteed 13<sup>th</sup> month pay less the necessary government deductions required by law, such as but not limited to SSS premium, PHILHEALTH, and PAG-IBIG contributions. The same section likewise provides that the executive's salary shall be subject to annual review which shall take into consideration his or her performance and the achievement of a mutually-agreed goals.
- d. Exclusivity: The employment contract states that the executive shall render exclusive service to the Company and to work with other companies, regardless of whether such work is done outside of office hours, without the consent of the Company, is prohibited.
- e. Confidentiality: The executive is duty bound to keep confidential information, materials and records which he or she may access in the course of his or her employment with the Company and he or she may not disclose or reproduce the same without the consent of the Company.
- f. Professional Conduct: The executive concerned is expected to comply with all the policies and procedures which the Company may issue from time to time. It is specifically prohibited to accept any or all kinds of gifts from suppliers and customers without the consent of the Company.

#### **Employees' Stock Option Plan (ESOP)**

The Company has an existing Stock Option Plan which was first approved by the Board of Directors on March 14, 2019 and by the Stockholders of the Corporation on March 15, 2019. An Amended ESOP was approved by the Board of Directors of the Corporation at its 29 March 2022 meeting, and by the Stockholders on May 3, 2022.

The objective of the ESOP is to recognize the loyalty, dedication and exemplary performance of the Company's employees, thereby encouraging long-term commitment to the Company. Under the ESOP, the Company shall initially reserve for the exercise of stock options up to 56.3 million of the Company's outstanding Common Shares to be issued in whole or in part out of the authorized but unissued shares, with 66.67% to be granted to existing employees as of the Initial Offering Date (IOD) while the remaining 33.33% is reserved for employees hired after the IOD. Stock options may be granted within 5 years from the adoption of the ESOP and may be exercised within 10 years from the date of grant. The Company shall receive cash for the stock options.

From the time of the approval of the original ESOP by the Directors on March 14, 2019 and by the Stockholders of the Corporation on March 15, 2019 to date, no stock options have been exercised. Supervening events made it necessary to amend the said Plan in order for its objectives to be achieved, and the provisions of the original ESOP on the Subscription Price and the Exercise Date have accordingly been amended. The Subscription Price was revised from the initial Offer Price of P 6.28 to P 3.99 which is the average of the (a) Volume Weighted Average Market Price (VWAP) for the thirty (30) days trading days on the Philippine Stock Exchange (PSE) immediately prior to the approval of the Board of Directors of the Amended ESOP, and (b) the Initial Subscription Price of P 6.28 under the original ESOP. The Exercise Date was revised to 18 March 2023.

Pursuant to the Amended ESOP, the Company has granted the option to its eligible employees to subscribe to 56,349,823 shares of the Company. An option holder may exercise in whole or in part his vested option, provided that, an option exercisable but not actually exercised within a given year

shall accrue and may be exercised at any time thereafter but prior to the expiration of said option's life cycle.

A total of P5.9 million and P16.9 million is recognized for the years ended December 31, 2021 and 2020, respectively, and is included as part of Salaries and employee benefits under Operating Expenses in the 2021 and 2020 consolidated statements of profit or loss (see Note 18.1) and is credited to Share Options Outstanding in the Equity section of the consolidated statements of financial position. The outstanding share options as of December 31, 2021 and 2020 totaling to 4.6 million options and P2.5 million options, respectively.

Shown below are the information on options held by Directors and Officers of the Company

Options Held by Directors and Officers						
Name	Option Granted	2020	2021	2022	2023	2024
CEO and Most Highly Compensated Executive Officers	6,983,813	662,593	598,771	598,771	598,771	598,771
All other Officers of the Company	1,594,510	112,759	83,728	83,728	83,728	83,728

As of December 31, 2022, none of these options have been exercised.

The Employee Stock Option Plan, as amended, was submitted to the Securities and Exchange Commission for approval on December 27, 2022.

#### Item 7. Independent Public Accountants

Punongbayan & Araullo (P&A), a member firm of Grant Thornton International Ltd., independent auditors, audited the Company's financial statements as at and for the years ended December 31, 2021 and 2022 in accordance with the Philippine Standards on Auditing.

P&A has acted as CLIHC's external auditor since incorporation. Ramilito L. Nanola is the assigned audit partner and has served as such since 2016. The Company has not had any material disagreements on accounting and financial disclosures with its current external auditors for the same periods or any subsequent interim period. P&A has neither shareholding in CLIHC nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities in the Company. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

Punongbayan & Araullo will be recommended for re-appointment at the scheduled Annual Stockholders' Meeting. Representatives of the Firm are expected to attend the Annual Stockholders' Meeting and they will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

The following table sets out the aggregate fees billed to the Company and its subsidiaries for each of the last two fiscal years for professional services rendered by its external auditor. P&A does not provide other services that are not reasonably related to the performance of the audit or review of CLIHC's financial statements.

	<b>2022</b>	<b>2021</b>	<b>2020</b>
Audit Fees	₱4,500,000	₱4,500,000	₱4,500,000

Audit and audit related fees refer to the professional services rendered by P&A for audit of the

Company's annual financial statements and services that are normally provided in connection with statutory and regulatory filings for the said calendar years. The fees presented above include out-of-pocket expenses incidental to the Independent Auditors' services.

There are no other services engaged and fees paid during the last three years.

### **Audit Committee and Policies**

CLIHG's Audit Committee shall be composed of at least three (3) qualified non-executive Directors, the majority of whom, including the Chairman, should be Independent. All of the members of the Committee must have relevant background, knowledge, skills and/or experience in the areas of accounting, auditing and finance. The Chairman of the Audit Committee should not be the chairman of the Board or of any other Committees.

The Audit Committee has the following functions:

- a. Provide oversight of Management's activities in managing credit, market, liquidity, operational, legal and other risks of the Company. This function shall include regular receipt from Management of information on risk exposures and risk management activities;
- b. Perform oversight functions over the Company's internal and external auditors. It should ensure that the internal and external auditors act independent from each other and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- c. Review the annual internal audit plan to ensure its conformity with the Company's objectives. The plan shall include the audit scope, resources and budget necessary to implement it;
- d. Prior to the commencement of an audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- e. Organize an internal audit department, and consider, when necessary and desirable the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;
- f. Monitor and evaluate the adequacy and effectiveness of CLIHG's internal control system including financial reporting control and information technology security;
- g. Review the reports submitted by the internal and external auditors;
- h. Review the quarterly, half-year and annual financial statements before their submission to the Board of Directors, with particular focus on the following matters: any change(s) in accounting policies and practices; major judgment areas; significant adjustments resulting from the audit; going concern assumptions; compliance with accounting standards; and compliance with tax, legal and regulatory requirements;
- i. Coordinate, monitor and facilitate compliance with laws, rules and regulations;
- j. Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fee paid to the external auditor in relation to its significance to the total annual income of the external auditor and to our overall consultancy expenses. The Audit Committee shall disallow any non-audit work that will conflict with its duties as an external auditor or may pose a threat to its independence. The non-audit work, if allowed, should be disclosed in our annual report; and
- k. Establish and identify the reporting line of CLIHG's internal auditor to enable him to properly fulfill his duties and responsibilities. It shall functionally report directly to the Audit Committee.

CLIHG's Audit Committee shall ensure that its internal auditor in the performance of its work shall be free from interference by outside parties. In addition, the Audit Committee shall be tasked to prepare



the Audit Committee Charter (the Charter), which shall contain, among others, its purpose, membership, structure, operations, reporting process, resources and other relevant information. The Charter shall specify how the Audit Committee shall perform its oversight functions as prescribed by the Revised Code of Corporate Governance (the Code).

In the preparation of the Charter, the Audit Committee shall strictly observe the requirements of the Code and other applicable laws and regulations in the Philippines and shall align the Charter with the best practices and standards as provided for in any or combination of the reference guides indicated in SEC Memorandum Circular No. 4, Series of 2012.

Upon approval by the Audit Committee of the Audit Committee Charter, the same shall be submitted for the approval of CLIHC's Board of Directors. Within one year from listing date, the Audit Committee shall assess its performance, as prescribed by and pursuant to SEC Memorandum Circular No. 4, Series of 2012.

Jesus S. Guevara II is CLIHC's Audit Committee Chairman, with Dennis A. Uy and Miguel Rene A. Dominguez as members.

#### **Changes in and Disagreements with Accountants**

The Company has not had any disagreement with its current external auditor/independent public accountant on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure.

#### **Item 8. Compensation Plans**

No action is to be taken by the Company with respect to any compensation plans.

### **C. ISSUANCE AND EXCHANGE SECURITIES**

#### **Item 9. Authorization or Issuance of Securities Other than for Exchange**

On 4 April 2022, the Securities and Exchange Commission approved the Company's application to increase its authorized capital stock from Two Billion Pesos (₱2,000,000,000) to Three Billion Five Hundred Million Pesos (₱3,500,000,000), divided into Three Billion Four Hundred Ninety Million (3,490,000,000) Common Shares and Ten Million (10,000,000) Preferred Shares, both with the par value of One Peso (P 1.00) per share. Of the increase of 1,500,000,000 Common shares, Udenna Corporation subscribed to 375,000,000 Common Shares, which is 25% of the increase in Common Shares, at the price of ₱3.26 per share with reference to the 90-day VWAP. The Common Shares subscribed by Udenna Corporation have the same features and rights as the issued Common Shares. The increase in issued Common Shares reduced the public float from 29.84% to 24.75%

#### **Item 10. Modification or Exchange of Securities**

On April 4, 2022, the Securities and Exchange Commission approved the Company's application to change the feature of its Preferred Shares from Non-Convertible to Convertible.

#### **Item 11. Financial and Other Information**

The Company's Financial Statements as of and for the year ended December 31,2022 and Management Report are attached as Annexes D and E.

#### **Item 12. Mergers, Consolidations, Acquisitions and Similar Matters**

No action is to be taken with respect to mergers, consolidations, acquisitions and similar matters.

#### **Item 13. Acquisition or Disposition of Property**

No action is to be taken with respect to acquisition or disposition of property.

#### **Item 14. Reclassification of Accounts**

No actions are to be taken with respect to the restatement of any asset, capital, or surplus account of the Company.

### **D. OTHER MATTERS**

#### **Item 15. Action with Respect to Reports and Other Proposed Action**

1. Approval of the Minutes of the Annual Stockholders' Meeting held on May 3, 2022
2. Report of the President & CEO for the Year 2022
3. Report of the Chief Financial Officer for the Year 2022
4. Ratification and Confirmation of all acts and resolutions of the Board and Management executed in the normal course of business covering the period February 9, 2022 until February 20, 2023 as set forth in Annex "C".
5. Amendment of the By-Laws of the Corporation
  - Article II, Section 1 – Change in the Date of the Annual Stockholders' Meeting
  - Article IV, Section 7 – Creation of the Office of the Chief Financial Officer, and Transfer of some of the functions of the Treasurer to the Chief Financial Officer
6. Election of the Members of the Board of Directors
7. Appointment of External Auditor

The Agenda for the May 3, 2022 Annual Stockholders' Meeting held via Remote Communication (in Zoom) was as follows:

1. Call to Order
  2. Certification of Notice and Determination of Quorum
  3. Report of the President & CEO for the Year 2021
  4. Report of the Chief Financial Officer for the Year 2021
  5. Approval of the Minutes of the Annual Stockholders' Meeting held on May 18, 2021
  6. Ratification and confirmation of all acts and resolutions of the Board and Management executed in the normal course of business covering the period February 23, 2021 until February 8, 2022
  6. Election of the Members of the Board of Directors
  7. Appointment of External Auditor
  8. Other Matters
    - Amended Employee Stock Option Plan
  9. Adjournment
- A description of the voting and vote tabulation procedures used in the meeting

In the matters to be voted upon in the Annual Stockholders' Meeting which was held via remote communication, stockholders of record were entitled to one vote per share by proxy. The submission of the accomplished proxy form to the Corporate Secretary for validation and authentication at least

five (5) days before the date of the Annual Stockholders' Meeting was required. The proxy form was provided on the Company's website.

The validation of proxies chaired by the Corporate Secretary or Assistant Corporate Secretary and attended by the Stock and Transfer Agent was made before the Annual Stockholders' Meeting.

With respect to the election of the members of the Board of Directors, cumulative voting was allowed. A stockholder may vote such number of shares for as many persons as there are Directors to be elected; or he may cumulate his shares and give one candidate as many votes as the number of Directors to be elected multiplied by the number of his shares; or he may distribute these shares on the same principle among as many candidates as he shall see fit; provided that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Company multiplied by the total number of Directors to be elected.

- A description of the opportunity given to stockholders to ask questions and a record of the questions asked and the answers given

Stockholders were requested to e-mail their questions before the Stockholders' Meeting. The questions asked and the responses given are attached hereto as Annex "E".

- Matters discussed and Resolutions reached

At the May 3, 2022 Annual Stockholders' Meeting, after a discussion of each item, and opportunity given to the shareholders present to ask questions thereon, approval of the following matters took place: approval of the 2021 Audited Financial Statements and Annual Report; approval of the Minutes of the May 18, 2021 Annual Stockholders' Meeting; ratification of all acts of the Board of Directors, Board Committees and Management for the period covering 23 February 2021 to 8 February 2022; election of the members of the Board of Directors; and appointment of the External Auditor of the Company.

- Record of the Voting Results for each Agenda Item

Stockholders who attended the Annual Stockholders' Meeting by proxy or in person represented 70.80% of the 1,821,977,615 outstanding capital stock of the Company as of the Record Date of 19 April 2022. Udenna Corporation, the shareholder which holds 70% of the total outstanding shares, was represented by Alexis Carlo G. Magumbol.

There was an affirmative vote of a majority of the votes cast at the meeting for all the items on the Agenda.

- List of Directors, Officers and Stockholders who attended the Meeting

All 9 members of the Board of Directors were present at the Meeting. Also present were Chief Financial Officer Ignacia S. Braga IV, Deputy CFO Reynaldo A. Phala, Finance Controller Darlene A. Binay, Compliance Officer Leandro E. Abarquez, Chief Audit Executive Maria Katherine A. Agbay, and Corporate Secretary Ma. Henedina V. San Juan.

- Material Information on the current stockholders, and their voting rights

Stockholders of the Company hold 1,821,977,615 shares, each of which is entitled to one vote per share. Udenna Corporation owns 1,275,384,606 shares or 70% of the total outstanding capital stock of the Company. The rest of the shares of the Company are held by PCD Nominee Corporations and individual shareholders.

Udenna Corporation subscribed to an additional 375,000,000 shares of the Corporation in connection with the increase in the authorized capital stock of the Corporation from 2,000,000,000 to 3,500,000,000 shares, which increase was approved by the Securities and Exchange Commission on 4 April 2022. As of December 31, 2022, Udenna Corporation’s partially-paid shares are not yet recorded in the books of the Corporation’s Stock Transfer Agent.

- Appraisals and performance report for the Board and the criteria and procedure for assessment

The Company has a Board Evaluation Report which is intended to assist the Directors in assessing the Board’s performance as well as that of the Board Committees, individual Directors and Company officers. The Board Evaluation Report has 5 major sections: Collective Board Rating (Board Composition, Board Efficiency and Importance, Board Meetings and Participation); Board Committees; Individual Director’s Self-Rating; Officer’s Rating (Chairman of the Board, President & CEO, Department Heads); Over-All Comments/ Suggestions.

- Directors’ disclosures on self-dealing and related party transactions

No Director of the Company has any substantial interest, direct or indirect, in any transaction which can be considered as self-dealing or a related party transaction.

