

EMBRACING  
GROWTH

EXPANDING  
HORIZONS







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# ABOUT THE COVER

The cover showcases MT Chelsea Cherylyn, one of the international trading tankers of the Group. To us, it resembles a formidable titan that steers Chelsea Logistics toward uncharted horizons. Its towering presence signifies the scale of our vision – reaching heights previously unexplored. Against the vast expanse of the sky, it symbolizes boundless potential – a canvas where growth knows no limits. A prominent compass is depicted, ensuring Chelsea Logistics will not deviate from its vision. The arrow, curved into the shape of a ‘C’, mirrors our upward trajectory that symbolizes our commitment to continuous growth and expansion.

In 2023, Chelsea Logistics made significant progress in its strategic initiatives, such as diversifying services, entering new territories, enhancing digital capabilities, and strengthening corporate governance and sustainability practices. Most importantly, we have continued to invest in our people, who are the backbone of our success and the source of our competitive advantage. As we embraced growth across all facets of our business, we felt a surge of strength and stability. It is not just about expanding our footprint; it is about transcending borders. Chelsea Logistics is poised to sail beyond horizons, guided by our unwavering vision and fueled by the spirit of progress.





# 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.



# MESSAGE FROM THE CHAIRMAN & FOUNDER

# EMBRACING GROWTH

Dear fellow Shareholders,

In 2023, 'Growth' was our battle cry as an organization. It resonated with passion, determination, and a call to action. And growth indeed happened when we stepped out of our comfort zone. We knew that as we embraced discomfort, took risks, and explored new horizons – growth would be the end result.



## Growing in Purpose

As a Group, our resilience and determination to thrive despite the Covid pandemic's harsh impact and external challenges which were beyond our control, are our constant mindset. Our unwavering compass remains our Purpose: to create value for our employees, customers, communities, and investors by delivering innovative solutions that address the most pressing challenges of our time.

Our focus on growth as a team, inspired and empowered us to provide useful products and services worthy of the time, energy, and money of our customers. We make sure that the benefits which our customers will derive from our offered products and services are prioritized over the costs of providing the same to our valued customers. Our Team's choices were more purposeful as we made sure our stakeholders' requirements or needs were addressed first.





## Growing in People-Centered Initiatives

Chelsea Logistics is a people-first organization, as it believes that employees are the organization's greatest asset. As someone coined: "When people are financially invested, they want a return. When people are emotionally invested, they want to contribute." This is the reason why we continuously develop people-centered initiatives to foster a positive work environment, enhance job satisfaction, and promote long-term commitment.

In 2023, our Human Resources Team continued with people-centered campaigns that extend beyond monetary rewards but encompass the Team members' overall experience within the organization.

To clearly communicate the Group's values, culture, and expectations, internal policies and procedures on Corporate Communications Standardization, Information Security Group, and Enterprise Risk Management, were reviewed and updated. We fortified our knowledge-sharing program – 'Chelsea Classroom', and conducted 8 in-house training seminars facilitated by our very own subject matter experts covering topics such as Business Communications, Data Privacy,

Low-Code Programming, Safe Spaces Act, Health, and Security. Our women empowerment campaign, 'ChelSHE' was in full swing in 2023, with the Team recognizing committed and passionate women employees throughout the entire year. Every month, our social media channels feature an audio-visual presentation of the ChelSHE champions, highlighting their challenges and triumphs in a male-dominated industry.

Before the year ended, 2 strategic initiatives had a soft launch, 'Chelsea Active' and 'Chelsea Connect intranet'. Chelsea Active is designed to improve employees' health, well-being and productivity by giving employees access to internal and external physical activities such as Zumba, 3-minute daily exercise, triathlon, and fun run. Chelsea Connect Intranet on the other hand gives the Group an opportunity to work together as content creators. This internal communication platform enables Chelsea Connectors to access all work-related applications and resources from one central location, saving them time and hassle. Team members can stay updated on the latest news, events and announcements from the Management and their colleagues, as well as provide a venue for feedback and suggestions.





