



2022 ANNUAL REPORT

# Reset, Rebuild, Recover



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**VISION** To be the finest shipping and logistics company known for its unrivalled customer service.

# MISSION



- We transport passengers, cargos, petroleum, oil, chemicals and other bulk products.
- We satisfy our customers' needs through reliable, punctual, efficient and safe service.
- We constantly challenge ourselves to do better and to perform beyond what is expected.
- We care for the community and the environment by applying the best practices in ship management, adhering to global standards.
- We deliver superior returns to our stakeholders through prudent stewardship of our resources.

# VALUES

## INTEGRITY

We adhere to the highest ethical and professional standards. Our reputation defines who we are.

## PASSION

We are motivated and driven in what we do.

## ENTERPRISE

We seize opportunities to enhance our growth.

## TEAMWORK

We work as one to deliver our commitments.

## EXCELLENCE

We deliver unsurpassed performance in all our endeavors.

## STEWARDSHIP

We utilize our assets responsibly.



## ABOUT THE COVER

The cover highlights a critical tool in the vessel's bridge – the engine order telegraph. Its main function on board ships is to send commands for changes in direction or speed, from the bridge to the engine control room of the vessel.

In 2022, we at the Chelsea Group continued to change the way things were done. In full control of our “engine order telegraph”, we adjusted our speed and direction to address the challenges brought about by the pandemic.

In this Annual Report, we will expound on the Chelsea Group's strategic steps: **RESET, REBUILD, RECOVER**, and how we remained steadfast in fulfilling our vision to be the finest shipping and logistics Company known for its unrivalled customer service.



# MESSAGE FROM THE CHAIRMAN & FOUNDER



DENNIS A. UY

## Dear fellow Shareholders,

We are proud that Chelsea Logistics, your Company, continues to steadfastly stay the course even in a challenging business climate. Slowly, we are seeing our sacrifices paying off, strategies gaining traction, and the Team's synergy creating more opportunities for the Group.

In 2022, we focused on three strategic actions: RESET. REBUILD. RECOVER. If the past years have taught us anything, those who are prepared to quickly adapt to change, flourish—making the necessary adjustments in what we do and how we do things. As a team, we evaluated what was working and what was not, and determined the path forward.

### **RESET:** Optimizing Financial Assets

Finding ourselves in a tumultuous and uncertain market environment caused by the pandemic, we deemed that a reset was necessary. The Group identified practices, people or processes which were holding us back from achieving a positive bottom line.

We retired less-efficient vessels from the fleet to ensure that the remaining vessels will be operational at optimum capacity once the economy, together with transportation services and the tourism sector, bounced back.

Unprofitable businesses were pruned through divestiture while non-core assets are being disposed to create better cashflows for the Company. We secured the restructuring of our liabilities to reduce the interest rates on loans and to extend payment terms with our suppliers.



RESET



REBUILD



RECOVER





**REBUILD:** Activating Smaller Teams

It was unfortunate that we had to let go of some of our Team members at the height of the pandemic in 2020. With fewer people and smaller teams, we expected this would slow down our recovery, but the opposite happened. We noticed our team members improved on collaboration and communication, and people willingly stepped up, contributing their ideas to improve operations and business practices.

With smaller teams, every member is a crucial link in the chain that plays a key role in our success. Our stewardship and resilience were further strengthened because we had to work with limited resources, making us strive better towards achieving our common goals.

**RECOVER:** Fulfilling the Vision

We remain steadfast in fulfilling our vision: "To be the finest shipping and logistics company known for its unrivalled customer service." While we have the biggest fleet size, the most number of routes and most diversified business segments, we still aim to provide a unique service for each customer.

To actualize our vision, 4 areas for improvement were identified and given more attention to ensure recovery will be sustainable in the next five years: Fleet Availability, Customer Experience, Operational Excellence, and Advanced Technology.

The Group's Technical Team committed to a 99% availability rate of our fleet across vessel types and business segments. As more vessels trade, more passengers and cargo can be transported generating revenues for the Group's shipping companies.

Digitalization is not only a convenience for the customer but also a way for the Company to reduce costs and reach new clients. Hence, we heightened customer experience and delight through digitalization with the launch of the 'Chelsea Travel' mobile app, 'Layag' travel magazine, and multiple e-wallet payment options.

On the technology side, our Company aims to be 100% cloud based by 2023 as this will allow us to digitize, integrate and decarbonize supply chains. While we directed our sails towards becoming a more customer-centric organization, we speeded up our recovery by harnessing the power of technology and cultivating a spirit of innovation across all employee levels. To this date, there is conscious effort to identify weaknesses in our operating models to allow us to better weather disruptions and navigate the high seas.

We are honored to work with all our Team members nationwide and are grateful for your loyalty, commitment, and hard work. Your remarkable efforts have kept the business moving sustainably under very



challenging conditions. We would also like to thank the Board of Directors and the executive leadership team for the support and valuable contributions to improve the overall performance of the Chelsea Group.

Our efforts would have been futile without the support of our customers, regulatory authorities, business partners, shareholders, and investors. We sincerely thank you for the trust, partnership, and the opportunity to serve you.

Despite the headwinds we will face in 2023, we stand ready to overcome these challenges together with you, our valued stakeholders. Now, more than ever, our purpose remains crystal clear: to help the nation through its journey of resetting, rebuilding, and recovery by staying devoted to finding customized shipping and logistics solutions to uphold the quality and stability of the Philippine supply chain.

Daghang salamat and may the waves of recovery carry us through to better tomorrows.

*Dennis*  
Dennis A. Uy



# PRESIDENT & CEO'S REVIEW

CHRYSS ALFONSUS V. DAMUY



## Dear fellow Shareholders,

In a very challenging year, the Chelsea Group tells a hopeful story for its shipping and logistics business. Revenues of the Group were up 44% year-on-year, recording P6.433 Billion. Though 2022 brought a truckload of new challenges particularly the lack of container vans; the unavailability of vessels due to extended drydocking and financial constraints; the drastic surge in shipping and container rates; and the unprecedented increase in fuel prices which further pushed upward the Group's operating costs, the Group was able to navigate and sail on in these tough conditions.

### RECALIBRATING OPERATIONAL COSTS

While the Chelsea Group continued to adapt and power through the effects of the Covid pandemic, the price of crude oil shot up as the demand for oil and gas returned with the reopening of major economies. As a net oil importer, the Philippines' gas prices naturally went up together with the international oil prices hike. The situation worsened in February 2022 with the Russia-Ukraine war leading to a cutdown in oil supply, resulting in even higher prices.

Fuel and lubricants are a major cost component in shipping operations, making up 35% to 45% of operating costs. Fuel prices also affect other shipping costs such as drydocking, repairs and maintenance of vessels.

To mitigate the impact of increasing fuel prices, the shipping companies of the Chelsea Group implemented various strategies, specifically the following:

- Strategized routes and cargo combination to optimize revenue yield per voyage
- Observed optimum vessel speed and RPM to save on fuel consumption
- Adjusted rates to cushion increasing costs and sustain operations
- Reduced and/or rationalized operating expenses to sustain cashflows





## RESHAPING BUSINESS PROCESSES

With the **SOAR** strategies in place and the Group's determination to keep the business moving sustainably under very challenging conditions, recovery was witnessed across all business segments. The Chelsea Group's battle cry for 'Better Shipping, Better Logistics and Better Life' for Filipinos became more evident on its improved operational performance in 2022.

The Tanker segment continued to serve its charterers who became more active in trading their goods and services with the economy's reopening. The Philippines' petroleum consumption improved from July 2021 to June 2022, with 454.33 thousand barrels per day. As a result, the Tanker business recorded a 97% increase in the total volume of liquid shipped, from 343M liters in 2021 to 675M liters in 2022. The Tanker segment of the Group ended 2022 with a total revenue of P568 Million, a 5% increase from 2021.

**675M** 2022  
TOTAL VOLUME OF  
LIQUID SHIPPED

Although the Tugboat segment experienced a 23% decrease in tugboat movements, it improved its revenue and cash inflow by 30%, from P328 Million to P424 Million in 2022. This can be attributed to the Tugboat Group's expansion of its services to include transportation of goods, equipment/ machineries and passengers by water.

The Government's move to lift the remaining travel restrictions contributed to the recovery of the passage business. With travelers now allowed to enter the Philippines without quarantine and the COVID-19 test requirements, and the removal of the face mask requirement for indoor settings, the passage business witnessed the influx of passengers. Our three shipping lines, Starlite Ferries, Trans-Asia Shipping Lines, and SuperCat Fast Ferry carried more than 1.8 million passengers, a whopping 165% increase from 686,096 passengers in 2021. The total number of trips increased by 11%, from 13,191 trips in 2021 to 14,649 trips in 2022. This translated to an improved revenue of P1.225 Billion, 318% up year-on-year.

**1,821,582**

PASSENGERS CARRIED



**14,649**

TRIPS



CHELSEA  
A LDBENIA COMPANY



According to Meltwater's 2022 Report on Social Media Usage in the Philippines, 76 million Filipinos spend 10 hours and 27 minutes using the internet. This accounts for 68% of the total population of the country. Almost everyone accesses the Internet through their personal gadgets, with 97.2% using a mobile phone.

The Chelsea Group recognizes the importance of being present in the digital space. On 8 August 2022, the Group launched 'Chelsea Travel', a unified online booking system where passengers can "Book + Pay" in one mobile application. With this new system, passengers can enjoy the ease of skipping the usual manual transaction with a teller and instead board directly to the vessel.

Since 'cashless' is now emerging as the preferred mode of payment for consumers under the new normal, the Group started strengthening its partnership with mobile payment providers such as ShopeePay, GCash, and Maya. Contactless payments will facilitate faster transactions and improve passenger experience while reducing the cost inefficiencies of cash for merchants. Two of our shipping lines, Starlite Ferries and Trans-Asia debuted on the Shopee platform in April 2022, offering payday sale and double-digit monthly promotions. Trans-Asia, on the other hand, launched its Facebook messenger chatbot named 'TASHA' in December 2022. TASHA can instantly reply to passenger queries and accept bookings and payments real-time.

The Freight business, which comprised 53% of the Group's revenues, recorded a total revenue of P3.4 Billion, 24% up from 2021. Despite the sky-high rates due to general inflation, Starlite Ferries loaded 246,986 rolling cargoes, 40% higher compared to the previous year, while Trans-Asia transported cargoes with a total of 73,538 TEU volume. To cope with the shortage of containers and unavailability of vessels caused by the extended drydocking, the Group continued co-loading agreements and formed partnership with other local and international shipping lines, allowing us to use their container vans without charge.

The Group's logistics and distribution arm, Worklink Services, showed remarkable improvements at the start of the year. Its core services including Land Transport, Trucking, Warehousing, and Air Services recorded P533 Million revenues, comprising 97% of Worklink's overall business. The year 2022 also witnessed Worklink's E-Commerce business in full swing.

Venturing into the booming E-Commerce industry is the Group's proactive approach to stay relevant and ahead of the competition. According to GlobalData, the Philippines' E-Commerce value is expected to grow at a strong CAGR of 17% between 2021 and 2025. Worklink capped the year with a partnership with two of the country's leading e-commerce service platforms and an increased revenue of P552 Million, up by 6% from 2021.



## REINFORCING SOCIAL RESPONSIBILITY

The road to recovery has not been easy. The Group is still struggling in some areas of the business, but we are urged on by our belief that the Group still has a critical role to play in the development of the Philippine economy. Whether in season or off-season, the Chelsea Group continuously bridges people, goods and services. We always aim to make a difference in the lives of our team members and the communities where we operate.

Internally, we make sure our Team members continue to receive the proper training and development activities in connection with their work assignments. Chelsea Classroom, a knowledge-sharing program, was developed to overcome performance gaps that are based on lack of knowledge or skills. We also launched 'ChelSHE Story', a campaign to empower women in the maritime industry as they make up only an estimated 2% of the world's maritime workforce.

The Chelsea Group continued with its CSR activities through its employee-volunteers. In 2022, the Group was able to plant 1,500 trees, donated 30 bags of blood to blood banks, and provided school supplies to 5,585 elementary students.

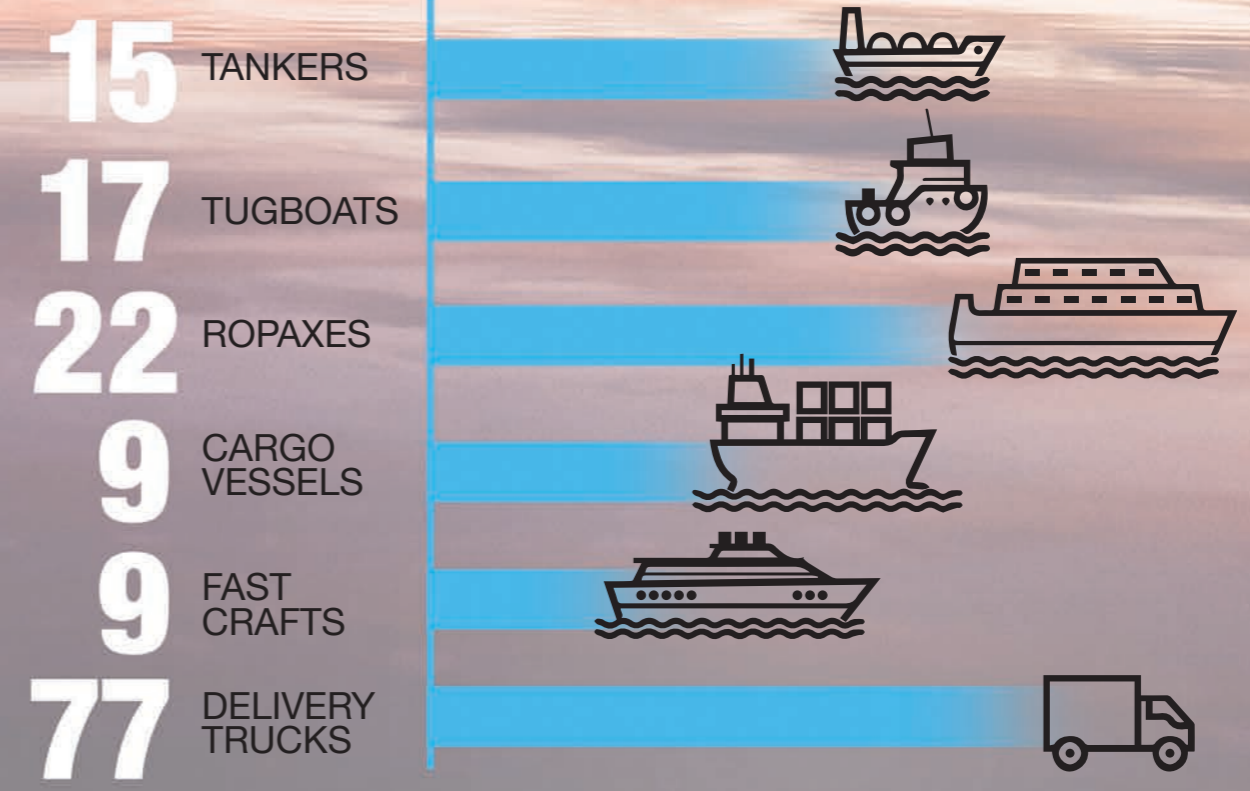


With the Group's desire to help rebuild the tourism industry, it launched its community-building travel magazine, 'Layag', on 11 November 2022. The publication aims to encourage revenge travel by promoting hidden gems, tourist activities, food, culture, and by featuring small and medium businesses hard hit by the pandemic.