- Directors’ compensation report

The members of the Board of Directors who are not employees of the Company are elected for a period of one (1) year. The Company pays its non-executive Directors a per diem of ₱30,000.00 for each meeting. There are no other arrangements for which the members of the Board of Directors are compensated.

2022	2021	2020
₱1,300,333.28	₱ 750,000.00	₱ 1,230,000.00

**Item 16. Matters Not Required to be Submitted**

There are no actions to be taken with respect to any matter, which are not required to be submitted to a vote by security holders.

**Item 17. Amendment of Articles of Incorporation, By-Laws or Other Documents**

The proposed amendments of Article II, Section 1 and of Article IV, Section 7 of the By-Laws of the Corporation will be submitted for approval of the stockholders at the Annual Meeting.

Article II, Section 1 of the By-Laws of the Corporation will be amended to effect the change in the date of the Annual Stockholders’ Meeting from the last Monday of March of each year to the last Monday of April of each year. Article II, Section 1 of the By-Laws of the Corporation will be amended to effect

the creation of the Office of the Chief Financial Officer, and the transfer of the following functions of the Treasurer to the Chief Financial Officer:

- a. To prepare such financial reports, statements, certifications and other documents which may, from time to time, be required by government rules and regulations and to submit the same to the proper government agencies;
- b. To exercise such powers and perform such duties and functions as may be assigned to him by the President.

#### **Item 18. Other Proposed Action**

- a. Ratification and confirmation of all acts and resolutions of the Board and Management executed in the normal course of business covering the period February 7, 2022 until February 20, 2023 as set forth in **Annex C**.
- b. Election of the members of the Board of Directors
- c. Appointment of Punongbayan & Araullo as the Company's External Auditors for the Year Ending December 31, 2023.

#### **Item 19. Voting Procedures**

Under the Corporation Code, the affirmative vote of stockholders representing at least two thirds (2/3) of the outstanding capital stock of the Company shall be necessary for the approval of the proposed amendment to the Articles of Incorporation and the investment of corporate funds in any other corporation or business or for any purpose other than the primary purpose for which it was organized.

Except in cases provided above, or where the law provides otherwise, all matters subject to vote shall be decided by the plurality vote of stockholders present in person or by proxy and entitled to vote thereat, a quorum being present.

Stockholders of record are entitled to one (1) vote per share. There is no manner of voting prescribed in the By-Laws of the Company. Hence, voting may be done by viva voce, raising of hands or by balloting.

The Stock and Transfer Agent of the Company, BDO Unibank, Inc. – Trust and Investments Group, Securities Service and Corporate Agencies Department (BDO Trust), will validate the votes when voting is done by secret ballot. Likewise, BDO Trust will count the number of hands raised when voting by show of hands is done.

Considering that the Annual Stockholders' Meeting will be held virtually and in accordance with SEC Memorandum No.6, Series of 2020, the following are the internal procedures, describing the steps to be taken by the stockholders for the latter to cast/ submit their votes online:

- a) Shareholders of record as of March 31, 2023 are entitled to attend and participate and vote in absentia during the ASM on April 24, 2023 provided they:
  - (i) Register by sending an email, together with the requirements to [ASM@chelsealogistics.ph](mailto:ASM@chelsealogistics.ph) on or before April 21, 2023 (5:00 p.m., Philippine time)
  - (ii) Have their shares authenticated and verified through the registration process and Proxies, if any and applicable, accompanied by their respective authorities (Special Power of Attorney or Secretary's Certificate) validated.

- b) Only Shareholders who have registered and whose shares have been verified, proxies validated shall be counted in the determination of a quorum and other corporate actions.
- c) Shareholders may send their questions, comments and/or remarks prior to or during the meeting to [ASM@chelsealogistics.ph](mailto:ASM@chelsealogistics.ph). It is requested and encouraged that questions will be limited to the Annual Report, Financial Statements as of 31 December 2022 and the Definitive Information Statement sent to all stockholders of record as of March 31, 2023.
- d) Since there is only a limited technical capacity for shareholders, only a limited number of questions will be addressed directly during the ASM. However, the Company shall endeavor to answer the submitted questions or queries through the specified email provided by the Shareholder.

Stockholders who have any objections to the proposed motions may either send their objections in writing to [ASM@chelsealogistics.ph](mailto:ASM@chelsealogistics.ph) on or before 5:00 p.m. on April 21, 2023. Stockholders may also express their objections by clicking the 'Raise Your Hand' button on the Zoom videoconference call and will be entertained by the meeting host.

- e) A link to the recorded webcast of the Meeting will be posted on the Company's website after the Meeting.

In view of the fact that the ASM will be conducted virtually, voting shall be cast through the submission of votes/ ballots to any of the following addresses:

- (1) Office of the Corporate Secretary 18<sup>th</sup> Floor, Udenna Tower, Rizal Drive corner 4<sup>th</sup> Ave., Bonifacio Global City, Taguig City or
- (2) Submission of the votes/ ballots, forms through email to [ASM@chelsealogistics.ph](mailto:ASM@chelsealogistics.ph).

The registration, authentication and validation process shall be open starting April 3, 2023 and will close at 5 p.m. on April 21, 2023. Thereafter, the Shareholder may no longer avail of the option to vote in absentia.

The Company reserves the right to reject processing of registration and deny access to ASM facilities for incomplete documents or for any discrepancy found in the information provided. An email confirmation on the status of the Shareholder's registration shall be sent to the registered email.

**UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY WILL PROVIDE, WITHOUT CHARGE, A COPY OF THE COMPANY'S SEC FORM 17-A DULY FILED WITH THE SECURITIES AND EXCHANGE COMMISSION.**

**ALL REQUESTS MAY BE SENT TO THE FOLLOWING ADDRESS:**

**MA. HENEDINA V. SAN JUAN**

Corporate Secretary

CHELSEA LOGISTICS AND INFRASTRUCTURE HOLDINGS CORP.

18<sup>TH</sup> Floor, Udenna Tower

Rizal Drive corner 4<sup>th</sup> Avenue

Bonifacio Global City, Taguig City, Philippines

**After reasonable inquiry to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Taguig on the \_\_\_th day of March 2023.**

**CHELSEA LOGISTICS AND  
INFRASTRUCTURE HOLDINGS CORP.**

BY:

  
**MA. HENEDINA V. SAN JUAN**  
Corporate Secretary



LOCAL WATER UTILITIES ADMINISTRATION

P.O. BOX 34, U.P. Post Office, Katipunan Avenue, Balara, Quezon City  
Tel No.: 920-5581 to 99; 920-56-01 Fax No: (632) 922-34-34  
Administrator's Direct Line: (02) 929-61-07  
LWUA Website: www.lwua.gov.ph

Annex A

## CERTIFICATION

**To whom it may concern:**

This is to certify that **Director EDUARDO A. BANGAYAN** was appointed and qualified as member of the Board of Directors of the Davao City Water District representing the business sector from January 01, 2017 to December 31, 2022 (*Section 8 of PD 198, as amended*).

This is to further certify that the various business engagements of Director Bangayan do not necessarily hamper his functions as board member because his function as such is limited to policy making only; to establish policy and he does not engage in the detailed management of the District (*Section 18 of PD 198, as amended*). He performs the functions as policy maker during board meetings only.

As the regulatory authority of the local water districts, the Administration does not see any impediment nor interpose any objection to the appointment of Director Bangayan as board of director to Chelsea Logistics Holding Corporation or to any other corporation for that matter.

This certification is issued for whatever legal purpose this may serve.

Quezon City, Philippines, February 15, 2019.

  
Engr. **ROGELIO B. LUY**

Chairman, LWUA Board of Trustees

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*Tubig sa Nayon - Alay sa Pilipinas!*





Annex A-1

REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF JUSTICE  
**OFFICE OF THE GOVERNMENT CORPORATE COUNSEL**  
3rd Floor MWS Administration Building, Kalayaan Avenue  
Palma, Quezon City  
Tel. Nos. 927-0030 / 520-5477 • Fax No. 436-4465  
www.ogcc.gov.ph  
info@ogcc.gov.ph

## OPINION

No. 049  
Series of 2019

FOR : PHIVIDEC INDUSTRIAL AUTHORITY  
ATTENTION : HON. JESUS S. GUEVARA II  
*Chairman of the Board*  
RE : PROHIBITION ON THE PIA CHAIRMAN TO SERVE AS  
AN INDEPENDENT DIRECTOR OF PRIVATE  
CORPORATIONS  
DATE : 1 MARCH 2019

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### I. Preliminary Statement:

This refers to your request for opinion on whether there is any existing prohibition for the PHIVIDEC Industrial Authority (PIA) Chairman of the Board to be appointed as an Independent Director of private corporations.

### II. Antecedents:

On 14 June 2017, President Rodrigo R. Duterte appointed you as Chairman of the PIA Board of Directors (PIA Chairman). Thereafter, you immediately resigned from your position as the Chief Executive Officer (CEO) of an energy company. This is for the reason that the CEO position is a full-time job and therefore might run in conflict with your new appointment.

PHIVIDEC INDUSTRIAL AUTHORITY  
Makati Business & Liaison Office

RECEIVED

By \_\_\_\_\_  
Date 03-05-19 Time \_\_\_\_\_

..... committed to uphold justice  
under the rule of law

REPUBLIC OF THE PHILIPPINES)  
Taguig City ) S.S.

**SECRETARY'S CERTIFICATE**

I, **MA. HENEDINA V. SAN JUAN**, of legal age, Filipino and with office address at the 18th Floor, Udenna Tower, Rizal Drive corner 4th Avenue, Bonifacio Global City, Taguig City, after being duly sworn in accordance with law, hereby depose and state that:

1. I am the duly appointed and incumbent Corporate Secretary of **CHELSEA LOGISTICS AND INFRASTRUCTURE HOLDINGS CORP.** (the **Corporation**), a corporation organized and existing under and by virtue of the laws of the Republic of the Philippines, with office address at Stella Hizon Reyes Road, Bo. Pampanga, Davao City.

2. I certify that to the best of my knowledge and based on official records of the Corporation under my custody, that there is no Director or officer of the Corporation connected with any government agency or its instrumentalities, except for Director Eduardo A. Bangayan and Director Jesus S. Guevara II.

3. I am executing this Certificate to attest to the truth of the foregoing facts and in connection with the requirement of the Securities and Exchange Commission for the Corporation's Definitive Information Statement.

**IN WITNESS WHEREOF**, I have hereunto set my hand this 29 MAR 2022 March 2022 in Taguig City, Metro Manila.

  
**MA. HENEDINA V. SAN JUAN**  
Corporate Secretary

**SUBSCRIBED AND SWORN** to before me this 29 MAR 2022 March 2022, affiant exhibiting to me her Driver's License No. N06-84-035706 valid until 1 September 2022.

Doc. No. 48 ;  
Page No. 11 ;  
Book No. 11 ;  
Series of 2022.

  
**ATTY. PAUL VINCENT P. SIOCHI**  
Notarial Commission No. 75 (2021-2022)  
Bk. 5 Lot 21 Phase 2, Pinagsama Village, Taguig City  
Roll No. 58383  
IBP Lifetime No. 016219; 05-08-17; Makati City  
PTR No. A-5392945; 01-13-2022; Taguig City  
MCLE Compliance No. VI-0011491; 07-22-18  
city.siochi@gmail.com / +63(915)4406743

**CERTIFICATION OF INDEPENDENT DIRECTOR**


I, **MIGUEL RENE A. DOMINGUEZ**, Filipino, of legal age and a resident of 3 Akasya SACI, Maribulan, Alabel, Sarangani Province, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an Independent Director of CHELSEA LOGISTICS AND INFRASTRUCTURE HOLDINGS CORP. (the "Corporation") and have been its Independent Director since March 27, 2017.
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Alsons Agribusiness Unit	Vice President	June 2014 - present
Sarangani Agricultural Company, Inc.	Director	June 2014 - present
Philippine Business for Social Progress	Trustee	Feb 2017 - present
Philippine Business for Education	Trustee	June 2017 - present
Galing Pook Foundation	Vice Chairman	Dec 2014- Dec 2016
Synergeia Foundation	Trustee	Feb 2012 - present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
5. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
6. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five days from its occurrence.

Done, this 17 FEB 2023 day of February 2023 at Taguig City.

  
**MIGUEL RENE A. DOMINGUEZ**  
 Affiant

Subscribed and sworn to before me this 17 FEB 2023 day of February 2023 at Taguig City, affiant personally appeared before me and exhibited to me his Tax Identification No. 921-338-194 .

Doc. No. 114 ;  
 Page No. 2 ;  
 Book No. XX ;  
 Series of 2023.

**ATTY. IRISH S. PRECION**  
 Notary Public for Taguig City  
 Appointment No. 23 (2023-2024)  
 Roll No. 69261/05.31.17 / IEP No. 197085/01.07.22  
 PTR No. A-57-0383/01.03.23/Taguig City  
 MCLE Compliance No. VII-0220815 valid until 04-14-25  
 Ground Floor FTI Old Admin. Bldg. FTI Complex, Taguig City  
 precionirish@gmail.com / 09588534549

**CERTIFICATION OF INDEPENDENT DIRECTOR**

I, **JESUS S. GUEVARA II**, Filipino, of legal age and a resident of 122 Stanford Street, Cubao, Quezon City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an Independent Director of CHELSEA LOGISTICS AND INFRASTRUCTURE HOLDINGS CORP. (the "Corporation") and have been its independent director since March 27, 2017.
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Lipa Bank, Inc.	Director	2009 to the present
Phividec Industrial Authority	Chairman	July 2017 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I disclose that I am subject of the pending case – "*Ombudsman vs. Bundoc, et. al.*", G.R.No.225521-28 for Grave Misconduct, now pending before the Supreme Court, First Division.
5. I have the required permission from the Phividec Industrial Authority to be an Independent Director in the Corporation.
6. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five (5) days from its occurrence.

Done, ~~17 FEB 2023~~ 17 FEB 2023 day of February 2023 at Taguig City.

  
**JESUS S. GUEVARA II**  
 Affiant

17 FEB 2023

Subscribed and sworn to before me this \_\_\_ day of February 2023 at Taguig City, affiant personally appeared before me and exhibited to me his Tax Identification No. 125-805-086.

Doc. No. 117 ;  
 Page No. 1 ;  
 Book No. 117 ;  
 Series of 2023.

**ATTY. IRISH S. PRECION**  
 Notary Public for Taguig City  
 Appointment No. 23 (2023-2024)  
 Roll No. 82231-05-01-17 / JBP No. 197085/01.07.22  
 PTR No. A-57200001.03.23/Taguig City  
 MCLE Compliance No. VII-0020815 valid until 04-14-25  
 Ground Floor FTI Old Admin. Bldg. FTI Complex, Taguig City  
 preclonirishs@gmail.com / 09988534549.