## Growing in Process Improvements

To ensure the operational success of each business unit of the Chelsea Group and allow each one to remain competitive in their respective industries, the Group continuously focused on these 4 areas that it has been working on for the last 3 years:

- **Fleet Availability.** Our fleet lies at the heart of our operations. We diligently work to ensure that our vessels remain available, reliable, and efficient. Regular maintenance, swift repairs, and strategic planning contribute to optimal fleet readiness with the target of only 1% downtime.
- **Customer Experience.** Our customers are our compass. We prioritize their satisfaction, aiming to exceed expectations at every touchpoint. Whether these be seamless booking processes, timely deliveries, or personalized service, we strive to enhance the overall customer journey. In March 2023, Chelsea Logistics bagged first place in the Amazon Innovate X Action Accelerator Competition, a multi-day solution accelerator wherein Amazon Innovation team members assisted participants to identify key customer challenges and develop a well-defined solution by applying Amazon's unique innovation methodologies. The winning innovative idea of the Group was 'C360', an end-to-end cargo transport booking system that will be powered by Amazon Web Services (AWS) Machine Learning/ Supply Chain technology.
- **Operational Excellence.** Excellence is our standard. We meticulously fine tune our processes, from supply chain logistics to crew management. By minimizing inefficiencies, maximizing safety, and optimizing resource allocation, we elevate our operational prowess. In September 2023, we expanded the 'Chelsea Travel App' services to include Group Booking,

Self-Service Booking Management, and a Consolidated FAQ for the 3 shipping lines of the Chelsea Group, namely Starlite Ferries, Trans-Asia, and SuperCat.

- **Advanced Technology.** The future belongs to innovation. We embrace cutting-edge technologies, from smart analytics to automation. By integrating advanced solutions, we enhance safety, sustainability, and overall performance. In a strategic alliance with Amazon Web Services, we have fully embraced Cloud technology, making our operations 100% Cloud-based. This transition not only enhances our efficiency but also aligns with our commitment to SDG 9: To build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

As we look into the future, our unwavering confidence rests on the bedrock of a robust foundation—a foundation meticulously laid for sustained growth and the creation of enduring value. Our vision, sharply etched against the horizon, charts the course toward our desired destination. Yet, this journey is not solitary; it thrives on our collective strength. We thank you for your unwavering support and trust which fuel our endeavors, propelling us forward as we champion our Team and uphold sustainable initiatives. Together, let us forge a path where growth is not mere ambition, but a shared reality.

*Dennis*  
Dennis A. Uy







# PRESIDENT & CEO'S REVIEW EXPANDING HORIZONS

**Dear fellow Shareholders,**

The year 2023 unfolded much like the previous year — filled with both challenges and growth opportunities. Amidst familiar hurdles such as vessel unavailability, extended dry dock periods, resource constraints, and operational inefficiencies, your Company chose a distinct path. Rather than succumbing to adversity, we dug deep and anchored ourselves on our core values of Integrity, Excellence, and Stewardship.

Recognizing that growth is not merely about financial gains, but also about expanding horizons and fostering innovation, the Chelsea Team embarked on a transformative journey. We understood that embracing growth was essential for positioning the organization sustainably. And so, with unwavering determination, your Company charted a course toward expansion and success.

In 2023, your Company recorded PhP 7.048 Billion revenues, a significant increase of 10% from 2022. All business segments showed growth and recovery, enabling us to expand beyond our borders.







## Expanding Client Base

The Tanker business successfully reactivated 4 tankers to operational status which helped improve the Company's revenue and cash flow. The utilization rate of the operating tankers went as high as 95%, the highest recorded level since 2018. A pivotal moment for the Tanker group was the inaugural transport of methanol by M/T Chelsea Enterprise. Despite the highly sensitive nature of this cargo, the Team successfully configured M/T Chelsea Enterprise as a methanol-fit tanker and the said vessel now plies the Batangas-Palawan and Surigao route, expanding our market reach and potential clients. Even with the limited access to the international market and lack of available vessels, the Tanker business shipped a total volume of 479 million liters of general liquid/petroleum, albeit a 29% decrease from 2022. The Tanker business segment ended 2023 with a total revenue of PhP 488.24 Million, down by 14% against the previous year.

The Tugboat business faced a drop in foreign vessel shipments of clients at the Calaca Seaport and also lower tug movements in Davao, resulting in a utilization rate of 88%, or 5,320 movements, a slight 2% decline from 2022. Despite this headwind, the Tugboat team remained resilient, adapting to market dynamics. The Team successfully reactivated 3 tugboats to trading status and added a new charterer to the roster of international clients. The Tugboat business segment concluded 2023 with a total revenue of PhP 372.37 Million, down by 12% from the previous year.