While the COVID-19 pandemic and the unprecedented fuel surge exposed our vulnerability as a Group, these events have helped us to step back and harness our vigor as a team. We realized that with our strategic business position, strong fleet and committed team members, recovery is definitely possible. We hope you join hands with us as we keep recovery at the forefront of our innovation. With your trust and support in our endeavors, the Chelsea Group will be able to make the 'new normal' work and ensure the successful recovery not only of the shipping and logistics industry but also of the Philippine economy.




Chryss Alfonsus V. Damuy






# OUR BUSINESSES


Chelsea Logistics and Infrastructure Holdings Corp. is the publicly-listed shipping and logistics arm of the Udena Corporation. It is a corporation organized and registered with the Philippine Securities and Exchange Commission (SEC) on 26 August 2016 primarily to act as a holding company. Through its wholly-owned subsidiaries, Chelsea Logistics is engaged in the shipping, transport and logistics business, described in detail as follows:




Chelsea Shipping Corp., one of the top 5 petroleum tankers in the country, is engaged in the conveyance or carriage of petroleum products, goods, wares, and merchandise of every kind and description. It provides maritime manpower solutions for the Group. It was incorporated in July 2006.




Trans-Asia Shipping Lines, Inc. is one of the major shipping lines mainly operating in the Visayas and Mindanao regions with more than four decades of experience in the shipping industry. The acquisition by Chelsea Logistics of Trans-Asia Shipping and its subsidiaries was completed in the last quarter of 2016.




TASLI Services, Inc. provides cargo manpower services for Trans-Asia Shipping Lines, Inc. and handles the freight and cargo operations of Trans-Asia in Manila and Luzon. It was incorporated in September 2019.



Starlite Ferries, Inc. carries passengers and rolling cargoes primarily in the Southern Luzon and some parts of the Visayas and Mindanao regions. It has established itself as the main choice of shippers for being customer-focused and by providing safe, comfortable and environmentally responsible marine transport services. Chelsea Logistics acquired Starlite Ferries in November 2017.



The SuperCat Fast Ferry Corporation is engaged in the movement of passengers through prime sea ferry service. It operates a fleet of high-speed catamarans, plying the routes of Batangas, Bacolod, Cebu, Iloilo, Ormoc, Calapan, and Tagbilaran. Chelsea Logistics' acquisition of SuperCat was completed in 2019.



Worklink Services, Inc. offers nationwide logistics support (i.e. delivery of general cargo, trucking services, warehouse management, customs brokerage, manpower services, kinetic marketing services). It was acquired by Chelsea Logistics in November 2017.

# CHELSEA LOGISTICS & INFRASTRUCTURE HOLDINGS CORP. GROUP MAP



# 2022 EVENTS & MILESTONES

FEB 10

Starlite signs contract with Mariana Academy of Maritime Studies, Inc. for technical training assessment on board

FEB 18

Starlite Ferries pays tribute to 193 travel agents

FEB 25

Starlite Ferries welcomes M/V Asia Philippines to its fleet

JUL 30

Trans-Asia plants 500 mangrove trees in Sitio, Bakhaw, Cebu



AUG 8

Chelsea Logistics launches Chelsea Travel, a unified online booking system for passengers

OCT 21

Chelsea Group plants 400 mangrove trees in Talisay, Batangas

SEP 23

Chelsea Group joins Udenna Foundation in planting 600 seedlings in Calaca, Batangas



NOV 28

Trans-Asia launches FB messenger chatbot, TASHA

Worklink celebrates 23rd Anniversary through a Blood Donation Drive



FEB 17

Trans-Asia bags Top 2 in the PAG-IBIG Loyalty Card Program

FEB 24

Starlite opens new ticketing office in Paranaque Integrated Terminal Exchange (PITX).

Chelsea Logistics uncovers the #ChelSHEStory, a women empowerment campaign

MAR 1

Starlite and Trans-Asia partner with ShopeePay for payday and double-double sales promotion

APR 13

Starlite Ferries expands presence in Roxas, Oriental Mindoro

AUG 4

Chelsea Logistics kicks off Chelsea Classroom, a knowledge sharing program among employees

AUG 12

Chelsea Logistics launches Layag, a community-building travel magazine, Layag

NOV 11

TSI donates 6,000+ school supplies to Kapitbahayan Elementary School in Bangus St., Navotas City



DEC 5

# FINANCIAL HIGHLIGHTS

The challenges in 2022 particularly the prolonged effects of COVID-19 and the rising cost of fuel due to escalating geopolitical tensions in Europe hampered the anticipated economic and business recovery of the Group.

Nonetheless, Chelsea Logistics and its subsidiaries posted a 38% reduction in its Consolidated Net Loss Before Tax of P2.470 Billion – a result of the substantial increase in the consolidated topline in 2022.

The Group posted a 44% year-on-year growth in Revenues driven by significant increases across all segments with Passage hitting 318% Revenue surge to P1.225 Billion, while Freight, which remained the highest Revenue contributor, increased by 24% to P3.383 Billion. Chartering and Tugboats segments, each contributed 30% growth in the topline, while Logistics increased by 7% year-on-year. These improvements are due to the easing of travel restrictions and health/safety protocols, increasing the movement of goods and passengers throughout the year.

The significant growth in consolidated revenues, coupled with the conscientious efforts to manage cost and increased utilization of profit-generating assets, helped the Group in reversing its negative Gross Margin of 10% in 2021 to a Gross Profit Margin of 12% in 2022. The Group also reduced its Operating Losses by 80% to P393 Million.

## FINANCIAL HIGHLIGHTS (in Millions)

	2018	2019	2020	2021	2022	
<b>REVENUES</b>	5,319	7,220	4,679	4,469	6,433	44%
<b>GROSS PROFIT (LOSS)</b>	1,489	1,631	-548	-439	763	274%
<b>OPERATING PROFIT (LOSS)</b>	589	635	-2,352	-1,930	-393	-80%
<b>NET LOSS BEFORE TAX</b>	-622	-972	-2,902	-3,971	-2,470	-38%
<b>EBITDA</b>	1,443	2,032	231	-12	959	8136%
<b>TOTAL ASSETS</b>	32,291	41,004	37,355	34,122	32,930	-3%
<b>TOTAL LIABILITIES</b>	19,366	28,551	27,869	28,472	29,155	2%
<b>TOTAL EQUITY</b>	12,925	12,454	9,486	5,650	3,775	-33%

## REVENUE PER BUSINESS SEGMENT (in Millions)





“ The Chelsea Group implemented three strategic steps:  
**RESET, REBUILD, RECOVER.**

As we shifted from Response to Recovery, we remained steadfast in fulfilling our vision: “To be the finest shipping and logistics Company known for its unrivalled customer service.”

# TRANSPORTING FUEL, POWERING THE FUTURE

As businesses gradually recovered, demand for oil products improved in 2022. Chelsea Shipping recorded a 97% increase in the total volume of liquid shipped, from 343M liters in 2021 to 675M liters in 2022.



**97%** Increase in the total volume of liquid shipped

However, it was still a challenging year for the tanker business as the vessels' availability rate was only 58%, with 5 tankers on extended drydock due to unavailability of needed spare parts and financial challenges. As a result, the utilization rate of the operating tankers went as high as 86%, the highest recorded level since 2018.

Tankers' utilization rate went as high as

**86%**



Gross Registered Tonnage (Tanker)

75,960 tons



Gross Registered Tonnage (Tugboat)

3,603.36 tons



Liters of Tanker Capacity

101,230,551 liters

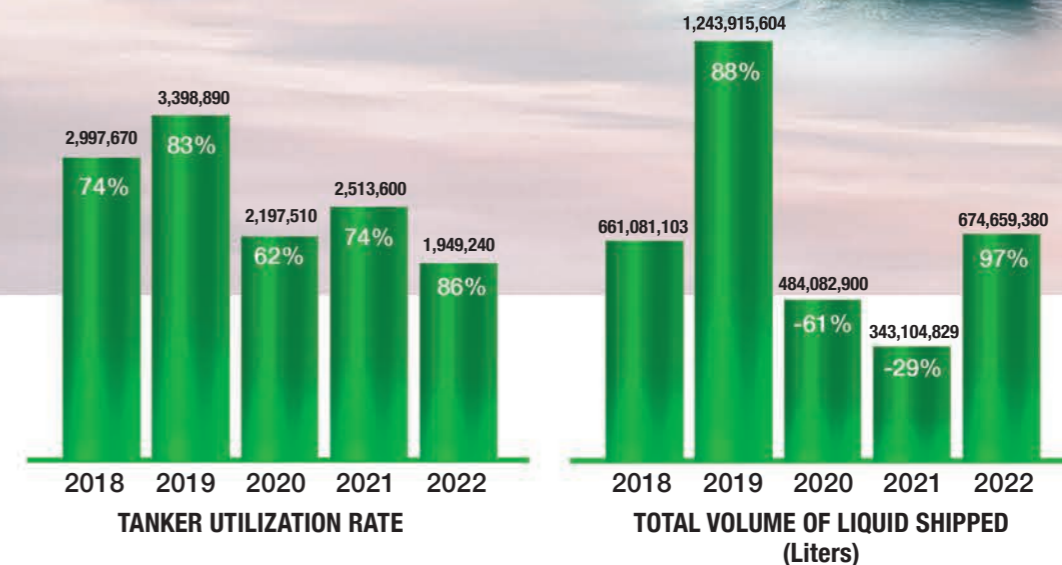




In 2022, Chelsea Shipping continued to serve its existing clients, for both domestic and regional routes. MT Chelsea Endurance extended its Time Charter contract with Phoenix Petroleum until the end of January 2023; MT Chelsea Providence, the biggest Philippine-registered medium-range oil tanker, had no major off-hires, servicing Glory International throughout the year; MT Great Princess renewed its ship registry in October and MT Chelsea Denise II sailed off in July to Singapore for bunkering and proceeded to UAE for drydocking. One of the strategic moves taken was the return of MT Chelsea Cherylyn to international waters. She had her ceremonial blessing in November at Seafront Bataan Shipyard and departed for Singapore on 11 February 2023. The tanker segment ended 2022 with a total revenue of P568 Million, a 5% increase from 2021.

Fortis Tugs, the tugboat segment, also faced several challenges in 2022 including the shortage of tugboats due to the extended dry dock, limited fuel and vessel supplies, decrease in the number of foreign vessel shipments, and the cessation of operations of Holcim Philippines Terminal, a major customer in Calaca, Batangas. These events brought the 2022 tugboat utilization rate to 76% or 5,410 movements, a 12% decrease from 2021.

Despite these setbacks, Fortis Tugs improved its revenue and cash inflow, capping 2022 with a total revenue of P444 Million, a 25% increase year-on-year. Fortis Tugs was able to ink a chartering services agreement with San Roque Shipping in Agusan Del Norte in April 2022. Fortis Tugs also received the Securities and Exchange Commission's approval to expand its services to include transportation of goods, equipment/machineries and passengers by water. To comply with the MARINA requirements and renewal of certificates, Fortis Tugs completed the drydocking of its four tugboats namely, M/Tug Fortis III, M/Tug Fortus V, M/Tug Fortis XII, and Sigaboy.





# EXPANDING VOYAGES NATIONWIDE

Starlite Ferries, Inc. had its fair share of difficulties in 2022, but it remained committed to delivering its five-star brand promise of Safety, Customer Care, Happy Vibe, Comfort, and Convenience. During the year, Starlite Ferries managed to maneuver its business to success, earning an actual revenue of P2.7 Billion, exceeding its P2.3 Billion revenue target. A big part of the Company's success was rooted in the series of expansion projects it had made nationwide.

**P2.7B** ACTUAL REVENUE EXCEEDING TARGET BY 22%

On top of the list is the launch of the Yellow Gate 24-hour ticketing office outside the Batangas Pier, which generated a total of P40.7 Million in revenue. Starlite Ferries also opened 6 new organic ticketing outlets in Oriental Mindoro and as of November 2022, the accumulated revenue for these outlets has reached P8.2 Million. The Company's newest ticketing office at the Parañaque Integrated Terminal Exchange (PITX) also began its operation in March 2022 and has attained P4.5 Million in revenue so far.