**ACTS AND RESOLUTIONS OF THE BOARD OF DIRECTORS  
FOR THE PERIOD COVERING  
February 8, 2022 to February 20, 2023**

17 February	<ul style="list-style-type: none"> <li>● Postponement of the scheduled Annual Stockholders' Meeting from March 28, 2022 to May 3, 2022.</li> </ul>
29 March	<ul style="list-style-type: none"> <li>● Designation of the Corporation's President &amp; CEO Chryss Alfonsus V. Damuy and Corporate Secretary Ma. Henedina V. San Juan, as authorized signatories for all transactions with the Philippine Dealing System Holdings Corp.</li> </ul>
18 April	<ul style="list-style-type: none"> <li>● Authority for the Corporation to restructure its outstanding loan with the Private Education Retirement Annuity Association Fund (PERAA) under the following facilities:             <ul style="list-style-type: none"> <li>a. 6-month Bridge Loan in the total amount of ₱11,577,685.97</li> <li>b. 6-year Loan in the amount of ₱15,000,000.00;</li> </ul>             Designation of President &amp; CEO Chryss Alfonsus V. Damuy as authorized representative / signatory for the Loan Agreements and all other related documents to be executed with PERAA.           </li> </ul>
2 May	<ul style="list-style-type: none"> <li>● Authority for the Corporation to open and maintain demand deposits, savings accounts and time deposits with CTBC Bank (Philippines) Corporation, and to avail of any or all of the Bank's various Cash Management Solutions including Netbanking Services and Bancnet Online Services; Designation of Chryss Alfonsus B. Damuy and Ignacia S. Braga IV as Class A signatories; Reynaldo A. Phala, Ma. Henedina V. San Juan and Darlene A. Binay as Class B signatories; and John Francis V. Gatus as Class C signatory, where any Class A or Class B signatory signing with the Class C signatory is sufficient for transactions up to Php 5M; and where any Class A signatory signing with any Class B signatory is sufficient for transactions in any amount.</li> <li>● Authority for the Corporation to open and maintain deposit accounts and/or trust accounts with Philippine Business Bank, Inc.; Designation of Chryss Alfonsus B. Damuy and Ignacia S. Braga IV as Class A signatories; Reynaldo A. Phala, Ma. Henedina V. San Juan and Darlene A. Binay as Class B signatories; and John Francis V. Gatus as Class C signatory, where any Class A or Class B signatory signing with the Class C signatory is sufficient for transactions up to Php 5M; and where any Class A signatory signing with any Class B signatory is sufficient for transactions in any amount.</li> <li>● Authority for the Corporation to open and maintain savings and/or current accounts with China Banking Corporation and/or China Banking Corporation – Trust and Asset Management Group; Designation of Chryss Alfonsus B. Damuy and Ignacia S. Braga IV as Class A signatories; Reynaldo A. Phala, Ma. Henedina V. San Juan and Darlene A. Binay as Class B signatories; and John Francis V. Gatus as Class C signatory, where any Class A or Class B signatory signing with the Class C signatory is sufficient for transactions up to Php 5M; and where any Class A signatory signing with any Class B signatory is sufficient for transactions in any amount.</li> </ul>

10 May	<ul style="list-style-type: none"> <li>● Authority for the Corporation (1) to implement a liability management program for the restructuring of the outstanding loans and promissory notes of the Corporation and its subsidiaries &amp;/or affiliates to creditors and lenders, which shall consist of (a) the assumption of certain outstanding obligations of Chelsea Shipping Corp. and PNX-Chelsea Shipping Corp. on an arms' length basis by the Corporation; (b) the conversion of the outstanding financial liabilities of the Corporation, including the financial liabilities assumed from its subsidiaries and/or affiliates, into primary shares of the Corporation thru the issuance of Convertible Bonds and/or thru Debt-to-Equity Swap; Authority for the Corporation to file with the Securities and Exchange Commission a request for confirmation of exempt transaction in accordance with Section 10.2 of the Securities Regulations Code; Authority to file with the Philippine Stock Exchange, Inc. an application for additional listing of the primary shares to be issued pursuant to the issuance of Convertible Bonds and the Debt-to-Equity Swap; Designation of the Corporation's President &amp; CEO Chryss Alfonsus V. Damuy and its Chief Financial Officer Ignacia S. Braga IV as the authorized signatories for these transactions.</li> </ul>
20 June	<ul style="list-style-type: none"> <li>● Authority for the Corporation to avail of the Pag-Ibig Fund's Program for Penalty Condonation for Financially Distressed Employers and to file its application for inclusion in said Program; Authority for the Corporation's Human Resources Manager Sherlyn R. Guerzon to sign, execute and deliver the Application for Penalty Condonation and other documents necessary for inclusion in the Program.</li> </ul>
4 July	<ul style="list-style-type: none"> <li>● Authority for the Corporation to restructure its outstanding loan with Corporate Partnership for Management in Business, Inc.; Designation of President &amp; CEO Chryss Alfonsus V. Damuy as authorized representative and signatory for this transaction.</li> </ul>
8 November	<ul style="list-style-type: none"> <li>● Authority for the Corporation to sell its property at Ligid, Tipas, Pasig City with Transfer Certificates of Titles Nos. 162-2019001207 and 162-2019001208; Authority for President Chryss Alfonsus V. Damuy or Chief Financial Officer Ignacia S. Braga IV to sign the Contract to Sell or Deed of Absolute Sale.</li> </ul>
21 November	<ul style="list-style-type: none"> <li>● Authority for Sherwin L. Nieva to coordinate with the Station Commander / Evidence Custodian of the Manila Police District, Manila District Enforcement Unit, Vehicle Traffic Investigation Section for the release of the Corporation's motor vehicle (2019 Nissan Navarra Pick-up with Plate No. NBD 5863) as authorized the release by the Metropolitan Trial Court's Order dated 21 November 2022.</li> </ul>
3 January	<ul style="list-style-type: none"> <li>● Designation of Ignacia S. Braga IV, Sherlyn R. Guerzon and Lorelei D. Mabutas as authorized signatories for the Corporation's existing registration with Home Development Mutual Fund.</li> <li>● Authority for the Corporation to file its application for renewal of its 2023 Book of Accounts with the Bureau of Internal Revenue and with the District Office of Davao City; Authority for Melane Salang, Alfonso Pagobo Jr. and/or Jezzela Artiaga to sign, process, work on and follow-up these transactions with the Bureau of Internal Revenue and the District Office of Davao City.</li> <li>● Authority for the Corporation to file its application for issuance of its 2023 Business Permit in the City of Davao; Designation of Chief</li> </ul>

	<p>Financial Officer Ignacia S. Braga IV as authorized signatory for this application; Authority for Entia Accounting Office and its staff Mel Anthony T. Castanares, Shanroe Fritz Alvarado and Melisa C. Pelonio to work-on and follow-up the issuance of the Corporation's 2023 Business Permit.</p>
23 January	<ul style="list-style-type: none"> <li>● Authority for the Corporation to enter into transactions and contracts with, and/or avail of products, facilities, services of PLDT, Inc. and any of its wholly/partly owned subsidiaries or affiliates; Designation of President &amp; CEO Chryss Alfonsus V. Damuy as authorized signatory for transactions with PLDT, Inc.</li> </ul>
30 January	<ul style="list-style-type: none"> <li>● Authority for the Corporation to file a Registration Information Update (BIR Form 1905) for the Corporation's official email address and contact information, and to enroll in the Bureau of Internal Revenue's Online Registration and Update System (BIR ORUS); Designation of Chief Financial Officer Ignacia S. Braga IV as signatory for BIR Form 1905 and all other documents as may be required by the Bureau; Authority for Annabelle A. Sanchez or Cristine Ayles to file, submit, process, follow-up and receive any and all documents relating to BIR Form 1905 and BIR ORUS.</li> <li>● Authority for the Corporation to open and maintain savings and/or current accounts with China Banking Corporation and/or China Banking Corporation – Trust and Asset Management Group; Designation of Chryss Alfonsus B. Damuy and Ignacia S. Braga IV as Class A signatories; Reynaldo A. Phala, Ma. Henedina V. San Juan and Darlene A. Binay as Class B signatories; and John Francis V. Gatus as Class C signatory, where any Class A or Class B signatory signing with the Class C signatory is sufficient for transactions up to Php 5M; and where any Class A signatory signing with any Class B signatory is sufficient for transactions in any amount.</li> </ul>
13 February	<ul style="list-style-type: none"> <li>● Designation of President &amp; CEO Chryss Alfonsus V. Damuy as authorized signatory of the Corporation for the Letter Certification and all documents and notices to be signed in connection with the Omnibus Loan and Security Agreement executed by and among Dito Telecommunity Corporation (as Borrower, Security Provider and Assignor) and Bank of China Limited, ING Bank N.V. Singapore Branch, China Telecom International Investment Private Limited, Dito Holdings Corporation, Udenna Corporation, China Telecommunications Corporation.</li> </ul>
20 February	<ul style="list-style-type: none"> <li>● Designation of Chief Financial Officer Ignacia S. Braga IV as authorized signatory of the Corporation to sign, execute and deliver the Waiver of Pre-Emptive Rights in connection with DITO Holding Corporation's intention to issue 741,587,154 redeemable preferred shares via an increase in capital stock.</li> </ul>

## MANAGEMENT REPORT

## I. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OPERATIONS

This discussion summarizes the significant factors affecting the consolidated operating results and financial condition of Chelsea Logistics and Infrastructure Holdings Corp. and its Subsidiaries (CLIHC or the Group) as of and for the year ended December 31, 2022 and 2021. The following discussions should be read in conjunction with the attached audited consolidated financial statements of the Group as of December 31, 2022 and 2021.

## Comparable discussion on Material Changes in Results of Operations for the period ending September 30, 2022 and 2021.

Amounts in millions	For the Nine Months Ending September 30				
	2022	%/Rev	2021	%/Rev	% Change
<b>Revenues</b>	₱ 4,630	100%	₱ 3,272	100%	41%
Cost of sales and services	4,276	92%	3,586	110%	19%
<b>Gross profit (loss)</b>	354	8%	(314)	(10%)	(213%)
Other operating expenses	849	18%	502	15%	69%
Provision for estimated credit losses	2	0%	204	6%	(99%)
<b>Operating loss</b>	(498)	(11%)	(1,019)	(31%)	(51%)
Finance cost, net	(957)	(21%)	(1,085)	(33%)	(12%)
Share in net loss of an associate	0	0%	(592)	(18%)	(100%)
Gain on sale of an asset held for sale	0	0%	154	5%	(100%)
Other charges (income), net	(21)	(0%)	340	10%	(106%)
Loss before tax	(1,475)	(32%)	(2,202)	(67%)	(33%)
Tax expense	17	0%	2	0%	840%
<b>Net loss after tax</b>	(₱ 1,492 )	(32%)	(₱ 2,204 )	(67%)	(32%)
Add (Deduct):					
Tax expense	17	0%	2	0%	840%
Depreciation and amortization	934	20%	1,145	35%	-18%
Interest expense	908	20%	1,065	33%	-15%
Share in net loss (income) of an associate	-	0%	592	18%	-100%
Provision for expected credit losses	2	0%	204	6%	100%
Interest income	-	0%	(0)	0%	-63%
<b>EBITDA</b>	₱ 370	8%	₱ 804	25%	-54%

Chelsea Logistics and Infrastructure Holdings Corp. and its Subsidiaries (CLIHC or the "Group") generated consolidated revenues of ₱4,630 Million for the nine-month period ending September 30, 2022, a 41% upsurge from ₱3,272 Million posted in the same period last year. The growth was driven by the easing of pandemic-related protocols which increased the movement of goods and passenger volume during the period. Passage revenue was up more than 6x to ₱887 Million from ₱180 Million in 2021. Likewise, passage-related Sales of Goods rose by 92% to ₱89 Million in 2022. Freight revenue grew to ₱2,441 Million for a 20% increase year on year. Logistics segment's revenue was ₱402 Million, a 23% increase from 2021, coming mostly from the upturn in revenues of its warehousing, distribution and trucking segments, and from E-commerce, its new business line. Tugboat Service revenue went up to ₱305 Million from ₱238 Million in 2021 with the increase in the number of vessel movements



notably in its Davao operations and also with the implementation of rate increases. Tankering revenue was ₱506 Million in 2022, a 13% increase of ₱60 Million from 2021. The shipping segment implemented rate increases to partially cover the increasing cost of fuel.

Bunkering cost was ₱1,861 Million or 75% higher than last year's ₱1,066 Million due to increasing fuel prices in the current year and an increase in the number of sailings. Consequently, Cost of Sales and Services escalated to ₱4,276 Million in 2022 from ₱3,586 Million in 2021.

Gross Profit as a percentage of Revenues increased to 8% in 2022 with significant growth in the topline, reversing the negative margin of 10% in prior year. The increase in the load factors of ships significantly contributed to this improvement.

Consolidated Other Operating costs were ₱849 Million for the period, a 69% increase year over year, which was substantially due to higher Outside Services costs.

The Group thoroughly considered and set aside the expected credit loss this period of ₱2 Million in addition to ₱204 Million provided in 2021, to uplift coverage as well as to closely monitor asset quality.

Investment cost in Dito Holdings Corp., an associate as of December 31, 2021 is at NIL hence no share in net loss was taken up this period.

In 2021, the Group recognized a ₱154 Million gain on sale of investment in stocks in 2Go Group and ₱313 Million gain in the pre-termination of a Time Charter contract lodged in Other Charges (Income).

Overall, it was a recovery period from the COVID-19 crisis, reducing incurred Consolidated Net Loss to ₱1,492 Million in 2022 from ₱2,204 Million in 2021. This is a 32% improvement in performance from the same period last year. This translates to a ₱0.796 loss per basic and diluted share, an improvement from ₱1.210 loss in the same period in 2021.

The Group posted adjusted EBITDA of ₱370 Million, a 54% reduction from ₱804 Million in 2021, substantially due to the one-off gain on sale of an asset held for sale and the contract pre-termination recorded in 2021.

## Financial Condition

September 30, 2022 versus December 31, 2021

<i>Amounts in millions</i>	Unaudited September 30, 2022			Audited December 31, 2021		
		% /Total		% /Total	% Change	
Current Assets	₱ 10,843	32%	₱ 11,038	32%	(2%)	
Non-Current Assets	22,617	68%	23,084	68%	(2%)	
<b>Total Assets</b>	<b>₱ 33,460</b>	<b>100%</b>	<b>₱ 34,122</b>	<b>100%</b>	<b>(2%)</b>	
Current Liabilities	₱ 17,335	52%	₱ 16,135	47%	7%	
Non-Current Liabilities	11,882	36%	12,337	36%	(4%)	
<b>Total Liabilities</b>	<b>₱ 29,217</b>	<b>87%</b>	<b>₱ 28,472</b>	<b>83%</b>	<b>3%</b>	
<b>Total Equity</b>	<b>₱ 4,243</b>	<b>13%</b>	<b>₱ 5,650</b>	<b>17%</b>	<b>(25%)</b>	
<b>Total Liabilities and Equity</b>	<b>₱ 33,460</b>	<b>100%</b>	<b>₱ 34,122</b>	<b>100%</b>	<b>(2%)</b>	

The Group's Financial Condition during both periods is almost the same. However, the total Equity of the Group decreased by 25% to ₱4,243 Million against the ₱5,650 Million last year. This was due to additional losses this year amounting to ₱1,492 Million which were however offset by additional

equity on the collection of subscription receivable from the parent company. This resulted to a decrease in Book Value per Share to ₱2.21 in 2022 from ₱3.10 in December 31, 2021.

**Comparable discussion on Material Changes in Results of Operations for the year ended December 31, 2021 and 2020.**

Amounts in millions Php	December 31				
	2021	%/Rev	2020	%/Rev	% Change
Revenues	4,469	100%	4,679	100%	-4%
Cost of sales and services	4,979	111%	5,298	113%	-6%
Gross profit (loss)	(510)	-11%	(619)	-13%	-18%
Other operating expenses	1,094	24%	1,042	22%	5%
Provision for estimated credit losses	396	9%	762	16%	-48%
Operating profit (loss)	(2,001)	-45%	(2,423)	-52%	-17%
Finance cost, net	1,425	32%	1,279	27%	11%
Share in net loss of associates	892	20%	1,046	22%	-15%
Other charges (income), net	(347)	-8%	(1,846)	-39%	-81%
Profit (Loss) before tax	(3,971)	-89%	(2,902)	-62%	37%
Tax expense (income)	(65)	-1%	409	9%	-116%
<b>Net profit (loss) after tax</b>	<b>(3,906)</b>	<b>-87%</b>	<b>(3,311)</b>	<b>-71%</b>	<b>18%</b>
Add Back:					
Tax expense (income)	(65)	-1%	409	9%	-116%
Depreciation and amortization	1,485	33%	1,676	36%	-11%
Interest Expense (Income), net	1,403	31%	1,300	28%	8%
Loss on debt modification	0	0%	87	2%	-100%
Share in net losses of an associate	892	20%	1,046	22%	-15%
Gain on sale of an asset held for sale	(145)	-3%	0	0%	100%
Gain on redemption of preferred shares	(355)	-8%	0	0%	100%
Gain on bargain purchase	0	0%	(1,185)	-25%	-100%
Gain on sale of an associate	0	0%	(984)	-21%	-100%
Loss on remeasurement of shares	0	0%	333	7%	-100%
Impairment of goodwill	10	0%	0	0%	100%
Provision for estimated credit losses	396	9%	762	16%	-76%
Impairment losses on property and equipment	71	2%	71		0%
Other (Income) Charges	183	4%		0%	100%
<b>Adjusted EBITDA</b>	<b>(31)</b>	<b>-1%</b>	<b>205</b>	<b>4%</b>	<b>-115%</b>

Year 2020 saw the serious onset of the COVID-19 pandemic and Year 2021 was the continuation of the debilitating effects of the pandemic which spared no one globally. The pandemic hampered economic activities of all businesses in the country, disrupting all aspects and areas of business entities and putting their survival at risk.

In 2021, Chelsea Logistics and Infrastructure Holdings Corp. and its Subsidiaries' (CLIHC or the "Group") Consolidated Net Loss After Tax was ₱3,906 million or ₱2.143 loss per basic and diluted share compared to 2020 of ₱3,311 million or ₱1.817 loss per basic and diluted share. This was due to incurred losses from the sale of certain assets during the year which amounted to ₱496 million, net. The first two and a half months of 2020 was on pre-pandemic status.

Consolidated Revenues was ₱4,469 million for the year, a decrease of 4% compared to prior year due to decline in revenues in the tanker, passenger and tugboat segments of the Group. Vessel availability

issues, low passenger volume due to travel protocols and lower tugs movement brought by reduced entry of foreign vessels owing to certain requirements imposed by port operators, resulted in the reduction in Revenues in these segments. However, the shortfall was alleviated by the increase in freight and logistics revenues by 30% and 41%, respectively year over year. With few vessels in operation and reduced capacity, route rationalization was done to identify profitable routes and to maximize revenue generation of each vessel.

The Group reacted to the challenging condition of shrinking revenues by reducing operational expenditures and by practicing strict cost control. Cost of Services decreased by 6% to ₱4,979 million from ₱5,298 million in 2020. Some of the vessels were placed on intentional lay-up due to low load factor and to save on cash costs. Certain vessels were also on extended drydocking which brought about the reduction in Depreciation and Amortization expense by 12% and Repairs and Maintenance costs by 31%. Manning for laid up vessels and for those on extended drydock, are kept at minimum allowable, decreasing Crew cost by 21%. Consolidated cost of services includes Impairment Losses on Vessels amounting to ₱71 million in 2021 and ₱69 million in 2020.

Under-utilization of vessels put margin pressure on the Group's operating performance which resulted to a negative consolidated margin of 11% in 2021 however, this is an improvement from last year's 13% negative margin.

Consolidated Other Operating costs were ₱1,094 million for the year, an increase of 5% year over year, which was due to higher Outside Services costs this year.

CLIHC and Subsidiaries thoroughly considered and set aside the expected credit loss this year of P396 million in addition to ₱762 million provided in 2020, to uplift coverage as well as to closely monitor asset quality.

Consolidated Operating Loss was ₱2,001 million compared to ₱2,423 million for the same period last year, due to cost containment measures implemented.

The Group's Finance cost was ₱1,425 million, an 11% increase from prior year of ₱1,279 million due to loan restructuring of the Group.

Share in Net Losses of an Associate, Dito Holdings Corp. (DHC) was ₱892 million, a 15% drop from 2020 share in losses of ₱1,046 million. 2020 includes share in net losses from DHC of ₱149 million, 2GO Group, Inc. of ₱206 million, and Dito Telecommunity Corp. (DTC) of ₱691 million.

Net Other Income in the period amounted to ₱347 million compared to ₱1,846 million in prior year and comprised the following expense (income) items:

Amounts in millions Php	December 31				
	2021	%/Rev	2020	%/Rev	% Change
Loss on debt modification <sup>1</sup>	0	0%	(87)	-2%	-100%
Gain on bargain purchase <sup>2</sup>	0	0%	1,185	25%	-100%
Loss on remeasurement of shares <sup>2</sup>	0	0%	(333)	-7%	-100%
Gain on sale of an associate <sup>3</sup>	0	0%	984	21%	-100%
Gain on sale of an asset held for sale <sup>4</sup>	145	3%	0	0%	100%
Gain on redemption of preferred shares <sup>5</sup>	355	8%	0	0%	100%
Impairment of goodwill <sup>6</sup>	(10)	0%	0	0%	100%
Other Income (Charges)	(143)	-3%	98	2%	-245%
Gain on pre-termination of time charter contract <sup>7</sup>	313	7%	0	0%	100%
Gain (Loss) on sale of vessels and equipment <sup>8</sup>	(496)	-11%	50	1%	-1091%
Gain on retirement of fixed assets <sup>9</sup>	0	0%	24	1%	-100%
Miscellaneous	41	1%	24	1%	66%
<b>Net Other Income</b>	<b>347</b>	<b>8%</b>	<b>1,846</b>	<b>39%</b>	<b>-81%</b>

<sup>1</sup> In 2020, part of the Group's loans were restructured which incurred cost of ₱87 million on debt modification.

<sup>2</sup> The Gain on Bargain Purchase of ₱1,185 million and Loss on Remeasurement of Investment of ₱333 million resulted from the step-up acquisition of KGLI-NM, a subsidiary and recorded in 2020. The investment and corresponding goodwill were measured at fair value less cost to sell.

<sup>3</sup> The ₱984 million Gain on Sale of an Associate arose out of the sale of 40,833,332 Common shares and 22,916,666 Preferred shares of DTC to DHC. CLIHC owned 42% of DHC and subsequently diluted to 11% upon subscription of Udenna Communications Media and Entertainment Holdings Corp. (UCME) to additional Common shares in DHC, resulting to an indirect ownership of CLIHC in DTC of 6.6%. The sale was approved by CLIHC's Board of Directors on October 30, 2020.

<sup>4</sup> On March 18, 2021, CLIHC entered into a Share Purchase Agreement (SPA) with a third party for the sale of its investments in 2GO Group, Inc. In May and June 2021, the sale of investments was executed with total consideration of ₱7,460 million, in which the Group recognized a Gain on Sale of an Asset Held for Sale amounting to ₱154 million.

On August 19, 2021, The Supercat Fast Ferry Corp. (SFFC) sold MV Supercat 36 for a total consideration of ₱2.5 million, in which SFFC recognized a Loss on Sale amounting to ₱9.4 million.

<sup>5</sup> In 2021, CLIHC acquired the Redeemable Preferred Shares from a previous holder for a total consideration of ₱875 million and recognized a Gain on Redemption amounting to ₱356 million.

<sup>6</sup> The Goodwill from the acquisition of Bunkers Manila, Inc. (BMI) was determined to be unrecoverable and an Impairment Loss of ₱10 million was recognized in 2021.

<sup>7</sup> Gain was recognized relative to the termination of a Time Charter contract amounting to ₱313 million in 2021.

<sup>8</sup> In 2021, certain vessels and vessel equipment were sold to third parties for a total consideration of ₱358 million and a loss on sale amounting to ₱355 million was recognized. Also, a floating dock was sold in the same year for the amount of ₱232 million and a loss on sale amounting to

P141 million was recognized. Total Loss on sale of vessels and equipment totaled ₱496 million during the year.

Consolidated Loss Before Tax was ₱3,971 million, a 37% increase year on year, which was a result of recognized gains in the divestment of shares and sale of an associate in 2020.

The Tax Income of ₱65 million in 2021 and Tax Expenses of ₱409 million includes deferred tax expense (income) relating to origination and reversal of temporary differences.

Adjusted EBITDA for the year was a negative ₱31 million compared to a positive ₱205 million in 2020, due to declined results of the Group.

### Financial Condition

December 31, 2021 versus December 31, 2020

Amounts in millions Php	December 31				
	2021	% /Total	2020	% /Total	% Change
Current Assets	11,038	32%	4,988	13%	121%
Non-Current Assets	23,084	68%	32,366	87%	-29%
<b>Total Assets</b>	<b>34,122</b>	<b>100%</b>	<b>37,355</b>	<b>100%</b>	<b>-9%</b>
Current Liabilities	16,135	47%	16,761	45%	-4%
Non-Current Liabilities	12,337	36%	11,108	30%	11%
<b>Total Liabilities</b>	<b>28,472</b>	<b>83%</b>	<b>27,869</b>	<b>75%</b>	<b>2%</b>
<b>Total Equity</b>	<b>5,650</b>	<b>17%</b>	<b>9,486</b>	<b>25%</b>	<b>-40%</b>

Consolidated current assets increased 1.2 times from ₱4,988 million in December 2020 to ₱11,038 million in December 2021 caused by the growth in Advances to related parties account by ₱6,533 million. This is related to the sale proceeds from the disposal of the 2GO investment which were applied against certain loans of the parent company related to the investment. While Non-current assets were reduced to ₱23,084 million compared to ₱32,366 million in 2020. Certain vessels and equipment of the Group were sold during the year, and certain vessels were impaired resulting to the decrease in Property and equipment account.

Total Assets of the Group was ₱34,122 million in 2021 compared to ₱37,355 million in 2020 due to decline in non-current assets.

Consolidated Interest-bearing loans of the Group was ₱18,079 million at the end of the current year, an increase of 6% versus ₱17,007 million in 2020 due to effect of loans restructuring and set up of lease obligation for the acquisition of MV TA 21 amounting ₱1,100 million.

Total Equity of the Group decreased to ₱5,650 million or by 40% as against last year of ₱9,486 million due to incurred losses amounting to ₱3,905 million in the current year.

### Comparable discussion on Material Changes in Results of Operations for the Year Ended December 31, 2020 vs. 2019.

Amounts in millions	December 31, 2020		December 31, 2019		Change	
	Amount	%	Amount	%	Amount	%
Revenues	P 4,679	100%	P 7,220	100%	( P 2,541 )	-35%
Cost of sales and services	5,298	113%	5,589	77%	( 291 )	-5%
Other Operating Expenses	1,042	22%	996	14%	46	5%
Expected credit losses on receivables	762	16%	-	0%	762	-
Operating Profit (Loss)	( 2,423 )	-52%	635	9%	( 3,058 )	-482%
Other Charges - Net	( 479 )	-10%	( 1,607 )	-22%	1,128	-70%
Profit (Loss) Before Tax	( 2,902 )	-62%	( 972 )	-13%	( 1,930 )	198%
Tax Expense (Income)	409	9%	( 141 )	-2%	550	-391%
<b>Net Profit (Loss)</b>	<b>( P 3,312 )</b>	<b>-71%</b>	<b>( P 832 )</b>	<b>-12%</b>	<b>( P 2,480 )</b>	<b>298%</b>
Add Back:						
Tax Expense (Income)	409		( 141 )		550	-391%
Depreciation and Amortization	1,676		1,272		404	32%
Interest Expense	1,302		1,224		78	6%
Share in Net Loss (Income) of an Associate	1,046		483		563	117%
Provision for expected credit losses	762		-		762	0%
Loss on remeasurement of investment	333		-		333	0%
Impairment loss on property and equipment	71		7		63	0%
Loss on debt modification	87		-		87	0%
Less: Gain on bargain purchase	( 1,185 )		-		( 1,185 )	0%
Gain on sale of an associate	( 984 )		-		( 984 )	0%
Interest Income	( 0 )		( 3 )		3	-83%
<b>EBITDA</b>	<b>P 205</b>	<b>4.38%</b>	<b>P 2,011</b>	<b>28%</b>	<b>( P 1,806 )</b>	<b>-90%</b>

The first 2 months of the year 2020 promised a record performance for the Group with operating units achieving their respective revenue targets. This performance was the result of all the various strategies and other business alignments implemented across the Group. However, in March the COVID-19 pandemic escalated rapidly, and the resulting impact on the operations and the measures taken by the government to contain the virus have negatively affected the Group's results in the operating period. Community quarantine imposed by the national government starting March 15, 2020 resulted to travel restrictions via land, sea and air transport. Although movement of essential goods were allowed, cargo volume dropped considerably in the first two and a half months of the Enhanced Community Quarantine (ECQ) period. The gradual lifting of restrictions resulted to slight improvement in the Group's operations which is still far from its pre-pandemic operating results.

As a result, the Group posted a Net Loss of ₱3,312 million for the year ended December 31, 2020. This is almost three-folds increase or ₱2,480 million higher than the ₱832 million Net Loss as of December 31, 2019.

This year, losses includes Share in Net Losses of an Associate amounting to ₱1,046 million; Provision for expected credit losses on receivables of ₱762 million; Impairment on remeasurement of investment of ₱333 million; Loss on debt modification of ₱87 million; and Impairment Loss on Property and Equipment of ₱71 million. On the other hand, the Group recognized Gains on Bargain Purchase and Sale of an Associate amounting to ₱1,185 million and ₱984 million, respectively.

EBITDA dropped significantly by 90% from ₱2,011 million in 2019 to ₱205 million in 2020.

Based on the comparison of the actual revenue performance in 2020 as against 2019, the Group's revenues declined by ₱2,541 million or 35% to ₱4,679 million from ₱7,220 million. The community quarantine restrictions greatly affected all revenue segments of the Group.

Travel limitations brought Passage revenue to a ₱922 million or 65% decline to ₱501 million in 2020 from ₱1,423 million in 2019. Passage steadily declined from the March 2020 lockdown and continued to the succeeding months until hitting zero level during periods of complete lockdown. To date, passage has yet to recover to pre-COVID levels. While the decrease in Tankering revenue, which consist of charter fees and standby charges by ₱819 million or 41% to ₱1,165 million from ₱1,983 million was due to reduction in movement of petroleum products in 2020. Its base customers were

from the petroleum, airline, and power industries. The airline industry grounded almost all aircraft in 2020. Bunker-fired power plants were idle with power requirements at low levels during the year. Transport sector was also greatly affected and thus there was a low demand for fuel. All these situations affected the tanker business. Freighter segment suffered a significant volume drop during the ECQ period is now in the recovery phase with cargo movement increasing in the market starting in the latter part of the second half of 2020. Thus, Freight revenue reduced by ₱591 million or 22% to ₱2,097 million in 2020 from ₱2,688 million in 2019.

Tugboat revenues slightly increased by ₱12 million or 4% to ₱351 million from ₱338 million in 2020 and 2019, respectively.