Starlite Ferries established 3 agent outlets in Sibuyan Island, Romblon in September, and 1 organic ticketing outlet in Roxas City, Capiz in November. The Company then opened freight booths in Batangas and Caticlan (located outside the port), as well as in Calapan (inside the port). In May, the Company finally resumed operations of its Batangas-Romblon-Sibuyan-Culasi routes after a two-year hiatus. In July, the bus operators' trips to Panay Island were also resumed, and the Company aims to serve these operators.





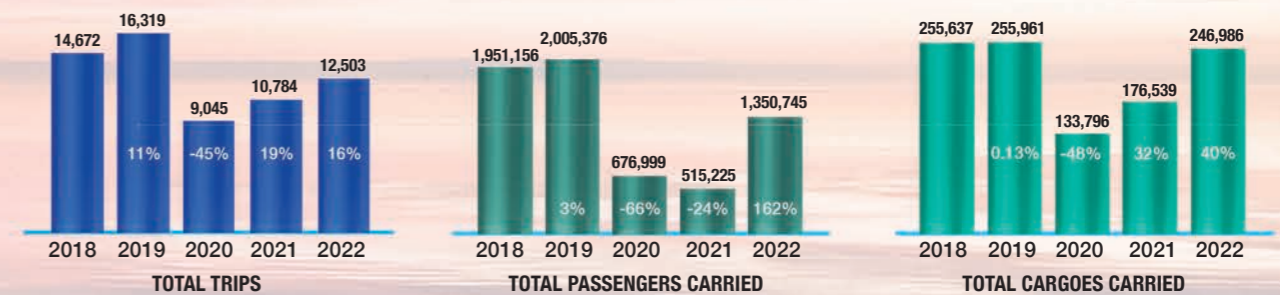


In addition, Starlite Ferries implemented new strategies to address the surge in fuel prices. In an unprecedented move, the Company introduced private and motorcycle canvasses, which enabled it to gain P21.6 Million in revenue. Rate increases were also implemented in its Passage and Freight services from March to July.

To further promote its services and cater to more customers, Starlite Ferries launched VIA.com, an online ticketing system for airline tickets, to all Mindoro outlets. 'Capt. Starlite Ferries', a bubbly mascot dressed in a captain's uniform, was also introduced to add fun and entertain passengers on board and customers in travel expos. Several tour packages were also offered to encourage revenue travel among tourists and Filipinos.

Starlite Ferries also embarked on several activities to further enrich and empower its workforce and the communities in its service areas. The Company facilitated customer service training for Luzon and Western Visayas frontliners. Also, together with other Chelsea Logistics companies, Starlite Ferries conducted mangrove planting activities in Batangas and Oriental Mindoro.

Starlite Ferries recorded an 82% increase in its total revenue, from P1.467 Billion in 2021 to P2.672 Billion in 2022.



**SuperCat**  
A CHELSEA COMPANY

# SAILING BACK TO THE ISLAND



After more than two years side-lined along the harbor, SuperCat sailed again and resumed its Cebu-Ormoc-Cebu route in May 2022. Before the year ended, SuperCat welcomed passengers for its Cebu-Tagbilaran-Cebu route. As a well-known brand for its comfortable accommodations and high-speed catamarans, SuperCat witnessed the influx of travelers, recording a total revenue of P169 Million, an 860% growth year-on-year.

**P169M**  
2022 REVENUE

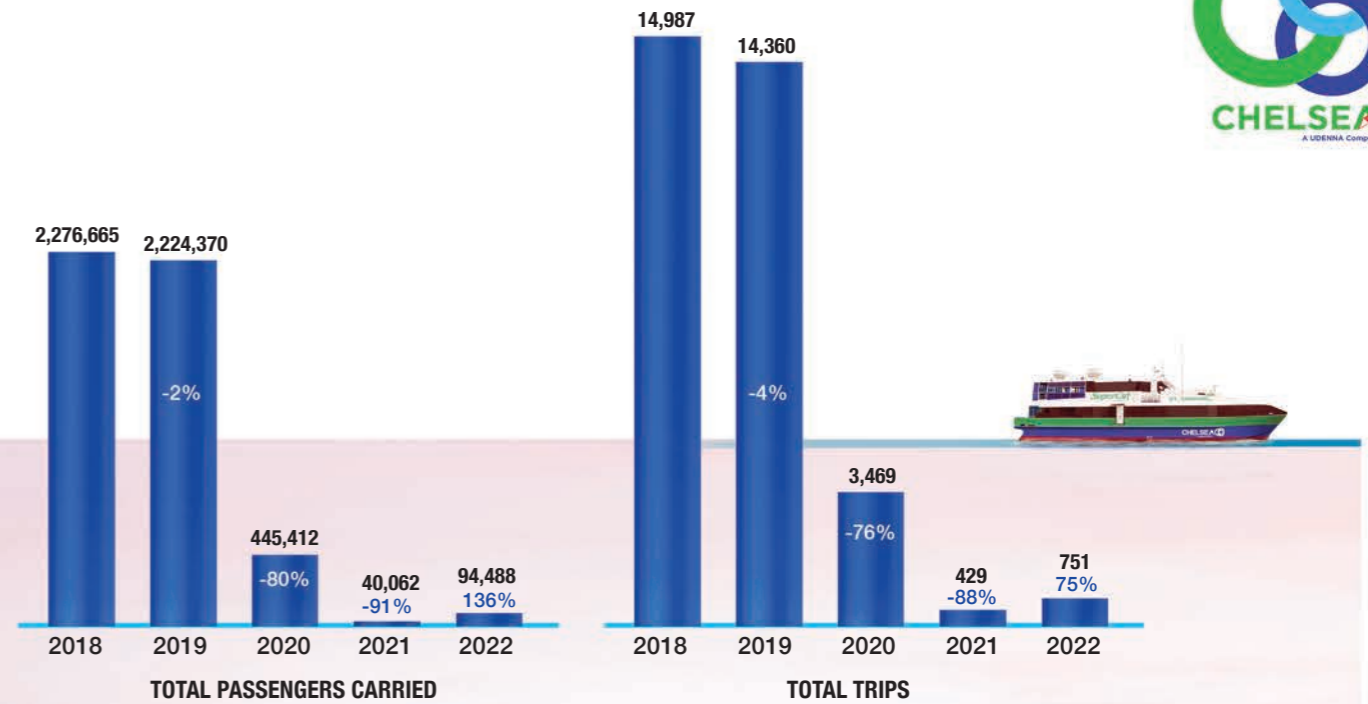
In 2022, SuperCat had a total of 751 trips and transported 94,488 passengers, a 75% and 136% growth from 2021 respectively. The enthusiasm of passengers to travel again despite the rising cost of travel and recreation was also manifested in the increase of SuperCat's Facebook Page followers, closing the year with 57,000+ followers, up by 59% from the previous year.

**751** TRIPS MADE

**94,488**  
TOTAL PASSENGERS



During SuperCat's downtime at the height of the pandemic, it worked on its digital infrastructure, specifically Chelsea Travel, the unified online booking system of the Chelsea Group's shipping lines. As a result, SuperCat was able to launch Chelsea Travel at an opportune time in 2022 when travel restrictions and safety protocols were reduced, allowing passengers and shippers to freely move and trade. SuperCat stood ready to welcome its passengers and provide them a stress-free booking experience, allowing them to book and pay their tickets in one application, regardless of time and location.



Another digitalization initiative that has come to fruition in 2022 was the migration of SuperCat's ticketing system, from its former solutions provider, Nexux, to Barkota. This move aligned SuperCat's operations and data analytics with those of its sister companies, Starlite Ferries, Inc. and Trans-Asia Shipping Lines, Inc. which completed their migration to Barkota in 2021.

SuperCat continued its chartering services in Manila. Two SuperCat vessels, St. Uriel and St. Sariel served the requirements of Boskalis Philippines, a leading global dredging contractor and marine services provider.





# ENHANCING CUSTOMER EXPERIENCE THROUGH DIGITALIZATION

The move of consumers to digital channels highlighted an urgent need to elevate customer experience and streamline it across channels. In 2022, Trans-Asia accelerated its digital adaptation amid COVID-19 to position itself for success.

A first among the shipping lines in the Philippines, Trans-Asia partnered with AIAH and launched its Facebook Messenger chatbot 'TASHA', which stands for 'TASLI Happy Assistant'. TASHA was designed to happily engage passengers in a real-time booking experience. Passengers can also get immediate answers to their queries on rates, schedule, travel information, even tourist destinations. Since its soft launch in November 2022, it has made 216 transactions, amounting to P289,000 sales revenue.

In August, Trans-Asia launched Chelsea Travel, a progressive mobile app that allows passengers to book their trips faster, anytime and anywhere. The project was re-launched in the last quarter of 2022 with the latest improvements such as the addition of the payment feature developed by Xendit, a payment gateway provider. Passengers can conveniently book and pay via credit or debit card, e-wallet, QRIS, or direct debit.



Hello!  
I'm **TASHA**





The Barkota online booking grew significantly, ending the year with P42.12 million revenue, 840% increase from the previous year. Moreover, the Company continued to promote cashless transactions via GCash, Maya, and ShopeePay. Trans-Asia strengthened its partnership with Shopee, offering PISO Deals through Shopee's double-double and payday sales promotions.

With these pivotal maneuvers, Trans-Asia's online web sales grew 164% from the previous year. Through various digital campaigns and by tapping influencers, the Company was able to boost consumer awareness and increase its online presence, resulting in an increase in its social media followers to 82,752 up by 33% year-on-year.

In 2022, Trans-Asia's revenues exceeded its target by 3%, mainly due to the improved performance of both the Cargo and Passage segments of its business. Trans-Asia recorded a 16% increase in its total revenue, from P1.666 Billion in 2021 to P1.939 Billion in 2022.

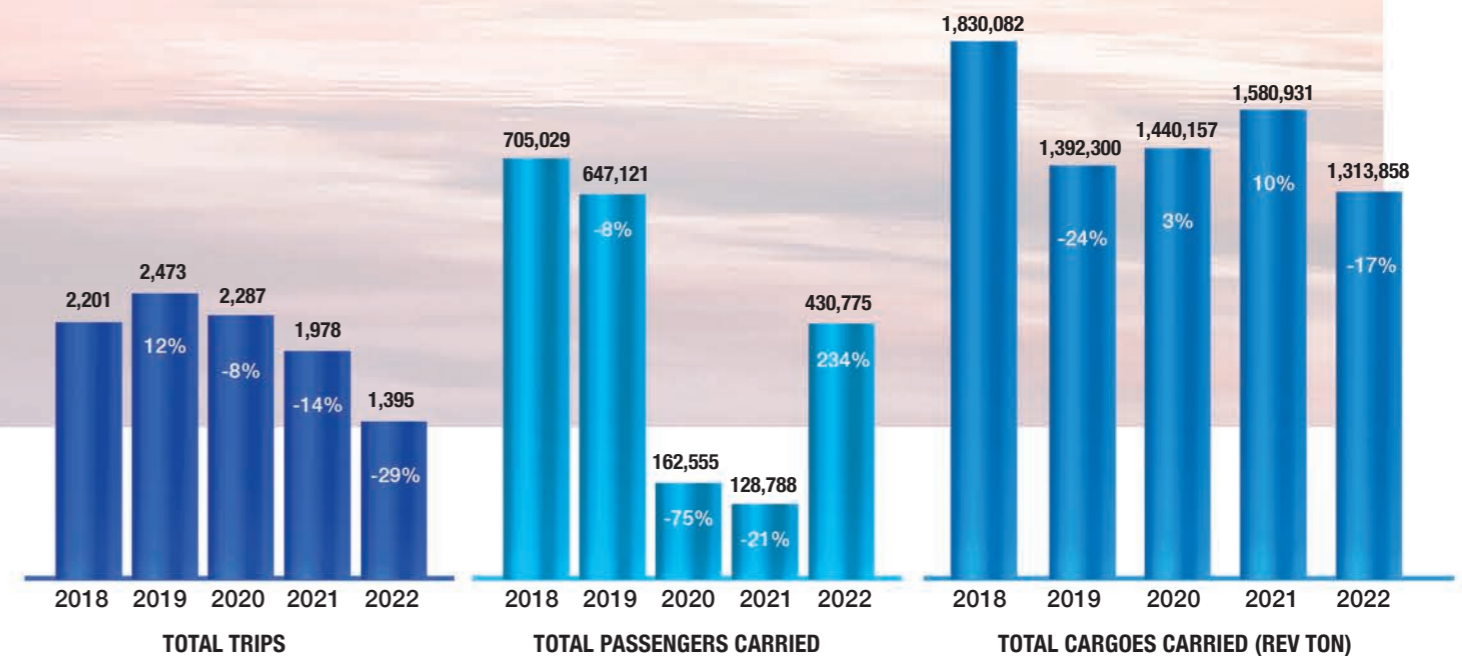
Online sales grew by  
**164%**

For Trans-Asia's Passage business, the number of the Company's ticketing outlets grew by 29% from the previous year. The Company also successfully applied another round of general rate increase in July to offset high fuel prices.

In its cargo segment, Trans-Asia's Trans Padala recorded a total revenue of P1.68 Million. Another major digital transformation was the full migration of Trans-Asia's cargo container vans systems to Solverminds, providing enterprise resource management solutions and data analytics services.

The Company's Hotel segment also performed well in 2022, with ticket issuance and onboard sales improving by a whopping 116% or P3.8 Million in revenue. Onboard food and beverage sales also increased, amounting to P14.2 Million, higher by 80% than last year.

Despite the hurdles, Trans-Asia did not forget its responsibility to the environment and its commitment to give back to its areas of service. In coordination with the Municipal Environment and Natural Resources Office of Liloan (MENRO), the Company conducted a mangrove tree planting activity at Sitio Bakhaw, Barangay Cotcot Liloan, Cebu on July 30, 2022.