Unparalleled variance to net decline in Net Revenue of the Group's Cost of Sales and Services was driven by (1) costs incurred by vessels put on laid up status, and (2) additions on property and equipment and impairment losses. The laid up vessels continue to incur costs on salaries and wages for the minimum manning requirement, port expenses, bunker fuel, insurance, and depreciation and amortization. Despite lower number of trips this year, operating vessels moved at lower load factor as demand declined significantly due to travel restrictions and lower cargo volume.

Total Costs of Sales and Services decreased by ₱292 million or 5% to ₱5,298 million in 2020 from ₱5,589 million in 2019. Bunkering cost decreased by ₱414 million or 21% to ₱1,569 million from ₱1,984 million in 2020 and 2019, respectively. The cost includes ₱200 million in fuel hedging losses incurred in 2020.

On the other hand, with the arrival of a new vessel, a brand new ROPAX this year and the full year depreciation impact of three additional ships acquired and deployed in late 2019, Depreciation and Amortization cost increased by ₱345 million or 28% to ₱1,559 million from ₱1,213 million in 2020 and 2019, respectively. Also, the Group booked ₱71 million in impairment losses on vessels of subsidiaries – Trans-Asia Shipping Lines Inc. this year. Full year costs of Supercat Fast Ferry Corp. were also included this year as a result of its acquisition and consolidation starting October 2019.

The Group's consolidated Other Operating Expenses increased by ₱45 million or 5% to ₱1,042 million in the current year from ₱996 million in prior year. Depreciation and amortization expenses went up by ₱58 million or 98% to ₱117 million in 2020 from ₱59 million in 2019 due to full year effect of PFRS 16 application and additional contracts during the year. The continued expansion of the Group brought increase in Outside Services cost by ₱87 million to ₱145 million in 2020 from ₱59 million in 2019.

In 2020, measures were taken by the Group to manage and contain costs. Manpower rationalization resulted to a 22% reduction in personnel with total cost paid of ₱28.5 million as at end of the year.

In the period since December 31, 2019, the Group has provided for expected credit losses on outstanding receivables amounting to ₱762 million.

Net Other Charges decreased by ₱1,128 million or 70% to ₱479 million in 2020 from ₱1,607 million in 2019. The change resulted from the combined effects of the following:

- The Gain on Bargain Purchase of ₱1,185 million and Loss on Remeasurement of Investment of ₱333 million arose from the step-up acquisition of a subsidiary, KGLI-NM were recorded in 2020. The investment and corresponding goodwill were measured at fair value less cost to sell.

- Share in Net Loss of Associates booked in 2020 amounted to ₱1,046 million - Dito Holdings Corp. (DHC) of ₱149.4 million, 2GO of ₱205.8 million, and Dito Telecommunity Corp. (DTC) of ₱691 million. This is ₱563 million higher compared to ₱483 million share in net loss of associates recorded in 2019.
- On October 30, 2020, CLC's BOD approved the sale of its 40,833,332 common shares and 22,916,666 preferred shares of DTC to DHC which resulted to a Net Gain on Sale of an Associate of ₱984 million. CLC owned 42% of DHC, however subsequently diluted to 11% upon subscription of Udena Communications Media and Entertainment Holdings Corp. (UCME) to additional common shares in DHC, resulting to an indirect ownership of CLC in DTC of 6.6%.
- Relative to restructured loans of the Group, ₱87 million loss on debt modification was recorded in 2020.
- Increase in Finance cost by ₱78 million or 6% to ₱1,302 million in the current period from ₱1,224 million in the prior period arising from additional funding obtained from banks to finance vessel acquisitions in 2020 and 2019.

Tax expenses of ₱409 million includes derecognized deferred tax assets related to NOLCO and MCIT in the years 2017, 2018, and 2019.

### Financial Condition

December 31, 2020 versus December 31, 2019

Amounts in millions	December 31, 2020		December 31, 2019		Change	
	Amount	%Total	Amount	%Total	Amount	%
Current Assets	P 4,988	13%	P 5,055	12%	( P 66 )	-1%
Non-Current Assets	24,963	67%	35,950	88%	( 10,987 )	-31%
Non-Current Assets Held for Sale	7,403	20%	-	0%	7,403	-
<b>Total Assets</b>	<b>P 37,355</b>	<b>100%</b>	<b>P 41,004</b>	<b>100%</b>	<b>( P 3,650 )</b>	<b>-9%</b>
Current Liabilities	P 16,761	60%	P 18,077	63%	( P 1,316 )	-7%
Non-Current Liabilities	11,108	40%	10,473	37%	635	6%
<b>Total Liabilities</b>	<b>P 27,869</b>	<b>100%</b>	<b>P 28,551</b>	<b>100%</b>	<b>( P 682 )</b>	<b>-2%</b>
<b>Total Equity</b>	<b>P 9,486</b>	<b>100%</b>	<b>P 12,454</b>	<b>100%</b>	<b>( P 2,968 )</b>	<b>-24%</b>

The Group's Total Assets as at December 31, 2020 amounted to ₱37,355 million, ₱3,650 million or 9% lower compared to 2019. Non-Current Assets dipped by ₱3,683 million or 10% to ₱32,366 million brought by the decrease in Investments in Associates account by ₱5,443 million or 85% due to reclassification of 2GO investments as Other Non-Current Assets Classified as Held for Sale.

In 2020, CLIHC obtained a direct investment on an associate, KGLI-NM's Preferred C shares. Due to direct investment, KGLI-NM is now considered a subsidiary of CLIHC with combined 90% voting interest. Such acquisition was considered as a Step-up Acquisition with view of resale. As a result, the investment and the corresponding Goodwill were measured at fair value less cost to sell. The remeasurement reduced the recorded Goodwill by 68% to ₱1,848 million in 2020.

On March 19, 2021, CLIHC signed Agreements to sell its entire effective interests of around 31.73% in 2GO Group, Inc. at ₱8.50 per share through KGLI-NM Holdings, Inc., a CLIHC subsidiary company.

Certain vessels were identified as available for sale in 2021. The carrying values of the vessels were computed to respective fair values less cost to sell and reclassified as Other Non-Current Assets Classified as Held for Sale. Property and Equipment account declined by 6% to ₱21,504 million this year.



Current Liabilities were down by ₱1,316 million or 7% to ₱16,761 million. Trade and Other Payables significantly lowered due to slow down in operations and cost containment measures of the Group.

Increase in total bank loans – short and long term by ₱613 million or 4% to ₱16,920 million is due to additional loans obtained to finance vessel acquisitions in 2020 and 2019.

Deferred tax liabilities increased by ₱193 million to ₱357 million due to revaluation reserves on property and equipment.

Total Equity dropped by ₱2,968 million or 24% to ₱9,486 million due to operating losses incurred by the Group in 2020 amounting to ₱3,312 million.

Redeemable Preference Shares are fixed dividends for four years in KGLI NM has a face value of ₱430 million plus accrued interest of ₱800M. A total of ₱1,230 million is lodged under Current Liabilities.

In October 2020 the Board of Directors approved the issuance of 500,000 Preferred Shares with par value of ₱1.00 per share through a private placement subject to the terms and conditions specified by the Directors. Subscription price of the shares is ₱1,000 per share. This is presented as part of the Deposits for Future Stock Subscription.

Also, in October 2020, the Shareholders ratified the BOD approval of the increase in the authorized capital stock of CLIHC to ₱3,500 million with an increase of 1,500 million common shares. The ultimate parent, Udena Corporation subscribed to 375 million common shares equivalent to 25% of the total increase at the price of ₱3.26 per share with reference to the 90-day VWAP. This is presented as part of Deposits on Future Stock Subscription. The increase in authorized capital stock is pending approval of SEC as of December 31, 2020.

### Key Performance Indicators and Relevant Ratios

The Group's key performance indicators and relevant ratios and how they are computed are listed below.

	2022	2021	2020
Current ratio		0.68	0.30
Debt-to-equity ratio		5.04	2.94
Book value per share		3.10	5.21
EBITDA margin		-0.69%	4%
Return on equity		-69%	-35%
Loss per share		-2.143	-1.82

These key indicators were chosen to provide Management with a measure of the Group's financial strength (Current Ratio and Debt to Equity) and the Group's ability to maximize the value of its stockholders' investment in the Group (Return on Equity, Net Book Value Per Share and Earnings Per Share). Likewise, these ratios are used to compare the Group's performance with similar companies.

### Known Trends or Demands, Commitments, Events or Uncertainties that will impact Liquidity

The Company is not aware of any known trends, demands, commitments, events or uncertainties that will materially affect its liquidity.

**Events that will trigger Direct or Contingent Financial Obligation that is material to the Company, including any default or acceleration of an obligation**

The Company is not aware of other events that will materially trigger a direct or contingent financial obligation.

**Material Off-Balance Sheet Transactions, Arrangements, Obligations (including contingent obligations), and Other Relationships of the Company with Unconsolidated Entities or Other Persons Created during the Reporting Period**

The Company has no material off-balance sheet transactions, arrangements, obligations and other relationships with unconsolidated entities or other persons created during the period that is not included in the Financial Statements.

**Material Commitments for Capital Expenditures, the General Purpose of the Commitment and Expected Sources of Funds**

As discussed in Note 24.6 to the financial statements, the Company signed a shipbuilding agreement for the delivery of a bed/seat Ro-Ro type passenger ferry ship presently identified as Builder's No. F-1351 for delivery in June 2021

**Known Trends, Events or Uncertainties that will impact Sales / Revenues / Income from Continuing Operations**

The Company is not aware of any known trends, events or uncertainties that will impact its sales and/or income from continuing operations.

**Significant Elements of Income or Loss that Did Not Arise from Continuing Operations**

On March 27, 2021, the President of the Republic of the Philippines declared the imposition of Enhanced Community Quarantine (ECQ) which restricted all land, air and sea transport to and from Luzon. Several local government units in Visayas and Mindanao also followed with their respective Executive Orders restricting all forms and transport. These pronouncements resulted in a significant slowdown in the Group's operations while continuously incurring costs while the vessels are on laid-up status.

**Seasonal Aspects that had Material Effect on the Financial Condition or Results of Operations**

The RoPax segment transports passengers and cargoes within Philippine territorial waters and/or on the high seas. Due to the seasonal nature of this segment, higher passage revenues and operating profits are usually experienced in the summer months of the year (March, April and May), school holidays (October and November) and Christmas holidays (December and January) rather than in the other months of the year. Freight revenues, on the other hand, are higher at the last quarter of the year rather than in the early months. This scenario, however did not hold true for 2020 because of the ECQ declared in the various cities and provinces where the Group operates, starting second half of March 2020.

The seasons of the year have no or little effect on the operations of the tanker and tugboat segments.

## **II. NATURE AND SCOPE OF BUSINESS**

### **Item 1. Historical Background**

Chelsea Logistics and Infrastructure Holdings Corp. (CLIHC) is a corporation organized and registered with the Philippine Securities and Exchange Commission (SEC) as 'Chelsea Shipping Group Corp.' on August 26, 2016 primarily to act as a holding company.

On November 24, 2016, the Company acquired all of the outstanding shares of Chelsea Shipping Corp. (CSC) from P-H-O-E-N-I-X Petroleum Philippines, Inc. (PPPI), a related party under common ownership, for a total consideration of P2.0 billion.

On December 12, 2016, the Company acquired 100% ownership interest in Trans-Asia Shipping Lines, Incorporated for a total consideration of P216.3 million.

On December 21, 2016, the Securities and Exchange Commission approved the application of the Company to amend its corporate name from "Chelsea Shipping Group Corp." to "Chelsea Logistics Corp." and on June 27, 2017 the change from "Chelsea Logistics Corp." to "Chelsea Logistics Holdings Corp.", and on 7 May 2019 the change from "Chelsea Logistics Holdings Corp." to "Chelsea Logistics and Infrastructure Holdings Corp."

On March 27, 2017, CLIHC acquired all of Udenna Investments BV's (UIBV's) outstanding capital stock through a share swap agreement with Udenna Corporation wherein Udenna Corporation transferred to CLIHC 18,200 UIBV shares. In exchange, CLIHC issued 775,384,615 new common shares from its authorized and unissued capital stock in favor of Udenna. UIBV owns 80% economic interest in KGLI-NM, a domestic corporation which was incorporated on August 8, 2008, and which holds 39.85% economic interest in Negros Navigation Co., Inc. (NENACO). KGLI-NM acquired such interests in NENACO on May 13, 2008. NENACO, in turn owns 88.31% of 2Go Group, Inc. (2Go). NENACO acquired its interests in 2Go on December 28, 2010. Hence, CLIHC has a 28.15% indirect economic interest in 2Go. NENACO and 2Go are the largest supply chain enterprise and end-to-end solutions provider in the Philippines.

On August 8, 2017, the Company went public and its shares of stock were initially listed at the Philippine Stock Exchange (PSE).

On November 8, 2017, the Company acquired WorkLink Services, Inc., a one-stop integrated logistics solutions provider. Subsequently, on November 9, 2017, the Company acquired Starlite Ferries, Inc., a roll-on, roll-off and passenger ship operator based in Batangas.

On October 9, 2019, the Company acquired The Supercat Fast Ferry Corporation, a shipping company engaged in the operations of fast crafts in Cebu, Batangas, Ormoc, Bacolod, Iloilo and Tagbilaran.

### **Item 2. Business of Issuer**

#### **Description of Registrant**

#### **Principal Products and Services**

CLIHC's core businesses, through its wholly-owned subsidiaries, are divided into: (i) Tankering, (ii) Passage, (iii) Freight, (iv) Tugboat services, and (v) Logistics Services.

### **Chelsea Shipping Corp.**

Chelsea Shipping Corp. (CSC), incorporated on July 17, 2006, is engaged in maritime trade in the conveyance or carriage of petroleum products, goods, wares, and merchandise of every kind and description, including but not limited to general cargo handling, loading, transporting, discharging and storing, over oceans, seas, lakes, rivers, canals, bays, harbors, and other waterways.

CSC's wholly-owned subsidiaries are engaged in the following businesses:

- a. PNX-Chelsea Shipping Corp. (PNX-Chelsea), incorporated on February 2, 2011, is engaged in operating vessels for domestic trade for conveyance or carriage of petroleum products, goods, wares, and merchandise of every kind and description, to charter in and charter out any such vessels and to provide complete maritime services.
- b. Fortis Tugs Corporation (FTC), incorporated on April 8, 2013, is engaged in the towage and salvage of marine vessels and other crafts including cargoes upon seas, lakes, rivers, bays, harbors, and other waterways between the various ports of the Philippines. DGMSI, a wholly-owned subsidiary of FTC, operates, conducts, and provides tug and other marine services to all vessels, foreign or coastwise that dock and undock in the District Port of Davao and all other ports in the Philippines.
- c. Michael Inc. (MI), incorporated on December 26, 1957, is engaged in the charter, hire or otherwise acquire LCTs, ships, barges, or vessels, together with equipment and furniture thereof.
- d. Bunkers Manila Incorporated (BMI), incorporated on March 7, 2000, is engaged in operating inter-island vessels for domestic trade, to charter in and charter out any such vessels and to provide complete marine services, as principal or agent to ship owners, ship operators and managers, and to any person, association, firm or corporation engaged in domestic marine and maritime business.
- e. Chelsea Ship Management & Marine Services Corp. (CSMMSC), incorporated on March 30, 2012, is engaged in ship management and is authorized to act as agent, broker, ship chandler or representative of foreign/ domestic shipping corporations and individuals for the purpose of managing, operating, supervising, administering and developing the operation of vessels belonging to or which are or may be leased or operated by said shipping corporations and individuals.
- f. Chelsea Marine Manpower Resources, Inc. (CMMRI), incorporated on June 9, 2016, is engaged in providing full and partial crewing for domestic and foreign vessels, and is authorized to act as authorized representative and crew manager of shipping companies, and to provide allied maritime services for said vessels and companies.
- g. Chelsea Dockyard Corp. (CDC), incorporated on January 8, 2018 and is engaged in the general business of building and repair of ships, boats and other kinds of vessels as well as in ship breaking activities.
- h. CD Ship Management & Marine Services Corp. (CDSMMSC), incorporated on March 14, 2018 and is engaged to carry on the business of ship management and to act as agent, broker, ship chandler or representative of foreign/domestic shipping corporations and individuals for the purpose of managing, operating, supervising, administering and developing the operation of vessels belonging to or which are or may be leased or operated by said shipping corporations and individuals and for such purpose, to act as principal in and hire the services of a local manning agent for the overseas employment for seamen, and to equip any and all kinds of ships, barges and vessels of every class and description owned by any shipping corporation.