# STANDARDIZING OPERATIONS, OPTIMIZING DIGITAL SOLUTIONS



In March 2022, TASLI Services Incorporated (TSI) reaffirmed its commitment to fully use Solverminds (SVM) Solutions to complement its day-to-day operations. This standardized system allows synchronization of tasks and efforts across all TSI team members, not only in Manila but also in Cebu, Cagayan de Oro, and Davao. The pricing module in SVM allows alignment of freight rate between the Sales and Finance Teams to achieve a sustainable revenue stream. With the ongoing deployment of SVM Container Tracking, Management will be able to make more informed decisions regarding container usage and investment in container fleet size.

The Freight business continued to experience challenges such as drastic surge in shipping and container costs, lack of containers and the unavailability of vessels. Despite these factors, TSI still made 176 trips and transported a total volume of 23,061 TEUs.

**P374M**  
2022 REVENUE

**176** TRIPS MADE

TOTAL VOLUME  
**23,061** TEUs





To deal with the shortage of containers, TSI worked with local and international companies, namely Adelante Logistics, Enterprise Sales Shipping, Iris Lines Incorporated, Seacure Freight, Inc., UPHIL, and Yang Ming Lines, for the free use of their container vans. Through this strategic engagement, TSI was able to move 817 container vans with a total volume of 1,202 TEUs, representing 5.2% of the volumes served in 2022.

The unavailability of 2 of 4 TSI freighters due to extended drydocking had a major impact on TSI's business operations. To address the reduced vessel capacity, TSI inked a co-loading agreement with Solid Shipping Lines Corporation, resulting in a co-load volume of 2,881 TEUs.

A major strategy executed to sustain the recovery of the Freight business was the introduction of the Bunker Adjustment Factor (BAF) which cushioned the topline from the soaring fuel prices, contributing approximately P9.1 Million addition to the 2022 revenues.

Aligned with its parent company Chelsea Logistics, TSI is committed to delivering unrivalled customer service to its freighter business partners. TSI heightened its customer engagements by sending regular updates on the

shipment status, particularly the 24-hour arrival notice (before docking of vessel) and 12-hour loading confirmation (upon completion of loading operations), and 2-days advisory on the delayed departure of vessel (before initial departure of vessel).

In October 2022, TSI joined the reforestation program of the Chelsea Group in Calatagan, Batangas, with its team planting 400 mangrove trees. Before the year ended, TSI shared its blessings with the Kapitbahayan Elementary School in Bangus St. Navotas City, where a total of 46 boxes /7,536 packs of twistable crayons were given to 5,585 students.

TSI closed out an unprecedented and bumpy ride, with a total revenue of P374 Million, a 21% decline from 2021.



# SUSTAINING GROWTH, VENTURING INTO A NEW MARKET

Worklink Services, Inc. (WSI) sustained its growth despite soaring inflation and tight economic conditions. During difficult times, WSI managed to find a reason for optimism, venturing into the booming E-Commerce industry and striking higher numbers across its business segments.

For 2022, Worklink's core services: Land Transport, Trucking, and Warehousing services accounted for 74% of the Company's total revenue in the first quarter. By the third quarter, this trifecta, alongside Air Transport, accounted for a whopping 92% of the Company's overall business. The vigor of these services continued to augment the Company's numbers in the last quarter of the year.





In light of airlines offering better and more competitive rates than the previous year, WSI also recorded an increase in the volume of air shipments. In the first quarter alone, the service accounted for 18% of the Company's total business. As the number of transactions increased in Visayas and Mindanao, the Company managed to make significant gains in this area of service which continued up to the end of the year.



In 2022, Worklink also managed to embark on new strategic partnerships with rising and notable brands. Among the industries in which the Company experienced growth is health and wellness. And with clients becoming more aggressive in marketing and promoting their products and services, WSI saw a resurgence in the demand for its marketing support services.

Worklink remained true to its commitment to provide support to its community through various programs, including a blood-letting activity and distribution of relief goods in partnership with the Udenna Foundation.

In the same year, there was a shift in the Philippine E-Commerce landscape as the industry became more inclusive and accessible even to smaller players. With the E-Commerce business in full swing by the 3rd quarter of the year, WSI registered a 14% increase in the workforce to support this new business. By the fourth quarter, with last and mid-mile services being provided to two of the country's leading e-com service platforms, the Company recorded considerable growth in this line of business by the end of the year.

Worklink recorded a 6% increase in its total revenue, from P519 Million in 2021 to P552 Million in 2022, positioning itself for growth and continuing its commitment to supporting the community in the coming years.

The rest of the last quarter was spent laying the groundwork for 2023. With the projected increase in business, the sales force took on additional account officers in October for training and deployment in January 2023. WSI's communication support facility was equally reinforced in anticipation of volume increases in the coming year.



# AREAS OF OPERATIONS



## SHIPPING

Aklan	Mabini
Bataan	Manila
Batangas	Navotas
Bauan	Oriental Mindoro
Calaca	Pillilia, Rizal
Calapan	Pinamalayan
Ilijan	Pinamucan
Ilocos norte	Quezon
La Union	Subic

## LOGISTICS

Abra	Camarines Sur	Marinduque	Pangasinan
Albay	Catanduanes	Masbate	Quezon
Aurora	Cavite	Metro Manila (NCR)	Quirino
Baguio	Ifugao	Mountain Province	Rizal
Bataan	Ilocos Norte	Nueva Ecija	Romblon
Batangas	Ilocos Sur	Nueva Vizcaya	Sorsogon
Benguet	Isabela	Occidental Mindoro	Tarlac
Bulacan	Kalinga Apayao	Oriental Mindoro	Zambales
Cagayan	La Union	Palawan	
Camarines Norte	Laguna	Pampanga	

Bacolod	Naga
Bogo	Negros Occidental
Bohol	Negros Oriental
Cebu	Odiongan
Culasi (Roxas City)	Ormoc
Iligan	Romblon
Iloilo	Sibuyan
Lapuz	Tacloban
Magdiwang	Tagbilaran
Masbate	Tayud

Aklan (Boracay)	Leyte
Antique	Negros Occidental
Bacolod	Negros Oriental
Bohol	Northern Samar
Capiz	Southern Leyte
Cebu	Western Samar
Eastern Samar	
Iloilo	



Cagayan De Oro	Nasipit
Davao	Surigao
General Santos	Tagoloan
Iligan	Talisayan
Irasan	Villanueva
Kitrol	Zamboanga
Lanang	
Maco	
Misamis Oriental	

Agusan del Norte	Maguindanao
Agusan del Sur	Misamis Oriental
Basilan	North Cotabato
Bukidnon	South Cotabato
Cagayan de Oro	Sultan Kudarat
Davao Oriental	Sulu
Davao del Norte	Surigao del Norte
Davao del Sur	Surigao del Sur
Lanao del Norte	Tawi-Tawi
Lanao del Sur	Zamboanga del Sur

## OVERSEAS

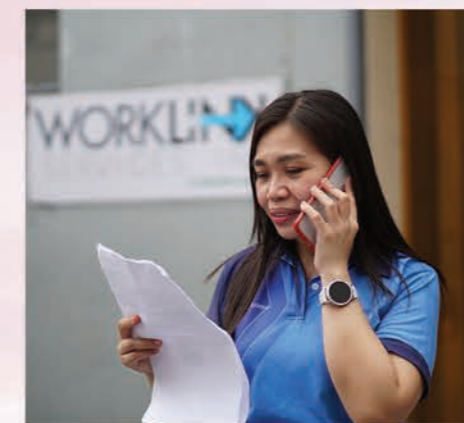
China	Oman
Ecuador	Singapore
Iran	UAE
Korea	Vietnam
Malaysia	

# TOWARDS A MORE SUSTAINABLE FUTURE



## SDG 5 GENDER EQUALITY

### UNCOVERING THE #ChelSHE STORY



The year 2022 witnessed a myriad of notable events that shaped and shook the country. But despite the seemingly never-ending uncertainties brought about by the Covid-19 pandemic, 2022 was a year of healing and transformational growth for many people and industries. In the face of adversity, several Filipinos were able to maintain a healthy sense of perspective, remaining steadfast and spirited.

In the past year, the Chelsea Group had its fair share of challenges that tested its resolve and commitment to its goals. While addressing internal challenges brought about by economic and health causes (among others), the Company was able to further strengthen its focus on social responsibility and environmental conservation through various devoted efforts.

In celebration of Women's Month, Chelsea Logistics launched its women empowerment campaign called **"ChelSHE Story"** in March. The campaign was initiated in line with the United Nations' Sustainable Development Goal to achieve gender equality and to empower all women. The Campaign paid tribute to and encouraged women in the shipping and logistics industry and attested to Chelsea Logistics' steadfast commitment to promoting gender equality in the workplace and empowering women at work.

"ChelSHE Story" featured six stories of women in the Chelsea Group across business segments:

- Kim Fabellar, Chief Officer, Chelsea Shipping Corp.
- Avelyn Parubrob, Third Officer, Starlite Ferries, Inc.
- Eda Villanueva, Operations Supervisor, The SuperCat Fast Ferry Corporation
- Rizzabel Auman, Hotel Officer, Trans-Asia Shipping Lines, Incorporated
- Marivic Del Mundo, Operations Manager, TASLI Services, Inc.
- Becky Laforteza, Warehouse Operations Assistant Manager, Worklink Services, Inc.





## SDG 9 INDUSTRY INNOVATION AND INFRASTRUCTURE

### EMPOWERING EMPLOYEES BY CREATING A SAFE SPACE FOR THEM

The Chelsea Group takes pride in its employees who, amid all the hardships since the onset of the Covid pandemic, remain dedicated to delivering quality work for its stakeholders. To help its employees develop their soft skills, which in turn can further improve productivity and build a culture of trust and teamwork, Chelsea Logistics launched the Chelsea Classroom in August 2022.

**Chelsea Classroom** is a knowledge-sharing program that encourages team members to be intentional in sharing their talents and knowledge on any topics that they are good at or passionate about. The Program is meant to not only hone the interpersonal and leadership skills of team members, but also create a safe space for them to network, learn, and maximize internal resources.



### HELPING EMPLOYEES REACH THEIR GOALS

An average of **95 participants** attended the two-hour sessions in the first run of Chelsea Classroom. Two topics on communications, Grammar 101 and Business Writing, were conducted by in-house talent, the Strategic Communication and Branding Manager of the Group, Gizelle Del Pozo.

**Financial freedom** is not necessarily about being rich; it is having sufficient savings and cash on hand to live the desired life. Financial freedom gives people better financial security which allows them to pursue their goals, and align their actions with their values.

In November 2022, the Chelsea Group's Internal Audit Manager, Kathy Agbay, conducted Accounting for Non-Accountants. The sessions were divided into two parts: (1) Accounting: The Language of Business; Financial Reporting and Concepts; Accounting Style, and (2) Adjusting the Accounts; Financial Statements; Financial Analysis.

To help its employees be in control of their finances and life choices, the Chelsea Group conducted a financial literacy seminar in November 2022. Financial literacy champion Aurora "Ojing" Osana, the Executive Vice Chairman of International Marketing Group (IMG), was invited to share practical tips on how to gain financial freedom amidst rising inflation in the country.

These learning sessions aim to help non-accounting team members to improve their knowledge and understanding of accounting concepts as applied in various business transactions across the companies. An average of 50 participants attended the learning sessions.





**SDG 14**  
LIFE BELOW WATER

**LEADING THE CHARGE ON MANGROVE CONSERVATION & PRESERVATION**

Mangrove forests play a vital role in protecting the country's shorelines from damaging storm surges and winds, waves, and floods. In addition to serving as valuable nursery areas for many commercial fish and invertebrates, mangrove trees help maintain water quality and clarity by filtering pollutants and trapping sediment deposits from land areas.

In an effort to promote mangrove trees protection, conservation, and restoration, the Chelsea Group carried out a series of mangrove tree planting activities in 2022.

Starlite Ferries, Inc. (SFI) began its campaign in Brgy. Catmon, San Juan, Batangas where SFI team members planted a total of **200** mangrove trees. In April 2022, SFI expanded its campaign and planted 300 mangrove trees in Silonay Mangrove Conservation Eco-Park located at Barangay Silonay, Calapan City, Oriental Mindoro. A total of 70 SFI employees took part in the activity.



Chelsea Group planted  
**1,100** mangrove trees  
**600** assorted seedlings



On July 30, 2022, Trans-Asia Shipping Lines, in coordination with the Municipal Environment and Natural Resources Office of Liloan (MENRO), worked together on a mangrove tree planting activity at Sitio Bakhaw, Barangay Cotcot Liloan, Cebu. Some 22 Trans-Asia employee volunteers gathered to plant **500 mangrove tree** saplings at their chosen area.

On October 21, 2022, the Chelsea Group partnered with the City Environment & Natural Resources Office and Samahan ng Mangingisda ng Talisay, Calatagan Batangas to plant **400 mangrove trees** in different areas in the province. A total of 40 employee volunteers from Chelsea Logistics, Chelsea Shipping, TASLI Services, and Worklink Services participated in the activity.



**SDG 15**  
LIFE ON LAND

**ENGAGING IN ACTIVITIES THAT PROMOTE ENVIRONMENTAL PROTECTION**

The Chelsea Group firmly believes in the adage: "You have to sow before you can reap. You have to give before you can get." With this in mind, the Group continually endeavors to be part of efforts that help mitigate the effects of climate change, preserve the ecosystem, and protect the quality of soil and air in the country.

On September 2022, the Chelsea Group joined forces with the Udenna Foundation to conduct a tree planting activity at Calaca Seaport. A total of **600 assorted seedlings** were planted by employee volunteers from Calaca Industrial Seaport Corporation, Chelsea Logistics, Malampaya Foundation, UC38 LLC, and the Municipal Environment and Natural Resources Office (MENRO) of the City of Calaca.





## SDG 17 PARTNERSHIPS FOR THE GOALS

### HEEDING THE CALL OF SAVING LIVES

On February 7, 2022, Worklink Services, Inc. (WSI) marked its 23rd founding anniversary with the theme: "Faith Forward". The milestone was commemorated with an anniversary Mass to celebrate another fruitful year for the organization despite continuing challenges.

WSI, in partnership with the Philippine Red Cross, held a Blood Donation Drive as part of its anniversary celebration. A total of 33 volunteers from various WSI branches participated in the bloodletting campaign with the objective to promote and encourage regular blood donations to help sustain blood banks and save countless lives. This year, the participants were able to donate **33 bags of blood**.



### EQUIPPING THE NEXT GENERATION

The Chelsea Group believes that education is the key to a better future. Considering the importance of education, especially to improve living conditions, students will greatly benefit from quality and upgraded educational materials.

As a partner for national development, TASLI Services, Inc. (TSI) shared its blessings with the Kapitbahayan Elementary School in Bangus St., Navotas City as it distributed **6,536 packs of twistable crayons to its more than 5,000 students**. This simple donation drive aims to equip students with more proper tools essential to academic success.





Chelsea Logistics and Infrastructure Holdings Corp. (“CLC” or the “Company”) adopted a Manual of Corporate Governance (the “Manual”) to ensure its compliance with the leading practices on good corporate governance and related Philippine Securities and Exchange Commission (SEC) rules and regulations. The Manual was approved and adopted by its Board of Directors and deemed effective as of 27 March 2017.

The Manual features the following provisions:

- Protection of investors. The Manual provides 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 shall continue to improve its corporate governance and shall amend the Manual as may be necessary.

A copy of the Manual containing the foregoing provisions was submitted to the Philippine Securities and Exchange Commission.

## THE BOARD OF DIRECTORS

CLC’s Board of Directors (the “Board”) is primarily responsible for the governance of the Company. Corollary to setting the policies for the accomplishment of the corporate objectives, the Board shall provide an independent check on Management.

The Board of Directors has nine (9) members who shall be elected by the stockholders at a regular or special meeting in accordance with the Amended By-Laws of the Corporation. The Board shall be composed of Directors with a collective working knowledge, experience or expertise that is relevant to the Company’s industry/sector. The Amended By-laws requires the election of three (3) Independent Directors which shall constitute twenty percent (20%) of the members of the Board, or whichever is lesser, but in no case less than three (3).

In accordance with the Company’s Amended By-Laws and Manual of Corporate Governance, the Board in 2022 was comprised of 9 members elected by the shareholders during the Annual Shareholders’ Meeting held on May 3, 2022. The Company has six (6) Non-Executive Directors, three (3) of which are Independent Directors.

### Members of the Board of Directors

Non-Executive, Non-Independent Directors	Non-Executive, Independent Directors	Executive Directors
Dennis A. Uy	Miguel Rene A. Dominguez	Chryss Alfonsus V. Damuy
Eduardo A. Bangayan	Jesus S. Guevara II	Cherylyn C. Uy
Efren E. Uy	Vacant*	Arthur Kenneth L. Sy

\* Independent Director Gener T. Mendoza passed away on July 31, 2022.

### Directorship in Other Listed Companies

The following members of the Board are also Directors of the publicly-listed companies identified below:

Director’s Name	Name of Listed Company	Position Head
<b>Dennis A. Uy</b>	Phoenix Petroleum Philippines, Inc.	Chairman and Chief Strategy Officer
	PH Resorts Group Holdings, Inc.	Chairman of the Board
	Dito CME Holdings Corp.	Chairman of the Board

Director's Name	Name of Listed Company	Position Head
<b>Cherylyn C. Uy</b>	Phoenix Petroleum Philippines, Inc.	Director
	PH Resorts Group Holdings, Inc.	Director
	Dito CME Holdings Corp.	Director/Treasurer
<b>Eduardo A. Bangayan</b>	Manila Miniing Corporation	Independent Director

### Independent Directors

An "Independent Director" is a person who, apart from his fees and shareholdings, which shareholdings does not exceed two percent (2%) of the shares of the Company and/or its related companies or any of its substantial shareholders, is independent of Management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of any independent judgement in carrying out his responsibilities as a Director in the Company.

In compliance with the SEC requirement that at least 20% of the Board should be independent directors with no material relationship with the Company, three (3) Independent Directors – Gener T. Mendoza, Miguel Rene A. Dominguez and Jesus S. Guevara II – were elected on 3 May 2022.

#### Criteria for Independence for Independent Directors

The Board of Directors through the Nomination Committee reviews and evaluates the qualifications of all persons nominated to the Board, including the Independent Director(s). The Committee assesses his or her qualifications for independence based on the following criteria:

A person who:

- Is not or has not been a senior officer or employee of the Company unless there has been a change in the controlling ownership of the Company;
- Is not and has not been in the three (3) years immediately preceding the election, a Director of the Company; a Director, officer, employee of the Company's subsidiaries, associates, affiliates or related companies; or a Director, officer, employee of the Company's substantial shareholders and its related companies;
- Has not been appointed in the Company, its subsidiaries, associates, affiliates or related companies as Chairman "Emeritus", "Ex-Officio" Directors/Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within three (3) years immediately preceding his or her election;
- Is not an owner of more than two percent (2%) of the outstanding shares of the Company, its subsidiaries, associates, affiliates or related companies;
- Is not a relative of a Director, officer, or substantial shareholder of the Company or any of its related companies or of any of its substantial shareholders. For this

purpose, relatives include spouse, parent, child, brother, sister and the spouse of such child, brother or sister;

- Is not acting as nominee or representative of any Director of the Company or any of its related companies;
- Is not a securities broker-dealer of listed companies and registered issuers of securities. "Securities broker-dealer" refers to any person holding any office of trust and responsibility in a broker-dealer firm, which includes, among others, a director, officer, principal stockholder, nominee of the firm to the Exchange, an associated person or salesman, and an authorized clerk of the broker or dealer;
- Is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of the Company, any of its related companies or substantial shareholder, or is otherwise independent of Management and free from any business or other relationship within the three (3) years immediately preceding the date of his election;
- Does not engage or has not engaged, whether by himself or with other persons or through a firm of which he is a partner, director or substantial shareholder, in any transaction with the Company or any of its related companies or substantial shareholders, other than such transactions that are conducted at arm's length and could not materially interfere with or influence the exercise of his independent judgment;
- Is not affiliated with any non-profit that receives significant funding from the Company or any of its related companies or substantial shareholders; and
- Is not employed as an executive officer of another company where any of the Company's executives serve as Directors.

### Attendance of the Board

For the period 1 January 2022 to 31 December 2022, there were five (5) Board Meetings and one (1) Stockholders' Meeting held. The attendance at these meetings is as follows:

Director's Name	Total No. of Board Meetings	Total No. of Board Meetings Attended	Percentage of attendance (%)	Attended Annual Stockholders' Meeting
Dennis A. Uy	5	5	100%	Y
Chryss Alfonsus V. Damuy	5	5	100%	Y
Cherylyn C. Uy	5	5	100%	Y
Arthur Kenneth L. Sy	5	5	100%	Y
Efren E. Uy	5	3	60%	Y
Eduardo A. Bangayan	5	5	100%	Y
Miguel Rene A. Dominguez	5	5	100%	Y
Jesus S. Guevara II	5	5	100%	Y
*Gener T. Mendoza	5	3	60%	Y

\* Passed away July 31, 2022



## COMMITTEES OF THE BOARD OF DIRECTORS

CLC's Board of Directors created and appointed Directors to the five (5) Board committees set forth below. Each member of the respective committees named below holds office as of the date of this report and will serve until his successor is elected and qualified. The five Committees are: (i) the Nomination Committee; (ii) the Audit Committee; (iii) Corporate Governance Committee; (iv) Board Risk Oversight Committee, and the (v) Related Party Transaction Committee.

### Nomination Committee

CLC's Nomination Committee is responsible for reviewing and evaluating the qualifications of all persons nominated to the Board and other appointments that require Board approval, and to assess the effectiveness of the Board's processes and procedures in the election or replacement of Directors. The Nomination Committee must comprise at least three (3) Directors, one of whom should be an Independent Director. The Nomination Committee reports directly to CLC's Board of Directors.

### Audit Committee

CLC'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:

- 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;
- Perform oversight functions over our 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;
- Review the annual internal audit plan to ensure its conformity with our objectives. The plan shall include the audit scope, resources and budget necessary to implement it;
- 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;
- 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;
- Monitor and evaluate the adequacy and effectiveness of our internal control system including financial reporting control and information technology security;
- Review the reports submitted by the internal and external auditors;

- 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;
- Coordinate, monitor and facilitate compliance with laws, rules and regulations;
- 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,
- Establish and identify the reporting line of our internal auditor to enable him to properly fulfil his duties and responsibilities. It shall functionally report directly to the Audit Committee.

### Corporate Governance Committee

The Corporate Governance Committee shall be composed of at least three (3) members, all of whom should be Independent Directors, including the Chairman. The Corporate Governance Committee shall have the following duties and functions, among others:

- Oversee the implementation of the corporate governance framework and periodically review the said framework to ensure that it remains appropriate in light of material changes to the Company's size, complexity and business strategy, as well as its business and regulatory environments;
- Oversee the periodic performance evaluation of the Board and its Committees as well as executive management, and conduct an annual self-evaluation of its performance;
- Ensure that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;
- Recommend continuing education/training programs for Directors, assignment of tasks/projects to Board Committees, succession plan for the Board members and senior officers, and remuneration packages for corporate and individual performance;
- Adopt corporate governance policies and ensure that these are reviewed and updated regularly, and consistently implemented in form and substance;
- Propose and plan relevant trainings for the members of the Board;
- Determine the nomination and election process for the Company's Directors and has the special duty of defining the general profile of Board members that the Company may need and ensuring appropriate knowledge, competencies and expertise that complement the existing skills of the Board; and

- Establish a formal and transparent procedure to develop a policy for determining the remuneration of Directors and officers that is consistent with the Company's culture and strategy as well as the business environment in which it operates.

#### **Board Risk Oversight Committee**

The Board Risk Oversight Committee shall be composed of at least three (3) members, majority of whom should be Independent Directors, including the Chairman. The Chairman should not be the Chairman of the Board or of any other committee. At least one member of the Committee must have relevant thorough knowledge and experience on risk and risk management. The Committee has the following duties and responsibilities:

- Develop a formal enterprise risk management plan which contains the following elements: (a) common language or register of risks, (b) well-defined risk management goals, objectives and oversight, (c) uniform processes of assessing risks and developing strategies to manage prioritized risks, (d) designing and implementing risk management strategies, and (e) continuing assessments to improve risk strategies, processes and measures;
- Oversee the implementation of the enterprise risk management plan through a Management Risk Oversight Committee. The Committee conducts regular discussions on the Company's prioritized and residual risk exposures based on regular risk management reports and assesses how the concerned units or offices are addressing and managing these risks;
- Evaluate the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. The Committee revisits defined risk management strategies, looks for emerging or changing material exposures, and stays abreast of significant developments that seriously impact the likelihood of harm or loss;
- Advise the Board on its risk appetite levels and risk tolerance limits;
- Review at least annually the Company's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impacts on the Company;
- Assess the probability of each identified risk becoming a reality and estimates its possible significant financial impact and likelihood of occurrence. Priority areas of concern are those risks that are the most likely to occur and to impact the performance and stability of the Company and its stakeholders;
- Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the corporation. This function includes regularly receiving information on risk exposures and risk management activities from Management; and
- Report to the Board on a regular basis, or as deemed necessary, the Company's material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary.

#### **Related Party Transaction Committee**

The Related Party Transaction Committee shall be composed of at least three (3) non-

executive Directors, two (2) of whom should be Independent, including the Chairman. The Committee shall have the following functions:

- Evaluate on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties (RPTs) are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, RPTs and changes in relationships should be reflected in the relevant reports to the Board and regulators/supervisors;
- Evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with nonrelated parties under similar circumstances and that no corporate or business resources of the Company are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating RPTs, the Committee takes into account, among others, the following:
  - a. The related party's relationship to the Company and interest in the transaction;
  - b. The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
  - c. The benefits to the Company of the proposed RPT;
  - d. The availability of other sources of comparable products or services; and
  - e. An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The Company should have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs.
- Ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Company's RPT exposures, and policies on conflicts of interest or potential conflicts of interest. The disclosure should include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of the Company's affiliation or transactions with other related parties;
- Report to the Board of Directors on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;
- Ensure that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process; and
- Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures.

#### **Members of the Board Committees**

Nomination Committee	Dennis A. Uy (Chairman) Miguel Rene A. Dominguez Efren E. Uy
Audit Committee	Jesus S. Guevara II (Chairman) Dennis A. Uy Miguel Rene A. Dominguez

Corporate Governance Committee	Miguel Rene A. Dominguez (Chairman) Jesus S. Guevara II
Board Risk Oversight Committee	Jesus S. Guevara II (Chairman) Arthur Kenneth L. Sy Miguel Rene A. Dominguez
Related Party Transactions Committee	Eduardo A. Bangayan (Chairman) Jesus S. Guevara II Efren E. Uy

## ACCOUNTABILITY AND AUDIT

The Board is primarily accountable to the shareholders and Management is primarily accountable to the Board. The Board provides the shareholders with a fair, balanced and comprehensive assessment of the Company's performance position and prospects on a quarterly basis including interim and other reports that could adversely affect its business as well as reports to SEC and PSE that are required by the law. It is essential that Management provides all members of the Board with accurate and timely information that would enable the Board to comply with its responsibilities to the stockholders.

Management formulates, under the supervision of the Audit Committee, the rules and procedure on financial reporting and internal control in accordance with the following guidelines:

- a. The extent of its responsibility in the preparation of the financial statements of the Company, with corresponding delineation of the responsibilities that pertain to the external auditor, should be clearly explained;
- b. An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the Company for the benefit of all stockholders and other stakeholders;
- c. On the basis of the approved audit plans, internal audit examinations should cover, at the minimum, the evaluation of the adequacy and effectiveness of the controls that cover the Company's financial reporting, governance, operations and information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets and compliance with contracts, laws, rules and regulations;
- d. The Company should consistently comply with the financial reporting requirements of the SEC.
- e. Present a fair assessment of the Company's financial position and prospects;
- f. Explain the responsibility for preparing the accounts, for which there should be statement by the auditors about their reporting responsibilities;
- g. Report that the business is a going concern, with supporting assumptions or qualifications, if necessary;
- h. Maintain a sound system of internal control to safeguard stakeholders' investment and the Company's assets.