### **Trans-Asia Shipping Lines, Incorporated**

Trans-Asia Shipping Lines, Incorporated (Trans-Asia), incorporated on March 25, 1974, is engaged in transporting passengers and cargo within Philippine territorial waters and/or in the high seas.

Trans-Asia's wholly-owned subsidiaries are engaged in the following businesses:

- a. Ocean Star Shipping Corporation (OSSC), incorporated on July 6, 2006, is engaged in the hire,

charter, purchase or otherwise acquires vessels, barges, tugboats, lighters or other vessels of any class or regular services of vessels, barges, tugboats, lighters, or other vessels to enter into contract for the carriage and shipment in bulk or otherwise, and to conduct the business of general lighterage, towing ship chandlery, shipbrokers, freight contractors, barge and lighter owners and operators, forwarding agents, and general cargo handling operations of any all kinds of cargo.

- b. Stary Shoppe, Inc. (SSI), incorporated on March 31, 2005, is engaged in the purchase of all kinds of food and beverage products and merchandise, except rice and corn, locally and/or through importation for purposes of selling the same on retail or wholesale, either local and/or through importation.
- c. Dynamic Cuisine Inc. (DCI), incorporated on June 21, 2000, is engaged in maintaining restaurants, coffee shops, refreshment parlors, cocktail lounges, and cooks, arranges, serves and caters goods, drinks, refreshments and other food or commodities commonly served in such establishments.
- d. Quality Metal & Shipworks, Inc. (QMSI), incorporated on November 28, 2007, is engaged in providing machining and mechanical works on ship machineries and industrial plants.
- e. Star Maritima Port and Allied Services, Inc. (SMPASI), incorporated on October 11, 2018, is engaged primarily in providing arrastre services.
- f. Big Hub Transport and Logistics Corp. (Big Hub), incorporated on November 14, 2018 engaged in the business of transporting by land persons and/or their baggage, cargo, goods merchandise or effects, and to own, lease or charter, offer for lease or charter or operate land vehicles such as, but not limited to buses, cars, jeeps or vans.

#### **TASLI Services Incorporated**

TASLI Services Incorporated was incorporated on September 10, 2019 and is engaged in the business of shipping agency and maritime operations and services. TASLI Services handles the operations of cargo vessels which operate from Manila with routes to Cebu and Davao and back.

#### **Worklink Services, Inc.**

Worklink Services, Inc. (WSI), established in February 1999, provides domestic logistics solution for various local industries. WSI's services are the following:

- a. Courier – Document (via Air/Land) and Non-document (via Air/Land/Sea)
- b. Trucking – Rental and hauling
- c. Warehousing – warehouse rental, inventory management, pick and pack, online shipping
- d. Special Projects – Account Management such as event management, manpower, in-store or trade merchandising/design set-up; and Drop Box Management such audit and encoding

#### **Starlite Ferries, Inc.**

Starlite Ferries, Inc. (SFI), incorporated on 26 August 1994, is engaged in the general business of domestic shipping to own and operate any class, type or description for domestic trade, to charter in and out any such vessels. SFI is one of the dominant shipping companies in the Batangas – Calapan and Roxas – Caticlan trade routes.

SFI has a wholly owned subsidiary, Starbites Food Services Corp., incorporated on 27 June 2018 and which was established to purchase all kinds of food and beverage products and merchandise, except rice and corn, locally and/or through importation, for purposes of selling the same on retail or wholesale locally.

On August 10, 2018 and October 22, 2018, SFI acquired all of the outstanding shares of stock of Southwest Gallant Ferries, Inc. (SGFI) and Southwest Premiere Ferries, Inc. (SPFI), respectively. Both companies are primarily engaged in the general business of domestic shipping; to own and operate vessel of any class, type or description for domestic trade; to charter in and out any vessel. Southwest

Gallant Ferries, Inc. has been re-named Starlite Gallant Ferries, Inc. and Southwest Premiere Ferries, Inc. has been re-named Starlite Premiere Ferries, Inc.

### **The Supercat Fast Ferry Corporation**

The Supercat Fast Ferry Corporation incorporated on 20 June 2001 is engaged in the business of passenger transport. It operates 11 fastcrafts plying the routes of Cebu- Ormoc, Cebu-Tagbilaran, Batangas – Calapan, and Bacolod-Iloilo.

### **Revenue Contribution**

The following table represents the revenue distribution based on key business segments of the Company:

<b>Services</b>	<b>Description of Services</b>	<b>Contribution to Sales</b>
Freight	This pertains to revenues generated from transporting cargo from loading port to discharge port.	52%
Tankering	This consists mainly of charter income arising from the charter hire of its tankers and is recognized based on the type of charter agreement entered into, either under a time charter (TC), a continuing voyage charter (CVC), or bareboat agreement (BB). Charter fees also include standby charges, which represent fees charged upon failure of customer to utilize/dispatch the tanker within the allotted lay-time initially agreed upon with the customer. This is commonly referred to as demurrage.	11%
Passage	This pertains to revenues generated from ferrying passengers from the point of embarkation to the point of disembarkation.	20%
Tugboat	These are fees arising from docking, undocking, shifting, towing, ferry services, tugboat usage and delivery services to marine vessels and other crafts.	7%
Logistics Services	This pertains to revenues generated from logistics, distribution and warehousing services.	9%

### **Competition**

#### **A. Freight**

The Company's Freight business is supported by its subsidiaries operating nationwide: Chelsea Shipping, Trans-Asia Shipping Lines and Starlite Ferries handle shipping of cargoes, while Worklink Services provides end-to-end logistics solutions through its 77 delivery trucks and 11,294 sq.m. of warehousing capacity.

The top 5 major competition in the Freight sector are:

1. Solid Shipping Lines
2. Philippine Span Asia Carrier Corp.
3. Lorenzo Shipping Corp.
4. Gothong Southern Shipping Lines
5. Oceanic Container Lines Inc.

## **B. Tankers**

The transport of petroleum products is one of the essential businesses that propel the growth of the Philippine economy. There are approximately 7,400 islands in the country, of which more than half are inhabited. The populace needs fuel for transportation, electrical power, farming and other activities. It is the oil tankers and trucks which make sure that fuel is transported to places in our country where and when it is needed.

As of December 2021, the Maritime Industry Authority (MARINA) registered approximately 242 oil tankers in the country, which have a Total GRT of 303,751. The registered tankers have an average GRT of 1,255 and an average age of 22 years.

Below are the five (5) major competitors of CLIHC in terms on the tanker business, these companies have a fleet of four (4) or more vessels.

1. Petrolift Group
2. Herma Shipping Group
3. Shogun Ships Co., Inc.
4. Via Marine
5. Magsaysay Shipping and Logistics Group

## **C. Tugboats**

Tugboats are small, powerful boats that are used to maneuver vessels of larger size by pushing and towing them. These are especially useful in narrow & difficult waterways and crowded ports. Although tugboats are usually utilized for docking & undocking procedures, they also have a wide range of applications including vessel rescue and steering structures without an independent propulsion system. Without tugboats, entry and exit of vessels from ports would be markedly less efficient and vessels would experience faster wear and tear.

According to the April 2022 records of the MARINA, there are 758 registered tugboats in the Philippines with a total GRT of 109,004. Majority of smaller GRT tugboats hold a Bay & River trading license from MARINA while bigger vessels hold a Coastwise license. The top two (2) industry players in the tugboat industry account for more than 24% of the total tugboats over 100 GRT.

CLIHC competitors in providing tugboat services include:

1. Harbor Star Shipping Services, Inc.
2. Malayan Towage and Salvage Corporation
3. Pilot-operated Tugs

## **D. Roll-on-Roll-off Passenger Ship/Ferry**

Roll-On-Roll-Off-Passenger-ship/ferry (RoPax) refers to vessels that can accommodate passengers along with freight vehicle transport. Given the archipelagic nature of the country, RoPax vessels are vital in transporting people and goods across the different islands. Given their accessibility and capability of ferrying large amounts of goods and manpower, passenger and freight vessels are an integral part of the logistical backbone of the Philippines.

As of December 2021, there are 742 passenger vessels registered with the MARINA, with a total GRT of 423,458. These passenger vessels have an average GRT of 575 and an average age of 18 years. For the same period, there are 1,917 cargo vessels registered with the MARINA, with a total GRT of

2,009,232. These cargo vessels have an average GRT of 1,049 and an average age of 23 years.

CLIHC's main competitors in RoPax segment include:

1. Asian Marine Transport Corporation
2. Cokaliong Shipping Lines, Inc.
3. Lite Shipping Corporation
4. Montenegro Shipping Inc.
5. Archipelago Philippine Ferries Corporation
6. Island Water

### **Suppliers**

The Company sources its vessel, fuel requirements and other supply domestically and internationally. The Company sources approximately 90% of its fuel requirements from Phoenix Petroleum Philippines, Inc.

The payment forms vary for each supplier. It ranges from Letter of Credit, drawn against payment, down payment, and various credit terms offered by supplier.

### **Transactions with and/or Dependence on Related Parties**

In the ordinary course of its business, CLIHC and its subsidiaries engages in transactions with related parties and affiliates. It is the Company's policy to ensure that these transactions are entered on terms comparable to those available from unrelated third parties. This may consist but not limited to the following:

- i. Chartering services
- ii. Fuel purchases
- iii. Advances to/from related parties for working capital purposes

Currently, the Company sources approximately 90% of its fuel requirements from its affiliate – Phoenix Petroleum Philippines, Inc.

### **Employees**

As of December 31, 2022, the Company has a total of 2,132 employees, 985 of which are crewmen and are stationed at various ports of operation, while the other 1,147 employees are office personnel or are members of support services.

Crewmen consist of captains, engineers, mechanics, divers, and able-bodied personnel. On the other hand, office personnel are comprised of the sales and marketing group, accounting and finance professionals, administrative services employees and the operations department.

A bachelor's degree in a relevant field is required of each one of the Company's directly-hired employees. For deck and engine crew, a MARINA-issued Qualification Document Certification is also mandated by the Company prior to employment.

Benefits received by employees include government-mandated benefits (Social Security System, Pag-ibig, and PhilHealth), rice subsidies, vacation leave of 15 days per year, health plans, and retirement pay. The Company supports employee development thru the conduct of in-house seminars, drills and



training. Employees are enrolled in various technical, professional, management and leadership training, here and abroad. One of CLIHC's subsidiaries, Trans-Asia Shipping, has two (2) existing labor unions, one for its supervisors and one for its rank and file employees. Both unions have existing collective bargaining agreements ("CBA") valid from August 11, 2017 to August 10, 2022. The relationship with the unions has been generally harmonious and there has been no incidence of labor strikes in the past three (3) years, up to the present. There is also no impending or threatened labor strike.

### **Risks Relating to the Company**

The following are the key risks factors which may affect the operations of the Company:

- *Maritime vessels are the Company's primary assets and, in the course of operation, are susceptible to maritime accidents.*

Due to the nature of the shipping industry, the risk of collision is real. Collisions may result in extensive damage to a vessel's hull, increasing its susceptibility to taking on water, which may result in the integrity of the vessel being compromised or even result in a complete loss of the vessel, environmental pollution, loss of life and damage to properties. Furthermore, when vessels are docked, they are secured to the harbor by use of the anchor, and a rope tied between the ship's stern and the berth. In times of strong winds and constant rain, these harnesses may break, thereby risking the safety of the ship.

To mitigate these risks, the Company ensures that its crew members have undergone the necessary orientation and training seminars on operations and safety. Furthermore, crewmen are required to complete quarterly safety training seminars, and yearly assessments to promote the progressive enhancements of their skills. The Company also conducts drills to ensure crew safety and minimize damage to property and the environment. For the drydock of its vessels, the Company utilizes shipyards with vast drydocking/repair experience and which observe internationally-accepted standards of safety.

- *The Company operates in a regulated industry and its business is affected by the development and application of regulations in the Philippines.*

Continued compliance with, and any changes in, environmental laws and regulations may adversely affect its results of operations and financial condition. The Company may fail to fulfill the terms of licenses, permits and other authorizations, or fail to renew them on expiration.

To address this risk, the Company ensures to diligently adhere with and closely monitor compliance with the terms of its licenses, permits and other authorizations. The Company likewise employs competent legal and operating personnel who regularly liaise with the various government agencies to ensure compliance by the Company with changes in environmental laws and regulations and monitor renewal of its licenses and permits.

- *The Company's vessels are mechanical and are susceptible to breakdowns.*

The Company's operations use mechanical vessels that are subject to regular mechanical wear and tear. The occurrence of mechanical failure can result in downtime and opportunity losses for the Company. To ensure that the Company's high service quality is maintained, the Company has a preventive maintenance system and drydocking program for its vessels. In the event of non-availability of its vessels, due to breakdown or other factors, the Company charters third party vessels to serve

customer requirements.

- *The shipping industry is highly competitive.*

In order to maintain its market competitiveness, the Company must provide reliable and efficient service to its clients. The Company continues to improve its manpower complement by employing experienced and competent officers, and providing continuous training. The Company's clients prefer younger and well-maintained vessels and this necessitates significant capital expenditures by the Company on a regular basis. The Company has also formulated a re-fleeting plan and improved preventive maintenance system.

- *Volatility of fuel prices impacts the operations of the Company.*

Fuel is a key component of shipping operations. In cases of significant increases in fuel prices, the Company may not be able to automatically pass on to its clients the effects of these increases. Thus, the Company's gross margins may be adversely affected, reducing its profitability. To mitigate this risk, the Company maximizes its affiliation with P-H-O-E-N-I-X Petroleum Philippines, Inc. through access to information on movement of global petroleum prices. This allows the Company to hedge prices for its fuel requirements necessary to protect its profitability.

- *Changes in legal and regulatory environment.*

The Company is engaged in the shipping transport business. As a result, the Company is required to hold a wide range of business permits and licenses. Compliance with these laws and regulations involve certain compliance costs, the failure of which can lead to the imposition of fines and sanctions, including the revocation of permits and licenses necessary for the conduct of the Company's business and activities. As these laws and regulations change from time to time, tougher regulations may be imposed in the future which may affect the conduct of the Company's business and operations.

Moreover, there can be no assurance that current laws and regulations applicable to the Company will not increase the costs of operating its vessels and facilities above currently projected levels or require future capital expenditures. Although the Company endeavors to maintain compliance with applicable laws and regulations the introduction or inconsistent application of, or changes in, the laws and regulations applicable to the Company's business could have a material adverse effect on its business, financial condition and results of operations. To address the foregoing risks, the Company, in conjunction with industry associations such as the Philippine Shipping Vessel Owners Association Inc. ("PHILSVOA") and Visayas Association of Ferry Boats and Coastwise Service Operators ("VAFCSO"), is actively engaged in policy advocacy causes for the promotion and development of the shipping transport industry in the country, tackling regulatory and policy issues and concerns faced by the industry and working to strengthen industry-government partnerships.