## SHAREHOLDERS' RIGHTS

### Voting Rights

The shareholders have the right to elect, remove and replace Directors and vote on certain corporate acts in accordance with the Corporation Code, and the Company's By-Laws. Cumulative voting shall be allowed in the election of Directors. Although Directors may be removed with our without cause, the Corporation Code prohibits removal without cause if it will deny minority shareholders representation in the Board.

### Pre-emptive Rights

All stockholders have pre-emptive rights to subscribe to new shares issued by the Company, except when the Company issues shares (i) to satisfy the conversion rights of convertible promissory notes, bonds, or the other securities which may be issued by the Company with express right of conversion into shares of stock, or (ii) to raise funds to redeem or pay such convertible promissory notes, bonds or other securities of the Company.

### Power of Inspection

Shareholders are allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code. They shall be provided with a copy of the annual report, including financial statements, without cost or restrictions in accordance with law.

### Right to Information

The Shareholders shall be provided, upon request, with reports which disclose personal and professional information about the Directors and Officers and certain other matters such as their holdings of the Company's shares, dealings with the Company, relationships among Directors and key Officers, and the aggregate compensation of Directors and Officers, as may be required by law and applicable disclosure rules.

The minority shareholders have the same right of information as other shareholders of the Company. They should be granted the right to propose the holding of a meeting, and the right to propose the items in the agenda of the meeting, provided the items are for legitimate business purposes, in accordance with law.

### Rights to Dividends

Shareholders have the right to receive dividends subject to the discretion of the Board to declare such dividends. However, the SEC may direct the Company to declare dividends when its retained earnings is in excess of 100% of its paid-up capital stock, except: (i) when justified by definite corporate expansion projects or programs approved by the Board or (ii) when the Corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or (iii) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Company, such as when there is a need for special reserve for probable contingencies.

### Appraisal Right

Section 82 of the Corporation Code allows the exercise of the Shareholder's appraisal rights under the following circumstances:

- a) In case any amendment to the Articles of Incorporation has the effect of changing or restricting the right of any stockholders 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;
- b) 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; and
- c) In case of merger or consolidation.

**Promotion of Shareholders' Rights**

The Board shall promote shareholders' rights in accordance with law, remove impediments to the exercise of shareholders' rights and allow possibilities to seek redress for violation of their rights. They shall encourage the exercise of shareholders' voting rights and solution of collective act on problems through appropriate mechanisms in accordance with law. They shall remove excessive costs and other administrative or practical impediments to shareholders' participation in meetings and/or voting in person. The Board shall allow the electronic filing and distribution of shareholder information necessary to make informed decisions as may be allowed by law.

**Right to Transparent and Fair Conduct of Stockholders' Meeting**

The Board is transparent and fair in the conduct of the annual and special stockholders' meeting of the Company. The stockholders are encouraged to personally attend such meetings. If a shareholder cannot attend, he or she has a right to appoint a proxy. Subject to the requirements of the By-Laws, the exercise of this right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in stockholder's favor.

**SEPARATE ROLES OF THE CHAIRMAN AND OF THE PRESIDENT & CEO**

The Company promotes good governance through the separation of the posts of the Chairman and President & CEO. This is to achieve an appropriate balance of power, increase accountability and improve the Board's capacity for decision-making independent of the Management.

The Chairman of the Board is primarily responsible for ensuring that the Board Meeting agenda focuses on strategic matters, including the overall risk appetite of the Company, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect the operations of the Company. The Chairman is also responsible in ensuring that the Board sufficiently challenges and inquires on reports submitted and representations made by the Management.

On the other hand, the President & CEO is in charge of the management and administration of the business operations, affairs and properties of the Company. He ensures that all resolutions of the Board are carried into effect and see that the business and affairs of the Company are managed in sound and prudent manner. He also ensures the reliability and integrity of the financial and operational information and effectiveness, as well as, the efficiency of operations.

The respective roles of CLC's Chairman and President & CEO were held by Dennis A. Uy and Chryss Alfonsus V. Damuy in 2022.

**THE CORPORATE SECRETARY**

The Corporate Secretary is an officer of the Company and is expected to observe the highest degree of professionalism, integrity and shall have the qualifications, duties and responsibilities specified in the By-Laws of the Company, or as may further be specified or designated by the Board of Directors. Atty. Ma. Henedina V. San Juan is the Company's Corporate Secretary. She is not a member of the Board and attended the Annual Shareholders' Meeting held on 3 May 2022.

**INVESTOR RELATIONS OFFICER**

The Investor Relations Office is tasked with the: (i) creation and implementation of an investor relations program that reaches out to all shareholders and informs them of corporate activities; and, (ii) formulation of a clear policy for accurately, effectively and sufficiently communicating and relating relevant information to CLC's stakeholders as well as to the broader investor community.

The Investor Relations Officer (IRO) is responsible for ensuring that the CLC's shareholders have timely and uniform access to official announcements, disclosures and market-sensitive information relating to the Company. As CLC's officially designated spokesperson, the IRO will be responsible for receiving and responding to investor and shareholder queries. In addition, the IRO will oversee most aspects of CLC's shareholders meetings, press conferences, investor briefings, management of the investor relations portion of the CLC's website and the preparation of its annual reports. The IRO will also be responsible for conveying information such as the policy on corporate governance and corporate social responsibility, as well as other qualitative aspects of the Company's operations and performance.

For any shareholder's concerns, please contact the Investor Relations Office at:

Email: info@chelsealogistics.ph  
Tel.: +632 403-4015 local 859

**COMPLIANCE OFFICER**

The Company has appointed Atty. Leandro E. Abarquez as its Compliance Officer, who is tasked to ensure the Company's observance of corporate governance best practices, disclosures and continuing requirements of the Philippines SEC and the Philippine Stock Exchange.

# BOARD OF DIRECTORS



**DENNIS A. UY**  
Chairman & Founder

**CHRYSS ALFONSUS V. DAMUY**  
President & CEO



**CHERYLYN C. UY**  
Treasurer



**EDUARDO A. BANGAYAN**  
Director



**ARTHUR KENNETH L. SY**  
Director



**EFREN E. UY**  
Director



**MIGUEL RENE A. DOMINGUEZ**  
Independent Director



**JESUS S. GUEVARA II**  
Independent Director



# MANAGEMENT TEAM



**MA. HENEDINA V. SAN JUAN**  
AVP - Legal and Corporate Affairs  
Corporate Secretary



**REYNALDO A. PHALA**  
VP-Treasury  
Deputy Chief Financial Officer



**DARLENE A. BINAY**  
Finance Controller



**CHERYLYN C. UY**  
Treasurer



**MA. KATHERINE A. AGBAY**  
Chief Audit Executive



**LEANDRO E. ABARQUEZ**  
Chief Compliance Officer



**CHRYSSE ALFONSUS V. DAMUY**  
President & CEO



**IGNACIA S. BRAGA IV**  
Chief Financial Officer

## GENERAL MANAGERS



**SHANE ANTHONY G. ARANTE**  
Starlite Ferries, Inc. & The SuperCat  
Fast Ferry Corporation



**SHEILA FAY U. SY**  
Trans-Asia Shipping Lines, Incorporated



**ALEJANDRO L. DELA CRUZ**  
TASLI Services Incorporated



**DEXTER A. SILVA**  
Worklink Services, Inc.

## BOARD OF DIRECTORS

### **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). Currently, he is the Chairman and Chief Strategy Officer of Phoenix Petroleum Holdings, Inc., the holding company of Phoenix Petroleum Philippines, Inc. (PPPI), and the Chairman and Founder of UDENNA Corporation, the ultimate parent company of PPPI and CLIHC. He is also the Chairman of DITO CME Holdings, Corp., UDENNA Land Inc., Le Penseur, Inc., PH Resorts Group Holding, Inc., Phoenix Philippines Foundation, and the UDENNA Foundation. Mr. Uy is a member of the Young Presidents Organization – Philippine chapter and the Philippine Business for Social Progress and has been the Honorary Consul of Kazakhstan to the Philippines since November 2011. He was recognized as the Young Entrepreneur of the Year (2017) by the ASEAN, and received the Entrepreneurial Excellence Award (2019) at the Entrepreneur of the Year Awards of EY Singapore. 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 President 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 and Branch Officer of the Regional Educators Multi-Purpose Cooperative. 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. For the Group's corporate social responsibility missions, she serves as the President of UDENNA Foundation and Executive Director of Phoenix Philippines Foundation, Inc. Ms. Uy is a graduate of Ateneo de Davao University with a degree in Business Finance.

### **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. He is also the Vice President of the New Leyte Edible Oil Manufacturing 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 2002 prior to his appointment as Chairman in January 2017 with a term until 2023. Further, he serves as an Independent Director of Rural Bank of Tagum from 2015 until present. He has a degree in Bachelor of Science in Business Administration from Silliman University.

### **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 Chairman, 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.

### **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. In the last (5) five years, he has served as Director for DBP Service Corporation, DBP Management Corporation, LGU Guarantee Corporation and DBP Insurance Brokerage, Inc. He has a degree in Bachelor of Arts in Economics from University of the Philippines and Master's Degree in Industrial Relations.

## MANAGEMENT TEAM

### **Ignacia S. Braga IV**

Chief Financial Officer

Ignacia S. Braga IV, 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 Macondray 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

Reynaldo A. Phala, 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

Ma. Henedina V. San Juan, 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

Darlene A. Binay, 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

Leandro E. Abarquez, Filipino, 40 years old, is the Compliance Officer of the Company. Mr. Abarquez is currently the Corporate Secretary and Head of Legal of the UDENNA Corp. and PH Resorts Group Holdings, Inc.. He is also DITO CME Holdings Corp.'s Corporate Secretary and Chief Information Officer and PH Resorts Group Holdings' Corporate Secretary. 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.

### **Shane Anthony G. Arante**

General Manager, Starlite Ferries, Inc. and The SuperCat Fast Ferry Corporation

Shane Anthony G. Arante, Filipino, 52 years old, has been the General Manager for Starlite Ferries and SuperCat since 07 July 2020. He started his career in Aboitiz Air Transport Corporation. With the merger of WG & A Shipping Lines, Inc. and Aboitiz Air, he was designated to handle the Cebu Terminal Operations. In 2011, Mr. Arante was assigned to manage the South Luzon operations as Regional Head operating SuperCat, RoPax and freighter vessels. Mr. Arante holds a degree in Bachelor of Science in Air Transportation Engineering from PATTS College of Aeronautics. He finished his Master's in Business Administration in 2003 from the University of San Carlos, Cebu.

### **Sheila Fay U. Sy**

General Manager, Trans-Asia Shipping Lines Incorporated

Sheila Fay U. Sy, Filipino, 53 years old, has been the General Manager of Trans-Asia Shipping Lines since 07 July 2020. Prior to joining Trans-Asia, she was the Executive Assistant to the Vice President of La Filipina Uygongco Group of Companies for 5 years. She has been a member of the Board of Trustees of the Uygongco Foundation Incorporated since 2017. Upon the acquisition of Trans-Asia by the Chelsea Group in December 2016, Ms. Sy was appointed as the Vice President for Marketing, Sales and Terminal Operations of Trans-Asia. Ms. Sy holds a degree in Bachelor of Science in Management from Ateneo de Manila University.

### **Alejandro L. Dela Cruz**

General Manager, TASLI Services, Inc.

Alejandro L. Dela Cruz, Filipino, 46 years old, has been the General Manager of TASLI Services, Inc. since 1 March 2022. Prior to joining the Chelsea Group, he was the Manager for Shipping and Clearing of San Miguel Integrated Logistics Services, Inc. He also joined Manila North Harbor Port Incorporated from 2010 to 2014 as the Vice President for Operations, and later became the Vice President for Special Projects from 2015 to 2018. In between those years, he had a short stint at Bestshore Business Solutions UK Ltd. as Management Consultant. He started his career at Asian Terminals Incorporated (ATI) as Receiving Checker in 1996 and held various positions, including Assistant – E.C.E., Systems Administrator, Duty Manager, South Harbor Project Officer, Operational Systems Manager, and Landside Operations Manager. He left ATI in 2010 as Terminal Manager. Mr. Dela Cruz is a licensed Electronics and Communications Engineer. He graduated from Mapua Institute of Technology, Manila with a degree in BS Electronics and Communications Engineering.

### **Dexter A. Silva**

General Manager, Worklink Services, Inc.

Dexter A. Silva, Filipino, 48 years old, has been the General Manager of Worklink since 7 July 2020. He started his career with Citibank right after graduation from college, then he decided to hone his entrepreneurial skills through the establishment of Worklink Services, Inc. in 1999. As President of the Company then, Mr. Silva successfully developed the Company's expertise in the logistics business. Mr. Silva also served as President of Strategic Alternative, Corp. which provides manpower services to different industries nationwide, and as Treasurer of 1035 Acre Farm, Inc., a supplier to one of the biggest poultry integrators in the Philippines. Mr. Silva graduated from De La Salle University, with a degree in Business Management, and secured his Master's Degree in the Science of Entrepreneurship in Ateneo de Manila University in 2010.