Furthermore, the Company employs competent legal and operating personnel, who regularly liaise with the various government agencies to ensure compliance by the Company with new regulations and exercise the requisite due diligence with respect to protecting the Company's business, financial condition, and results of operations from the aforementioned risks while still complying with the applicable laws and regulations. In addition, the Company on a case-to-case basis engages external counsel to provide specialized legal advice and service.

#### **Effects of Existing or Probable Governmental Regulations on the Business**

The Company believes that it complies with relevant laws, rules and regulations for all the business

activities that it is currently engaged in. The Company cannot provide assurance that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail further expansion or development.

Additionally, new rules and regulations that may be enacted may increase the Company's operating costs and may adversely affect the Company's results of operations and financial condition.

### **Costs and Effect of Compliance with Environmental Laws**

The Company incurred ₱8,537,598.90 and ₱7,159,603.72 for 2021 and 2020, respectively for costs relating to compliance with environmental laws as required by the MARINA. This pertains to daily waste management expenses.

### **Item 3. Properties**

The Group owns various tankers, barges, RoPax, cargo vessels and tugs which are utilized in its business. The following table sets forth information on these vessels that each company owns as of December 31, 2022.

	<b>Name of Vessel</b>	<b>Registered Owner</b>	<b>Year Built</b>	<b>Type</b>
1.	M/T Chelsea Providence	CSC	2013	Medium Range Tanker
2.	M/T Chelsea Great Diamond*	CSC	2012	Oil/Chemical Tanker
3.	M/T Chelsea Cherylyn	CSC	2009	White Oil, Carrier, Tanker
4.	M/T Chelsea Denise	CSC	1985	Black / White Oil Carrier, Tanker
5.	M/T Chelsea Resolute****	CSC	1979	White Oil, Carrier, Tanker
6.	M/T Chelsea Enterprise	CSC	1985	Black Oil Tanker
7.	M/T Chelsea Excellence	CSC	1998	White Oil, Carrier, Tanker
8.	M/T Chelsea Intrepid	CSC	1994	Black Oil Tanker
9.	M/T Chelsea Denise II	PNX – CSC	2012	Black / White Oil Carrier, Tanker
10.	M/T Chelsea Dominance	PNX – CSC	2016	Product Oil Tanker
11.	M/T Chelsea Great Princess	PNX – CSC	2013	Oil/Chemical Tanker
12.	M/T Chelsea Endurance	PNX – CSC	2006	Product Oil Tanker
13.	M/T Chelsea Charlize	PNX – CSC	2015	Product Oil Tanker
14.	MV San Pedro Calungsod*****	PNC – CSC	1996	Cargo Container
15.	MV San Lorenzo Ruiz Uno*****	PNX – CSC	1996	Cargo Container
16.	MV St. Nicholas of Myra*****	PNX – CSC	1998	General Cargo
17.	M/T Ernesto Uno****	MI	1979	White Oil, Carrier, Tanker
18.	M/T Jasaan	MI	1990	Black Oil Carrier, Tanker
19.	M/T BMI Patricia*****	BMI	1981	Black Oil Carrier, Tanker
20.	Chelsea Agility*	CSC	2007	Floating Dock
21.	MV Trans Asia 1	Trans Asia	1980	Passenger Ship
22.	MV Trans Asia 2	Trans Asia	1977	Passenger Ship
23.	MV Trans Asia 3	Trans Asia	1989	Passenger Ship
24.	MV Trans Asia 8	Oceanstar	1984	Passenger Ship
25.	MV Trans Asia 10	Trans Asia	1979	Passenger Ship

Name of Vessel	Registered Owner	Year Built	Type
26. MV Asia Philippines****	Trans Asia	1975	Passenger Ship
27. MV Trans-Asia 18	Trans-Asia	1998	Passenger Ship
28. MV Trans-Asia 19	Trans-Asia	2018	Passenger Ship
29. MV Trans Asia 5*	Trans Asia	1989	Container Cargo Ship
30. MV Trans Asia 12	Trans Asia	1998	Container Cargo Ship
31. MV Trans Asia 15	Trans Asia	1995	Container Cargo Ship
32. MV Trans-Asia 16****	Trans-Asia	1996	Container Cargo Ship
33. MV Trans-Asia 17****	Trans-Asia	1999	Container Cargo Ship
34. MV Asia Pacific	Trans Asia	1981	General Cargo Ship
35. MV LCT Lapu-lapu Uno*	Trans-Asia	2014	General Cargo Ship
36. M/Tugs Fortis I****	FTC	1994	Tugboat
37. M/Tugs Fortis II	FTC	1990	Tugboat
38. M/Tug Fortis III	FTC	1972	Tugboat
39. M/Tug Fortis V	FTC	1984	Tugboat
40. M/Tug Fortis VI	FTC	1989	Tugboat
41. M/Tug Fortis VII	FTC	1984	Tugboat
42. M/Tug Fortis VIII	FTC	1984	Tugboat
43. M/Tug Fortis IX****	FTC	2009	Tugboat
44. M/Tug Fortis X	FTC	1988	Tugboat
45. M/Tug Fortis XI****	FTC	1988	Tugboat
46. M/Tug Fortis XII	FTC	1988	Tugboat
47. M/Tug Fortis XV	FTC	1987	Tugboat
48. M/Tug Samal	DGMS	1974	Tugboat
49. M/Tug Pindasan	DGMS	1981	Tugboat
50. M/Tug Sigaboy	DGMS	1971	Tugboat
51. M/Tug Orishima	FTC	1988	Oil Pollution Tugboat
52. MV Starlite Pacific	SFI	1983	Passenger and Cargo Ship
53. MV Starlite Annapolis****	SFI	1982	Passenger and Cargo Ship
54. MV Starlite Jupiter	SFI	1989	Passenger and Cargo Ship
55. MV Starlite Pioneer	SFI	2015	Passenger and Cargo Ship
56. MV Starlite Tamaraw	SFI	1981	Cargo Ship
57. MV Starlite Eagle	SFI	2016	Passenger and Cargo Ship
58. MV Starlite Reliance	SFI	2015	Passenger and Cargo Ship
59. MV Starlite Saturn	SFI	2016	Passenger and Cargo Ship
60. MV Starlite Archer	SFI	2017	Passenger and Cargo Ship
61. MV Starlite Venus	SFI	2021	Passenger and Cargo Ship
62. MV Starlite Sprint 1	SFI	2019	Fastcraft
63. MV SWM Salve Regina	SGFI	2018	Passenger and Cargo Ship
64. MV Stella Maris	SGFI	2019	Passenger and Cargo Ship
65. MV Trans-Asia 20 (Starlite Phoenix)	SGFI	2019	Passenger and Cargo Ship
66. MV SWM Stella del Mar	SPFI	2018	Passenger and Cargo Ship

Name of Vessel	Registered Owner	Year Built	Type
67. St. Uriel	Supercat	1992	Passenger Ship
68. St. Sealthiel	Supercat	2000	Passenger Ship
69. St. Jhudiel	Supercat	1996	Passenger Ship
70. St. Braquel	Supercat	1996	Passenger Ship
71. St. Emmanuel	Supercat	1998	Passenger Ship
72. St. Camael	Supercat	2017	Passenger Ship
73. St. Sariel	Supercat	2017	Passenger Ship
74. Supercat 36*	Supercat	1990	Passenger Ship
75. St. Micah****	Supercat	1990	Passenger Ship

\* Sold in 2021

\*\*\*\* On Drydock as of end December 31, 2021

\*\*\* Held for sale

\*\*\*\*\* for conversion to Water barge

Except as indicated above, as of the date of this Information Statement, all of the above-mentioned vessels are in good working condition.

Further, Trans-Asia owns a 1,509.28 sq.m. land located at M.J. Cuenco Ave. corner Osmeña Blvd., Brgy. San Nicholas, Cebu City and a building constructed thereon with a total floor area of 2,940 sq.m., which houses Trans-Asia Shipping's main office. Trans-Asia also owns three (3) container yards located at Quezon Blvd. within Piers 4 and 5, North Reclamation Area, Brgy. Cebu Port Center, Cebu City, and in Macabalan, Cagayan de Oro with an aggregate area of 14,904 sq.m.

In May 2018, the Company purchased a parcel of land at Ligid Tipas, Taguig City with an area of 25,335 sq.m. which will be the site of a warehouse facility being constructed by its subsidiary Worklink Services, Inc. Some of the vessels and real estate properties owned by CLHC and its Subsidiaries are used to secure long-term loans. The details of these loans are as follows:

## Secured Term Loans

Notes	Security	Terms	Interest Rates	Outstanding Balance	
				2021	2020
China Banking Corporation (CBC)	Continuing Suretyship/ MT Chelsea Great Princess/ MT Chelsea Charlize/ MT Chelsea Resolute/ MT Chelsea Enterprise/ MT Chelsea Escallanca/ MT Chelsea Ernasto				
(b.1)	Uno/ MT Chelsea Jasaan	7 years	6.50%	P 1,926,396,728	P 1,926,396,728
Development Bank of the Philippines (DBP)	MT Chelsea Providence/MV Stella Maria	15 years	6.50%	1,821,000,778	1,448,428,371
(f.4)					
Philippine Business Bank (PBB)	MV Eagle, MV Archer, MV Saturn	10 years	7.50%	813,238,917	813,238,917
(c.2)					
CBC	Real Estate Mortgage	15 years	7.25%	800,000,000	800,000,000
(b.3)					
DBP	Trans -Asia 16, 17 and 18	15 years	6.50%	584,892,857	584,892,857
(f.3)					
DBP	MV San Pedro Calungsod MV San Lorenzo Rus Uno	15 years	6.50%	496,802,412	526,329,569
(f.2)					
DBP	MV St. Nicholas of Myra	15 years	6.95%	469,953,817	521,280,000
(f.1)					
PBB	MV Pioneer, MV Reliance	15 years	7.50%	460,000,000	460,000,000
(c.4)					
PBB	MV Salve Regina	15 years	7.50%	460,000,000	460,000,000
(c.1)					
BDO Unibank, Inc. (BDO)	Trans -Asia 1 and 18	10 years	4.25% - 5.00%	338,707,130	348,323,661
(a.2)					
PBB	MV Stella Del Mar	15 years	7.00%	309,222,352	309,222,352
(c.3)					
DBP	MV St. Camael and MV St. Sariel	15 years	6.50%	300,238,829	322,837,037
(f.5)					
Mega International Commercial Bank Co. (MICBC)	Continuing Suretyship	5 years	4.09%	247,500,000	247,500,000
(e)					
Robinsons Bank Corporation (RBC)	Continuing Suretyship	5 years	4.09%	247,500,000	247,500,000
(e)					
CTBC Bank (Philis) Inc. (CTBC)	Continuing Suretyship	5 years	4.09%	247,500,000	247,500,000
(e)					
PBB	MT Chelsea Dominance	7 years	6.06%	227,848,850	227,848,850
(c.1)					
PBB	MT Chelsea Endurance	7 years	6.06%	192,578,750	192,578,750
(c.1)					
PBB	Pledge of shares of stocks	3 years	10.08%	177,709,000	-
(c.5)					
First Commercial Bank, Ltd. (FCB)	Continuing Suretyship	5 years	6.10%	165,000,000	165,000,000
(e)					
CBC	Trans -Asia 15	10 years	7.00%	162,407,807	228,703,704
(b.2)					
Rizal Commercial Banking Corp.	Starlite Sprint I	7 years	9.50%	110,776,839	111,507,798
(g)					
BH Capital Asia Growth Fund	Unsecured	5 years	9.00%	101,540,000	-
(h)					
BDO	MT Chelsea Denise II	2 years	5.50%	90,842,500	90,842,500
(a.1)					
Pioneer Insurance & Surety Corporation	MV St. Uriel and MV St. Sealthiel	2 years	8.00%	48,524,356	-
(j)					
Asia United Bank (AUB)	MTug Fortis VI, MTug Fortis VII and MTug Fortis VIII	7 years	5.56%	41,893,244	52,116,356
(d)					
AUB	MTug Fortis IX and MTug Fortis X	7 years	7.07%	39,807,838	44,328,852
(d)					
AUB	MTug Fortis III and MTug Fortis V	7 years	5.56%	39,212,255	38,732,681
(d)					
Discount on loans payable				10,450,309,852	9,943,439,376
				53,494,492	43,424,032
				<b>P 10,503,504,344</b>	<b>P 9,986,823,411</b>

## Secured Bank Loans

	Security	Terms	Interest Rates	Outstanding Balance	
				2021	2020
Primary Institutional Lenders	Unsecured	30 to 180 days	4.25% to 7.50%	P 1,450,531,880	P 1,445,076,437
UCPB	MT Chelsea Intrepid				
	MT BMI Patricia	90 days	5.00% to 5.75%	862,325,000	897,500,000
FBB	Unsecured	180 days	9.00%	675,000,000	675,000,000
CBC	Unsecured	60 days	6.00%	500,000,000	500,000,000
Lendbank of the Philippines	Unsecured	90 days	9.00%	500,000,000	500,000,000
Union Bank of the Philippines	Unsecured	360 days	4.50%	200,000,000	200,000,000
Pentacapital	Unsecured	360 days	6.00%	196,691,072	200,000,000
Robinsons Bank Corporation	MT Chelsea Denise	180 days	5.50%	23,825,323	76,125,000
BDO Unibank Inc	Trans-Asia 1	180 days	6.50%	47,500,000	48,500,000
AUB	Unsecured	30 days	8.00%	20,324,093	21,367,843
DBP	MT Chelsea Cheryllyn	180 days	4.00 to 4.25%	-	300,000,000
DBP	Unsecured	90 days	6.00%	-	4,847,386
				<u>P 4,476,197,368</u>	<u>P 4,668,416,676</u>

## Item 4. Legal Proceedings

In the course of the Group's business, it has been involved in legal proceedings both as plaintiff and defendant. The Company's management believes that an adverse resolution in such cases will not materially affect the financial position of the Company. The Company is not involved in any legal or arbitration proceedings (including any such proceedings that are pending or threatened of which the Company is aware) which it believes may have a material adverse effect on the financial position of the Company.

The following are the material legal proceedings which the Company is currently involved in:

c. *Michael, Incorporated vs. Pilipinas Kao Incorporated, Civil Case No. 37046, Regional Trial Court of Cebu City; (b) Pilipinas Kao, Inc. vs. Michael, Inc., Civil Case No. 37180, Regional Trial Court of Cebu City.*

These consolidated cases which were filed in September 2010, refer to the Complaint of MI against Pilipinas Kao, Inc. ("PKI") for Collection of Sum of Money and Damages with Prayer for Preliminary Attachment, and PKI's Complaint against MI for Specific Performance, Reimbursement and Damages.

The transactions subject of the complaints refers to the Charter Agreement between MI and PKI whereby MI agreed to transport on its vessel M/Tkr Ernesto Uno the crude coconut oil ("CCO") of PKI. The Charter Agreement was for a period of two (2) years from January 8, 2009 to January 7, 2011, and the agreed Charter Rate was ₱2,050,000 per month. From December 2009 to July 2010, MI transported PKI's CCO from Mindanao to various ports of destination, and accordingly billed PKI Charter Fees in the amount of ₱15,921,666.67. However, PKI refused to pay the Charter Fees on its allegation that the CCO transported by MI was contaminated with seawater. In its Answer to PKI's Complaint, MI alleged that it proposed several plans to PKI to resolve the alleged contamination but the same were refused by PKI. As these cases have been consolidated, they are being jointly heard.

Michael, Inc. filed its Formal Offer of Exhibits on March 16, 2000. PKI presented its VP For Finance and Administration on December 14, 2022. PKI is scheduled to present 2 more witnesses on February 9 and 10, 2023.

d. *Fortis Tugs Corporation vs. Marinemax Shipping Corporation and Vicente Sandoval, Jr., Civil Case No.027, Regional Trial Court of Taguig City.*

This Complaint, which was filed on March 23, 2016, seeks to recover from defendants the sum of ₱11,613,082.78, which represents payment for the tugboat services rendered by the plaintiff to the defendants from the period November 2013 to October 2015. The plaintiff has a prayer for the

issuance of a Writ of Preliminary Attachment against the properties of the defendants on the ground that the latter are guilty of fraud in issuing checks to the plaintiff in payment of their obligations and thereafter issuing a stop payment order on the said checks. Plaintiff also prayed for the grant of Exemplary Damages in the amount of ₱100,000 and Attorney's Fees in the same amount.

Defendants filed a Motion to Dismiss the Complaint filed by Fortis Tugs, while the plaintiff filed its Motion to Declare Defendants in Default. Both Motions have been submitted for resolution. Plaintiff has also filed its Motion for Issuance of a Warrant of Arrest against defendant Vicente Sandoval and is awaiting resolution of the same.

*e. Ryan Subong et.al. vs. Trans-Asia Shipping Lines, Inc., Civil Case No, 26205, Regional Trial Court of Iloilo City*

The original Complaint was filed by 79 plaintiffs on April 11, 2000. Plaintiffs were the passenger-survivors and heirs of the casualties of the sinking of MV Asia South Korea which sank off the vicinity of Bantayan Island en route to Iloilo on December 23, 1999. Their total claim for damages is in the amount of ₱380,000,000.00. An Amended and Second Amended Complaint were filed in April and August 2000 respectively. Defendant Trans- Asia Shipping's main defense is that the cause of the accident was force majeure as the vessel was seaworthy and properly manned at the time of accident.

On April 18, 2013, the Regional Trial Court issued its Decision ordering Trans-Asia Shipping to pay ₱801,000.00 for 4 deaths and ₱585,000.00 for 13 survivors or a total of ₱1,386,000.00. Although Trans-Asia Shipping offered to pay in accordance with the Decision, not a single plaintiff accepted payment. Instead, some of the plaintiffs filed their Motion for New Trial, some filed Motion of Reconsideration of the Decision, and some filed their Notice of Appeal. The trial court issued an Order granting new trial for two plaintiffs and set the hearing for reception of evidence for said plaintiffs. The trial court also issued its Order dated March 22, 2016 modifying the award of damages to ₱8,865,399.96 for four deaths and 11 survivors, plus 15% interest on the total monetary award. Trans-Asia Shipping filed its Motion for Reconsideration of the two Orders, which was denied by the trial court. Trans-Asia Shipping has filed its Notice of Appeal. At the May 17, 2017 hearing, plaintiff manifested that they are willing to study the settlement of the case.

In August 2017, the parties signed a Compromise Agreement whereby Trans-Asia Shipping paid the total amount of ₱8,839,313.95 for thirteen 13 Complainants (4 Deaths and 9 Survivors). In October 2017, another three (3) plaintiffs signed a Compromise Agreement whereby Trans-Asia Shipping paid the total amount of ₱594,250.00. On October 6, 2017, the trial court issued its Orders approving the two Compromise Agreement and declaring the case as CLOSED AND TERMINATED insofar as the 16 Complainants are concerned.

Two (2) Complainants, Kenneth Sherwin Chu and Raquel Cometa, have signed a Compromise Agreement and accepted the settlement amount of ₱170,775.00 each. Defendant Trans-Asia is currently working for the settlement of the last remaining Complainant, with a probable settlement in the amount of not more than ₱200,000.00. To date, no Compromise Agreement has been reached yet with the last remaining Complainant.

*f. Nelly A. Gangoso, et. al. vs. Trans-Asia Shipping Lines, Inc., Civil Case No. CEB-36075, Regional Trial Court of Cebu City.*

This Complaint was filed by 5 plaintiffs on October 2009 arising from the sinking of MV Asia South Korea. A Compromise Agreement dated June 18, 2013 was entered into by four of the plaintiffs pursuant to which said plaintiffs agreed to withdraw their claims against Trans-Asia Shipping in return

for the payment by defendant of the amount of ₱75,000.00 each to said plaintiffs. Plaintiff Nelly A. Gangoso pursued this case against Trans-Asia Shipping. Plaintiff Nelly Gangoso and defendant Trans-Asia have completed the presentation of their respective documentary and testimonial evidence. Plaintiff has filed her Memorandum, and defendant was supposed to file its Memorandum on April 28, 2017. On May 28, 2017, a Decision was issued by the trial court, awarding a total of ₱1,050,000 in favor of the plaintiff. Trans-Asia filed its Motion for Reconsideration of the said Decision and when the same was denied, Trans-Asia filed its Appeal which is now pending resolution by the Court of Appeals.

In December 2019, in accordance with the directive of the Court of Appeals, Defendant Trans-Asia filed its Appellant’s Brief.

On March 9, 2022, Trans-Asia received the Decision of the Court Of Appeals affirming the Decision of the Regional Trial Court (RTC) Branch 23, Cebu City. On March 24, 2022, Trans-Asia filed a Motion for Reconsideration, and on December 7, 2022, it received the Resolution of the Court of Appeals denying its Motion for Reconsideration. On December 19, 2022, Trans-Asia filed with the Supreme Court a Motion for Single Extension to file a Petition for Review on Certiorari under Rule 45 of the Rules of Court. On January 20, 2023, Trans-Asia filed with the Supreme Court a Verified Petition for Review on Certiorari. Currently, the case is still pending with the Supreme Court.

*g. Trans-Asia Shipping Lines, Inc. vs. Philippine Fire and Marine Insurance Corporation, et.al. Civil Case No. 39098, Regional Trial Court of Cebu City.*

This Complaint was filed by Trans-Asia in September 2012 to collect the insurance proceeds arising from the sinking of MV Asia Malaysia, which proceeds are in the approximate amount of ₱120,000,000. Said Complaint was filed when defendant Philippine Fire only offered to pay the amount of ₱50,000,000. Defendant Philippine Fire filed its Motion to Dismiss the complaint on the ground of lack of jurisdiction and insufficient docket fees paid. When said Motion to Dismiss was denied, defendant Philippine Fire filed a Petition for Certiorari with the Court of Appeals in December 2014. Said Petition for Certiorari was dismissed by the Court of Appeals on June 28, 2016. On March 30, 2017, the regional trial court issued an Order setting the case for pre-trial on June 9, 2017. At the 9 June hearing, the case was remanded to the Executive Judge for transfer to Branch 11, which is the only commercial court in Cebu City. At Branch 11, Philippine Fire filed a Motion to Suspend Proceedings attaching the Notice of Stay Order issued by the Insurance Commission. Trans-Asia filed its Opposition to Philippine Fire’s Motion to Suspend Proceedings. The Regional Trial Court (Branch XI) of Cebu City, issued an Order on 14 July 2022 suspending the proceedings until the Stay Order is lifted or the case before the Insurance Commission is terminated.

#### **Item 5. Submission of Matters to a Vote of Security Holders**

There were no matters submitted to a vote of security holders during the fourth quarter of this calendar year covered by this report.

### **III. MARKET PRICE OF AND DIVIDENDS ON THE REGISTRANT’S COMMON EQUITY**

#### **Item 1. Principal market where the registrant’s common equity is traded**

The Company’s common shares are traded at the Philippine Stock Exchange (“PSE”) beginning August 8, 2017. The high and low sale prices of each quarterly period for year 2022 are as follows:

	2022		2021		2020		2019		2018	
Period	High	Low	High	Low	High	Low	High	Low	High	Low



1Q	1.61	1.56	3.28	3.17	5.89	1.91	7.2	5.59	9.79	7.00
2Q	1.39	1.32	3.14	3.08	4.29	2.49	8.74	5.08	8.56	6.45
3Q	1.36	1.25	2.22	2.13	4.65	4.01	9.36	6.22	7.76	5.43
4Q	1.2	1.15	1.67	1.6	5.39	5.1	7.18	4.73	9.77	4.4

As of February 15, 2023, the market capitalization of the Company, based on the closing price of ₱1.25 per share, was approximately ₱1.822 billion.

## Item 2. Holders

The following are the top registered holders of the Company's securities based on the records as of December 31, 2022:

Name of Stockholders	Number of shares held	% to Total
Udenna Corporation	1,275,384,606	70.000
PCD Nominee Corporation (Filipino)	527,568,592	28.956
PCD Nominee Corporation (Non-Filipino)	16,724,300	0.918
Caroline G. Taojo	800,000	0.044
Eggnest Property Corp.	770,000	0.042
Noe B. Taojo	400,000	0.022
Elvira M. Cruz or Bernardo A. Cruz	100,000	0.005
Clive C. Kian	50,000	0.003
Rudy B. Manguiat or Mary Aileen C. Manguiat	50,000	0.003
Goldclass, Inc.	35,000	0.002
Jharna P. Chandnani	30,000	0.002
Christopher Vincent J. Kokseng or Mery Jean G. Kokseng	15,000	0.001
Myra P. Villanueva	10,800	0.001
Carlos Catangue Chua	9,300	0.001
Rijohn R. Opon	9,300	0.001
Milagros P. Villanueva	7,300	0.000
Myrna P. Villanueva	7,300	0.000
Marietta V. Cabreza	5,000	0.000
Percival Cirilo Samodio Flores	1,000	0.000
Alexander S. Timbol	100	0.000
Owen Nathaniel S. Au ITF: Li Marcos Au	10	0.000
Eduardo A. Bangayan	1	0.000
Miguel Rene A. Dominguez	1	0.000
Jesus S. Guevara II	1	0.000
Gener T. Mendoza	1	0.000
Arthur Kenneth L. Sy	1	0.000
Cherylyn C. Uy	1	0.000
Efren E. Uy	1	0.000
<b>TOTAL</b>	<b>1,821,977,615</b>	<b>100.000%</b>

## Item 3. Dividends

The Company's dividend policy is to declare at least 20% of its prior year's net income as dividends, whether in stock or in cash or a combination of both, subject to the existence of unrestricted retained

earnings, CLIHC's financial condition, as well as requirements of applicable laws and regulations, the terms and conditions of our existing loan facilities, and the absence of circumstances that may restrict the payment of such dividends.

Each holder of a common share is entitled to such dividends as may be declared in accordance with the Company's dividend policy. The Company's current dividend policy entitles holders of common shares to receive dividends based on the recommendation of the Board of Directors. Such recommendation will consider such factors as operating expenses, implementation of business plans, and working capital.

The Company did not declare dividends for the years ended December 31, 2022, 2021, 2020, 2019 and 2018.

#### **Item 4. Recent sale of securities**

The Company has not sold or transferred any securities that are not registered under the Code nor did it issue any additional securities in exchange for any properties, services and other securities.

On July 10, 2020, the Company executed a Preferred Shares Subscription Agreement with Global Kingdom Investments Limited for 500,000 Preferred Shares at P 1,000 per share payable in 3 tranches. The Company has received from Global Kingdom the total amount of Four Hundred Fourteen Million Eight Hundred Thousand Pesos (₱414,800,000) as of December 31, 2021.

The Company's application for Amendment of its Articles of Incorporation changing the features of its Preferred Shares from Non-Convertible to Convertible, was approved by the Securities and Exchange Commission on April 4, 2022.

#### **Item 5. Corporate Governance**

The Company adopted a Manual of Corporate Governance (the "Manual") to ensure its compliance with the leading practice on good corporate governance and related Philippine SEC rules and regulations. The Manual was approved and adopted by its Board of Directors and deemed effective as of March 27, 2017.

The Manual features the following provisions:

- *Protection of investors.* The Manual provide for shareholders' rights and protection, investor relations and a disclosure system to ensure transparency and accountability.
- *Board of Directors and Management.* The detailed qualifications and disqualifications, duties, functions and responsibilities of the Board and executive officers are also enumerated in the Manual.
- *Checks and balances.* The Manual contains the vision, strategic objectives, key policies, procedures for the management of the Company, and mechanisms for monitoring and evaluating management's performance.
- *Compliance with the Manual.* The appointment of a Compliance Officer to monitor compliance with and violations of the Manual is also provided.
- *Creation of committees.* The Manual mandates the creation of the Nomination Committee, the Audit Committee, the Corporate Governance Committee, the Board Risk Oversight Committee and the Related Party Transaction Committee, to ensure the performance of certain important functions of the Board and of Management.

The Company will continue to improve its corporate governance, and will amend, the Manual as may be necessary.

May 3, 2022 Annual Stockholders' Meeting

Question #1: When can we expect the Company to be cash- positive?

Reply of Chief Financial Officer Ignacia S. Braga IV: With the downgrading of IATF to Level 1 and consequent easing of travel restrictions by LGUs, our passage volume has improved in the last 3 months. This translates to improved cash generation as the passage business is generally a cash business, the segment which suffered the most in the past 2 years. Likewise, with the increase in the number of voyages, aircraft flights and the operation of provincial business, there has been an accompanying increase in fuel demand, thus an increase as well in the fuel being transported by the tanker group. In addition, with the near completion of our Loan Management Exercise, we will be seeing reduced interest and deferment of most, if not all, principal payments, thus making some cash available for operations. With these improvements, we expect to be operating cash positive by last quarter of the year or early next year.

Question #2: What are the major capital expenditures for 2022?

Reply of President & CEO Chryss Alfonsus V. Damuy: As part of our resource management, all capital expenditures are generally deferred with the exception of the scheduled drydocking of our vessels which is necessary to keep vessels safe for operation. This is also in compliance with the requirements of the MARINA and of the vessels' classification societies in order for certificates to be renewed and / or remain valid.

Question #3: It has been 2 years since the pandemic disrupted the industries in the country, particularly the shipping industry. What is Chelsea's greatest accomplishment vis-à-vis its planned recovery?

Reply of President & CEO Chryss Alfonsus V. Damuy: As mentioned in my report, the Company has been badly affected by the pandemic, which nobody expected would persist until this time. In the last couple of years, our greatest challenge has been liquidity that is brought about by two factors: 1. *Loss of cash revenues*. With tourism and travel as the major sources of revenue, and which segments are on cash basis, the passenger segment revenue went down from a monthly average of P120M in 2019 to P 10M in 2020 or down by 92%. 2. *Access to debt capital*. Banks, being inherently risk-averse, became too cautious in extending fresh borrowings to the Company. To manage and address these dual challenges, your leadership team, focused on strategies that will bring about quick results. We generated cash by rationalizing some costs such as manpower reduction, retirement of less productive assets, and raising additional equity from principal shareholders. As a result, from April 2020 to December 2021, your Company raised internally some P1.8B funds and injected this cash into the business. As a result of these investments, the cargo utilization of our ROPAX vessels increased from average 82% in 2020 to 94% in 2021, thereby improving the average monthly freight revenue to P227M in 2021 from P175M in 2020. The monthly sales average of the passenger segment also improved to P25M in 2021 from P10M monthly average in 2020, though still far from the level of P120M per month average pre-pandemic. These accomplishments remain a work in progress but we foresee an upward trajectory with the easing of the community quarantine restrictions across the country and the region.