# BUSINESS UNIT MANAGEMENT TEAM



From left to right: **John Francis Gatus** (Treasury Manager), **Capt. Edgardo Lutao** (QHSE Manager), **Sherlyn Guerzon** (HR & Admin Manager), **Capt. Welson Amparo** (Operations Officer), **Cynthia Adoptante** (Chartering Officer), **Gizelle Del Pozo** (Strategic Communications & Branding Manager), **Capt. Franco Alzate** (Marine Manager), **Capt. Enrico Peralta** (Security Manager), **Annabelle Sanchez** (Corporate Planning and Tax Compliance Manager), **Capt. Alfredo De Guzman** (Technical Manager), **Katherine Agbay** (Internal Audit Manager), **Efren Bernardino Jr.** (Senior IT Manager), **Capt. Job Espares** (Crewing Manager)



**From left to right:**  
**Capt. Winnie Bandong** (Fleet Management Head - Luzon/Marine Manager/DPA), **Grace Faraon** (Finance/Business Development Manager), **Shane Arante** (General Manager), **Roy Albis** (Technical Manager), **Emily Mendoza** (Hotel Services Manager), **Nilo Nebreja** (Commercial Operations Manager), **Gilbert Caseda** (Sales & Marketing Manager)



**From left to right:**  
**Shane Arante** (General Manager), **Maribel Avancena** (Branch Manager, Western Visayas), **Romeo Libago** (AVP-Ship Management), **Grace Faraon** (Finance Manager), **Aldrin Gabutan** (Revenue and Yield Manager)

# BUSINESS UNIT MANAGEMENT TEAM



**From left to right:**  
**Rolando Herrera** (Customer Service Section Head), **Marivic Del Mundo** (Operations Manager), **Alejandro Dela Cruz** (General Manager), **Vannesa V. Billones** (Finance Manager), **Albert Lionel Tansy** (Sales Head)



**From left to right:**  
**Rogelio De Guzman** (QMSI Manager), **Romeo Libagao** (Fleet Management Head -VISMIN), **Capt. Nathan Luga** (Marine Operations Head), **Arthur Kenneth Sy** (Co-Chairman), **Reynald Lemuel Saberon** (Finance Manager), **Sheila Fay Sy** (General Manager - Vismin Interports), **Bennie Balutan** (Technical Manager), **Atty. Dexter Viñan** (Legal Counsel), **Alfred Neri** (HR Manager)



**Sitting down:**  
**Dexter Silva** (General Manager),  
**Standing, From left to right:**  
**Yvette Albaniel** (Human Resources Head), **Cyra de Jesus** (Finance Manager), **Raul Artadi** (Sales and Marketing Head), **Maricris Burayag** (Operations Head)





Together, we serve you better.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
FOR CONSOLIDATED FINANCIAL STATEMENTS

The Management of Chelsea Logistics and Infrastructure Holdings Corp and its subsidiaries (the Group) is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein, for the years ended December 31, 2022, 2021 and 2020 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements, including the schedules attached therein, and submits the same to the stockholders or members.

Punongbayan & Araullo, the independent auditors appointed by the stockholders, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in their report to the stockholders or members, have expressed their opinion on the fairness of presentation upon completion of such audit.

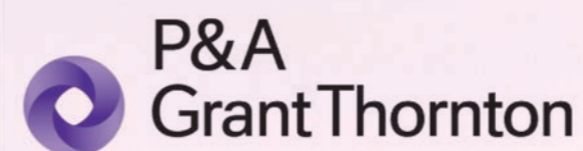
Sgd.  
DENNIS A. UY  
Chairman of the Board

Sgd.  
CHRYSS ALFONSUS V. DAMUY  
President & CEO

Sgd.  
CHERYLYN C. UY  
Treasurer

Signed this 24th day of March 2023

HEAD OFFICE MANILA OFFICE  
Stella Hizon Reyes Road Bo. Pampanga, Davao City 8000 12th Floor, Udena Tower, Rizal Drive Cor. 4th Ave., Bonifacio Global City, Taguig City 1634  
Tel: +63.82.224.5373 Tel: +63.2.8403.4015



FOR SEC FILING

Consolidated Financial Statements and  
Independent Auditors' Report

**Chelsea Logistics and Infrastructure  
Holdings Corp. and Subsidiaries**

December 31, 2022, 2021 and 2020

Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd

## Report of Independent Auditors

The Board of Directors and Stockholders  
Chelsea Logistics and Infrastructure Holdings Corp. and Subsidiaries  
(A Subsidiary of Udenna Corporation)  
Stella Hizon Reyes Road  
Bo. Pampanga, Davao City

### Opinion

We have audited the consolidated financial statements of Chelsea Logistics and Infrastructure Holdings Corp. and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2022, and notes to consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and their consolidated cash flows for each of the three years in the period ended December 31, 2022 in accordance with Philippine Financial Reporting Standards (PFRS).

### Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter

We draw attention to Note 1 to the consolidated financial statements, which describes management's assessment of the continuing impact on the Group's consolidated financial statements of the business disruptions brought by the COVID-19 pandemic, the impact of the Russia-Ukraine conflict, and the increasing liquidity risk arising from the Group's high debt-leveraged status. Our opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### (a) Revenue Recognition

##### Description of the Matter

The Group's revenues, which is comprised significantly of freight revenues, charter fees, passage fees, rendering of services and tugboat fees, amounted to P6,432.8 million for the year ended December 31, 2022.

The Group focuses on revenue as a key performance measure, which could create an incentive for management to overstate revenues. In our view, revenue recognition is a key audit matter due to its significance to profit or loss and high volume of revenue transactions. Relative to this, we consider that there is higher risk associated with revenue occurrence and recognition of revenues in the appropriate accounting period.

The Group's disclosures on its revenue recognition policy and disaggregation of revenues are presented in Notes 2 and 24, respectively, to the consolidated financial statements.

##### How the Matter was Addressed in the Audit

Our audit procedures to address the risk of material misstatement relating to revenue recognition included, among others, the following:

- Updating our understanding the policies and procedures applied to revenue recognition;
- Assessing the design effectiveness of internal controls related to revenue recognition processes employed by the Group;
- Reviewing the existing contracts with customers and evaluating the appropriateness of the Group's revenue recognition policies and application in compliance with the requirements of PFRS 15, *Revenue from Contracts with Customers*;
- Testing charter agreements, billing invoices, vessel fixture notes, bills of lading and other related supporting documents, on a sample basis, of revenue transactions throughout the current period to determine whether revenue recognition is properly recognized at the time the Group satisfies its performance obligations;
- Examining billing invoices and vessel fixture notes immediately prior and subsequent to the current reporting period to determine whether the related revenue transactions are recognized in the proper reporting period; and,

- Performing substantive analytical review procedures over revenues such as, but not limited to, yearly and monthly analyses of revenues per vessel, per customer, and per service line, verifying validity of the underlying data used in the analyses, and following up variances from our expectations.

**(b) Impairment of Goodwill**

*Description of the Matter*

As of December 31, 2022, the Group's goodwill amounted to P1,774.1 million. Under Philippine Accounting Standard (PAS) 36, *Impairment of Assets*, the Group is required to annually test the amount of its goodwill for impairment. We considered the impairment of goodwill as a key audit matter because the amount of goodwill is material to the consolidated financial statements. In addition, management's assessment process involves judgements, and significant assumptions about the future results of the business, and the discount rate and cash flow projections used in determining the cash-generating units over which the goodwill was allocated. The assumptions used by management are generally affected by expected future market and economic conditions.

The Group's policy on impairment assessment of goodwill is more fully described in Note 2 to the consolidated financial statements, while their corresponding carrying amounts are disclosed in Note 23 to the consolidated financial statements.

*How the Matter was Addressed in the Audit*

Our audit procedures to address the risk of material misstatement relating to goodwill included, among others, the following:

- Evaluating the reasonableness of the assumptions and methodology used by the management in determining the cash-generating units attributable to the goodwill, which include the discount rates, growth rates and cash flow projections, by comparing them to external and historical data; and,
- Evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions and judgements.

**(c) Fair Value of Vessels and Vessel Equipment under Property and Equipment**

*Description of the Matter*

The carrying amount of the Group's vessels and vessel equipment reported under the Property and Equipment account amounted to P14,446.1 million, representing 44% of the total assets of the Group. As allowed under PAS 16, *Property, Plant and Equipment*, the Group measures its vessels and vessel equipment based on a revalued amount, which represent fair market values at the date of the revaluation. The fair value is determined based on the valuation made by independent appraisers and by management, for certain vessels, every after drydocking of vessels, which is performed once every two years.

The fair valuation of the Group's vessels is considered significant in our audit as the amount is material to the consolidated financial statements and the determination of fair values involves significant management assumptions and high degree of estimation uncertainty.

The methods and assumptions used in determining the fair value of vessels are more fully described in Notes 3 and 27 to the consolidated financial statements, while the revalued amount of vessels and vessel equipment as at December 31, 2022 is disclosed in Note 9.

*How the Matter was Addressed in the Audit*

Our audit procedures to address the risk of material misstatement relating to valuation of vessels and vessel equipment included:

- Determining whether the independent appraisers engaged by the Group has the necessary professional competency, reputation, experience and objectivity;
- Assessing the appropriateness and reasonableness of bases used in the valuation such as the vessel's certificates, operating condition of the vessel equipment, main engine, and other auxiliary machineries and equipment; and,
- Evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions and judgements.

**(d) Going Concern Assessment**

*Description of the Matter*

The Group incurred a net loss of P2,526.6 million for the year ended December 31, 2022 and reported a deficit of P9,505.4 million as of December 31, 2022. In our view, the management's assessment of the going concern basis of accounting is a key audit matter due to the following factors:

- The ongoing Russia-Ukraine military conflict caused an unprecedented increase in the fuel prices and other overheads, which are essential to the Group's operations;
- Despite the easing of restrictions, most of the businesses are still recuperating from the adverse impact of the COVID-19 pandemic and are yet to resume pre-pandemic level of operations; and,
- The Group is highly debt-leveraged, which exposes the Group to increasing liquidity risk.

In consideration of the above, the management's assessment in determining whether a material uncertainty exists on the Group's ability to continue as a going concern entity involves complex judgment and high degree of estimation uncertainty. The management's assessment includes, among others, financial forecasts and cash flow projections to determine the Group's ability to operate profitably in the subsequent reporting periods and generate sufficient cash flows to service debts and fund its operations.

Taking into account the sensitivity analyses performed by the management, the Group has concluded that there are no material uncertainties around the going concern assumptions. The disclosures on the going concern assessment are included in Note 1 to the consolidated financial statements.

*How the Matter was Addressed in the Audit*

Our audit procedures to address the risks related to the Group's ability to continue as a going concern included the following:

- Evaluating the appropriateness and sufficiency of management's going concern assessment, taking into consideration the current business environment and the Group's recovery and response plans;

- Evaluating key assumptions used by management by reference to historical information, after consideration of the actions undertaken and planned strategies of management in relation to the Group's operating and financing;
- Reviewing relevant documents and agreements supporting the transactions entered into by the Group as of the date of the audit report in relation to its recovery plans; and,
- Assessed the adequacy of the related disclosures in the notes to consolidated financial statements.

#### **Other Information**

Management is responsible for the other information. The other information comprises the information included in the Group's Securities and Exchange Commission Form 17-A, which we obtained prior to the date of the auditors' report, and the Group's SEC Form 20-IS (Definitive Information Statement) and Annual Report, which are expected to be made available to us after that date, for the year ended December 31, 2022, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above, and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

If, based on the work performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

#### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

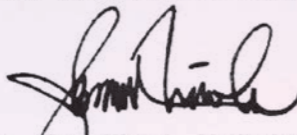
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audits resulting in this independent auditors' report is Ramilito L. Nañola.

**PUNONGBAYAN & ARAULLO**

By:   
Ramilito L. Nañola  
Partner

CPA Reg. No. 0090741  
TIN 109-228-427  
PTR No. 9566640, January 3, 2023, Makati City  
SEC Group A Accreditation  
Partner - No. 90741-SEC (until financial period 2025)  
Firm - No. 0002 (until Dec. 31, 2024)  
BIR AN 08-002511-019-2020 (until Dec. 21, 2023)  
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

March 24, 2023

CHelsea LOGISTICS AND INFRASTRUCTURE HOLDINGS CORP. AND SUBSIDIARIES  
(A Subsidiary of Udena Corporation)  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2022 AND 2021  
(Amounts in Philippine Pesos)

	Notes	2022	2021
<b>A S S E T S</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	P 236,810,520	P 269,690,887
Trade and other receivables - net	5	790,049,031	1,055,240,918
Inventories	6	268,514,059	497,453,817
Advances to related parties	19	7,619,279,150	7,794,510,442
Other current assets	7	1,753,266,343	1,421,224,113
Total Current Assets		10,667,919,103	11,038,120,177
<b>NON-CURRENT ASSETS</b>			
Investment properties - net	8	1,270,907,961	1,432,307,437
Property and equipment - net	9	18,417,588,495	19,033,334,369
Investments in associates and a joint venture	10	81,001,440	81,001,440
Goodwill - net	23	1,774,083,332	1,838,002,446
Post-employment benefit asset	16	1,800,436	1,800,436
Deferred tax assets - net	18	47,274,610	130,507,493
Other non-current assets - net	11	669,531,351	567,393,967
Total Non-current Assets		22,262,187,625	23,084,347,588
<b>TOTAL ASSETS</b>		<b>P 32,930,106,728</b>	<b>P 34,122,467,765</b>

	Notes	2022	2021
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	P 10,135,381,716	P 9,348,529,006
Interest-bearing loans and borrowings	12	5,345,356,964	6,045,249,030
Advances from related parties	19	529,490,390	624,023,838
Advances from customers	2	249,583,990	115,768,247
Income tax payable		6,132,313	1,563,179
Total Current Liabilities		16,265,945,373	16,135,133,300
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing loans and borrowings	12	12,425,273,124	12,034,180,267
Post-employment benefit obligation	16	88,859,075	80,016,237
Deferred tax liabilities - net	18	370,764,425	218,943,926
Other non-current liabilities		3,935,500	3,935,500
Total Non-current Liabilities		12,888,832,124	12,337,075,930
Total Liabilities		29,154,777,497	28,472,209,230
<b>EQUITY</b>			
Equity attributable to shareholders of the Company	20		
Capital stock		1,916,227,615	1,821,977,615
Deposits on future stock subscriptions		-	720,425,000
Additional paid-in capital		10,709,745,157	9,998,370,157
Share options outstanding		41,572,709	22,812,287
Revaluation reserves		1,491,255,887	1,050,911,063
Other reserves		( 1,058,033,280 )	( 1,058,033,280 )
Deficit		( 9,505,438,857 )	( 7,086,204,307 )
		3,595,329,231	5,470,258,535
Non-controlling interest	20	180,000,000	180,000,000
Total Equity		3,775,329,231	5,650,258,535
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>P 32,930,106,728</b>	<b>P 34,122,467,765</b>

See Notes to Consolidated Financial Statements.

CHelsea LOGISTICS AND INFRASTRUCTURE HOLDINGS CORP. AND SUBSIDIARIES  
(A Subsidiary of Udenna Corporation)  
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS  
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020  
(Amounts in Philippine Pesos)

	Notes	2022	2021	2020
<b>REVENUES</b>	24	P 6,432,753,269	P 4,468,563,672	P 4,678,919,363
<b>COST OF SALES AND SERVICES</b>	14	5,669,545,551	4,907,365,920	5,227,298,922
<b>GROSS PROFIT (LOSS)</b>		763,207,718	( 438,802,248 )	( 548,379,559 )
<b>OTHER OPERATING EXPENSES</b>	15	1,114,334,027	1,094,471,418	1,041,857,296
<b>EXPECTED CREDIT LOSSES ON RECEIVABLES</b>	5	41,872,781	396,386,975	761,569,714
<b>OPERATING LOSS</b>		( 392,999,090 )	( 1,929,660,641 )	( 2,351,806,569 )
<b>OTHER INCOME (CHARGES) - Net</b>				
Finance costs	17	( 1,337,415,673 )	( 1,431,040,620 )	( 1,302,488,868 )
Impairment losses on property and equipment	9	( 624,441,740 )	( 71,040,998 )	( 70,755,801 )
Impairment loss on investment properties	8	( 232,607,476 )	-	-
Gain (loss) on debt modification	12	134,355,784	-	( 86,612,580 )
Impairment loss on goodwill	23	( 63,919,114 )	( 10,375,700 )	-
Finance income	17	4,105,441	6,034,750	23,377,557
Share in net loss of associates	10	-	( 892,225,943 )	( 1,046,368,576 )
Gain on sale of an asset held for sale	17	-	144,605,713	-
Gain on bargain purchase	17	-	-	1,184,509,480
Gain on sale of an associate	17	-	-	983,615,152
Loss on remeasurement of previously-held interest	17	-	-	( 333,347,312 )
Gain on redemption of preferred shares	17	-	355,489,306	-
Other income (loss) - net	17	42,988,497	( 142,531,515 )	98,328,959
		( 2,076,934,281 )	( 2,041,085,007 )	( 549,741,989 )
<b>LOSS BEFORE TAX</b>		( 2,469,933,371 )	( 3,970,745,648 )	( 2,901,548,558 )
<b>TAX EXPENSE (INCOME)</b>	18	56,680,786	( 65,478,691 )	409,401,046
<b>NET LOSS</b>		( P 2,526,614,157 )	( P 3,905,266,957 )	( P 3,310,949,604 )
<b>Loss Per Share (Basic and Diluted)</b>	21	( P 1.341 )	( P 2.143 )	( P 1.817 )

See Notes to Consolidated Financial Statements.



**CHELSEA LOGISTICS AND INFRASTRUCTURE HOLDINGS CORP. AND SUBSIDIARIES**  
(A Subsidiary of Udenna Corporation)  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020  
(Amounts in Philippine Pesos)

	Notes	2022	2021	2020
<b>NET LOSS</b>		(P 2,526,614,157)	(P 3,905,266,957)	(P 3,310,949,604)
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
Items that will not be reclassified subsequently to profit or loss:				
Revaluation of vessels	9	714,299,589	( 97,809,298)	( 297,170,375)
Remeasurement of post-employment benefit obligation	16	34,014,774	60,163,065	( 22,739,222)
Tax income	18	( 200,672,418)	41,974,764	( 46,862,608)
		<u>547,641,945</u>	<u>4,328,531</u>	<u>( 366,772,205)</u>
Items that will be reclassified subsequently to profit or loss –				
Currency exchange differences on translating financial statements of foreign operations	2	82,486	1,618,520	154,306
Other Comprehensive Income (Loss) - net of tax		<u>547,724,431</u>	<u>5,947,051</u>	<u>( 366,617,899)</u>
<b>OTHER COMPREHENSIVE LOSS</b>		( 1,978,889,726)	( 3,899,319,906)	( 3,677,567,503)
<b>TOTAL COMPREHENSIVE LOSS</b>		(P 1,978,889,726)	(P 3,899,319,906)	(P 3,677,567,503)

See Notes to Consolidated Financial Statements.

**CHELSEA LOGISTICS AND INFRASTRUCTURE HOLDINGS CORP. AND SUBSIDIARIES**  
(A Subsidiary of Udenna Corporation)  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020  
(Amounts in Philippine Pesos)

Notes	Attributable to Owners of the Parent Company										Total Equity
	Capital Stock	Deposits on Future Stock Subscriptions	Additional Paid-in Capital	Share Options Outstanding	Revaluation Reserves	Other Reserves	Retained Earnings (Deficit)	Non-controlling Interest	Total	Total Equity	
Balance at January 1, 2022	P 1,821,977,615	P 720,425,000	P 9,998,370,157	P 22,812,287	P 1,050,311,063	(P 1,058,033,280)	(P 7,086,204,307)	P 180,000,000	P 5,470,258,535	P 5,650,258,535	
Subscriptions of common shares during the year	93,750,000	( 305,625,000)	211,875,000	-	-	-	-	-	85,200,000	85,200,000	
Issuance of preferred shares during the year	500,000	( 414,800,000)	499,500,000	-	-	-	-	-	2,526,614,157	2,526,614,157	
Total comprehensive loss for the year	-	-	-	-	-	-	-	-	( 547,724,431)	( 547,724,431)	
Other comprehensive income	-	-	-	-	547,724,431	-	-	-	18,760,422	18,760,422	
Share-based compensation	-	-	-	-	-	-	-	-	-	-	
Transfer of revaluation reserves through depreciation, net of tax	-	-	-	-	( 107,379,607)	-	-	-	-	-	
Balance at December 31, 2022	P 1,916,227,615	P -	P 10,709,745,157	P 41,572,709	P 1,491,255,887	(P 1,058,033,280)	(P 9,505,438,857)	P 180,000,000	P 3,595,329,231	P 3,775,329,231	
Balance at January 1, 2021	P 1,821,977,615	P 662,596,200	P 9,998,370,157	P 16,869,063	P 1,201,437,220	(P 1,058,033,280)	(P 3,367,774,527)	P 210,363,269	P 9,275,443,148	P 9,485,806,417	
Additions during the year	-	57,828,800	-	-	-	-	-	-	57,828,800	57,828,800	
Acquisition of shares from minority	-	-	-	-	-	-	-	-	30,363,269	30,363,269	
Total comprehensive loss for the year	-	-	-	-	-	-	-	-	( 3,905,266,957)	( 3,905,266,957)	
Other comprehensive loss	-	-	-	-	-	-	-	-	5,947,051	5,947,051	
Share-based compensation	-	-	-	-	-	-	-	-	-	-	
Transfer of revaluation reserves through depreciation, net of tax	-	-	-	5,943,224	-	-	-	-	-	5,943,224	
Balance at December 31, 2021	P 1,821,977,615	P 720,425,000	P 9,998,370,157	P 22,812,287	P 1,050,311,063	(P 1,058,033,280)	(P 7,086,204,307)	P 180,000,000	P 5,470,258,535	P 5,650,258,535	
Balance at January 1, 2020	P 1,821,977,615	P 662,596,200	P 9,998,370,157	P -	P 1,777,036,051	(P 1,058,033,280)	(P 265,805,155)	P 180,000,000	P 12,275,545,388	P 12,453,545,388	
Additions during the year	-	-	-	-	-	-	-	-	662,596,200	662,596,200	
Total comprehensive loss for the year	-	-	-	-	-	-	-	-	( 3,310,949,604)	( 3,310,949,604)	
Other comprehensive loss	-	-	-	-	-	-	-	-	366,617,899	366,617,899	
Share-based compensation	-	-	-	16,869,063	-	-	-	-	-	-	
Transfer of revaluation reserves from share in OCI of an associate	-	-	-	-	-	-	-	-	-	-	
Transfer of revaluation reserves through depreciation, net of tax	-	-	-	-	-	-	-	-	81,571,397	81,571,397	
Balance at December 31, 2020	P 1,821,977,615	P 662,596,200	P 9,998,370,157	P 16,869,063	P 1,201,437,220	(P 1,058,033,280)	(P 3,367,774,527)	P 210,363,269	P 9,275,443,148	P 9,485,806,417	

See Notes to Consolidated Financial Statements.

**CHELSEA LOGISTICS AND INFRASTRUCTURE HOLDINGS CORP. AND SUBSIDIARIES**  
(A Subsidiary of Udenna Corporation)  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020**  
(Amounts in Philippine Pesos)

	Notes	2022	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Loss before tax		(P 2,469,933,371)	(P 3,970,745,648)	(P 2,901,548,558)
Adjustments for:				
Depreciation and amortization	9, 11	1,255,702,826	1,484,181,534	1,675,721,855
Interest expense	17	1,208,342,599	1,403,290,901	1,300,967,463
Impairment losses on property and equipment	9	624,441,740	71,040,998	70,755,801
Impairment losses on investment properties	8	232,607,476	-	-
Loss (gain) on debt modification	12	(134,355,784)	-	86,612,580
Unrealized foreign currency exchange losses - net	17	124,988,169	12,975,444	-
Impairment losses on goodwill	23	63,919,114	10,375,700	-
Share option benefit expense	20	18,760,422	5,943,224	16,869,063
Interest income	17	(3,859,469)	(640,268)	(497,226)
Loss (gain) on sale of property and equipment	17	(2,893,508)	495,936,979	(50,038,745)
Gain on sale of assets held for sale	17	-	(144,605,713)	(983,615,152)
Share in net loss of associates	10	-	892,225,943	1,046,368,576
Gain on redemption of preferred shares	17	-	(355,489,306)	-
Gain on bargain purchase	17	-	-	(1,184,509,480)
Gain on retirement on property and equipment	17	-	-	(23,863,984)
Loss on remeasurement of previously-held interest	17	-	-	333,347,312
Operating profit (loss) before working capital changes		917,720,213	(95,510,212)	(613,430,495)
Decrease in trade and other receivables		265,191,887	673,798,843	747,606,386
Decrease (increase) in inventories		228,939,758	115,167,504	(65,817,368)
Decrease (increase) in advances to related parties		175,231,292	250,206,312	(314,467,708)
Increase in other current assets		(410,568,063)	(173,544,719)	(158,275,661)
Decrease in post-employment benefit asset		-	4,154,768	1,718,694
Decrease (increase) in other non-current assets		(46,179,442)	(93,307,612)	41,923,349
Increase (decrease) in trade and other payables		105,631,318	(91,861,802)	973,597,461
Increase in advances from customers		133,815,743	52,646,543	7,333,519
Increase in post-employment benefit obligation		42,857,612	26,392,961	34,518,538
Increase (decrease) in other non-current liabilities		-	(71,298,444)	4,950,042
Cash generated from operations		1,412,640,318	596,844,142	659,656,757
Interest received		3,859,469	640,268	497,226
Cash paid for income taxes		(1,600,984)	(7,377,558)	(12,666,078)
Net Cash From Operating Activities		1,414,898,803	590,106,852	647,487,905
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisitions of property and equipment	9	(434,694,521)	(269,115,281)	(219,072,100)
Proceeds from disposal of property and equipment	9	4,141,328	447,352,689	492,333,802
Proceeds from disposal of other non-current assets held for sale	17	-	28,733,405	-
Additional investment in a subsidiary and a joint venture	10	-	-	(219,609)
Net Cash From (Used in) Investing Activities		(430,553,193)	206,970,813	273,042,093

	Notes	2022	2021	2020
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisitions of property and equipment	9	(434,694,521)	(269,115,281)	(219,072,100)
Proceeds from disposal of property and equipment	9	4,141,328	447,352,689	492,333,802
Proceeds from disposal of other non-current assets held for sale	17	-	28,733,405	-
Additional investment in a subsidiary and a joint venture	10	-	-	(219,609)
Net Cash From (Used in) Investing Activities		(430,553,193)	206,970,813	273,042,093
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayments of interest-bearing loans and borrowings	12	(546,238,298)	(391,890,832)	(771,406,165)
Interest paid		(461,654,232)	(655,053,098)	(1,057,077,426)
Repayments of advances from related parties	19	(94,533,448)	-	(266,615,985)
Proceeds from deposits for future stock subscriptions	20	85,200,000	57,828,800	662,596,200
Proceeds from interest-bearing loans and borrowings	12	-	286,281,556	275,667,888
Proceeds from advances from related parties	19	-	36,239,823	-
Net Cash Used In Financing Activities		(1,017,225,978)	(666,593,751)	(1,156,835,488)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(32,880,367)	130,483,914	(236,305,490)
CASH AND CASH EQUIVALENTS FROM ACQUIRED SUBSIDIARY	2	-	-	283,958
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		269,690,887	139,206,973	375,228,505
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 236,810,520	P 269,690,887	P 139,206,973

See Notes to Consolidated Financial Statements.





“ We hope you join hands with us as we keep recovery at the forefront of our innovation. With your trust and support in our endeavors, the Chelsea Group will be able to make the ‘new normal’ work and ensure the successful recovery not only of the shipping and logistics industry but also of the Philippine economy. ”

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