- 1. Promotions.** The shipping Companies leveraged promotions effectively to attract passengers. Special offers thru GCash/GGives, discounts, and loyalty programs played a pivotal role in enticing travelers to use our vessels.
- 2. Optimized Schedules.** The Team meticulously adjusted trip schedules to optimize vessel utilization. Ensuring timely departures and arrivals helped enhance customer satisfaction.
- 3. Expanded Ticketing Outlets.** Recognizing the importance of accessibility, Starlite Ferries opened 15 Company-owned ticketing outlets across strategic locations. These outlets serve as convenient touchpoints for passengers.
- 4. New Travel Agent Partnerships:** Our collaboration network grew stronger. In 2023, Starlite Ferries welcomed 108 new travel agents, bringing its total to 354 travel agent partners, a 44% increase from the previous year. While Trans-Asia expanded from 134 ticketing outlets in 2022 to 161 outlets in 2023.

## Expanding Digital Presence

Our 3 shipping lines, Starlite Ferries, Trans-Asia Shipping Lines, and SuperCat Fast Ferry carried 2.62 million passengers, a 40% increase from 1.88 million passengers in 2022. There was also an 11% increase in the total number of trips, from 14,649 trips in 2022 to 16,706 trips in 2023. The Passage Business achieved a total revenue of PhP 1.840 Billion, up by 50% from 2022. While these improvements are significant, the Passage Team acknowledges that there is still a way to go before full recovery from the Covid pandemic's impact. Our resolve remains unwavering as we strive to reach pre-pandemic levels. That is why each shipping Company of the Chelsea Group servicing passengers seized the recovery momentum and executed strategic actions:

In September 2023, the Chelsea Team launched 'Chelsea Travel 3.0' - an enhanced online booking App that offers a more user-friendly booking experience and cost-efficient options. Notable upgrades include Group Booking, Self-Service Booking Management, and a One Hour Late Cut-off for reservations. With Group Booking, families and friends traveling together can input passenger details and preferred accommodations in a breeze. Additionally, booking for a group of 3 or more passengers is more affordable due to the one-time admin fee. Passengers can also choose to pay via GGives, allowing for manageable installment payments. The 'Manage Booking' feature eliminates the need to contact customer support, as passengers can access existing reservations and reprint e-tickets for their reference. To enhance flexibility and convenience, the Chelsea Team has reduced the reservation cut-off time to just an hour prior to departure, ensuring that even impulsive trips during peak seasons can secure a reserved seat.





## Expanding Strategic Partnerships

The Freight business, a cornerstone of the Group's operations, comprised 50% of our revenues in 2023. Even with sky-high rates due to general inflation, the Freight segment had a total of PhP 3.496 Billion revenues, 3% higher than 2022.

Starlite Ferries achieved a remarkable 100% cargo utilization rate, loading 246,669 rolling cargoes, slightly down by 0.13% from 2022.

Trans-Asia, with an 81% cargo utilization rate, formed valuable partnerships, including a collaboration with Barkota for online cargo booking in February 2023. Despite the efforts, Trans-Asia however carried only 44,421 TEUs, 10% down from 2022.

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. With this, TASLI Services kept the Manila freight business afloat, recording a 76% vessel utilization rate and carried 15,556 TEUs, 33% down from 2022.

## Expanding Service Lines

Our Logistics and Distribution business successfully expanded operations of mid and last-mile courier services for 2 prominent E-Commerce platforms in the country. In the first quarter of 2023, the Logistics Team launched its courier services in Muntinlupa, Paranaque, Las Pinas, and Davao. Additionally, Worklink appointed a new set of skilled, young, and dynamic Management Team to drive its growth. The Company not only explored new markets and opportunities

but also enhanced its standing and credibility in its current markets, encompassing 76 areas across the nation. Our Logistics and Distribution segment capped the year with a total revenue of PhP 529 Million, a 4% decline from 2022.

## Expanding Beyond Our Limits

Our unwavering dedication to progress has been our guiding star, propelling us beyond the familiar and into uncharted waters. As the winds of change fill our sails, the Chelsea Team remains steadfast in its commitment to traverse distances, create lasting memories, and breathe life into the art of travel. The Chelsea Team has charted a course toward a future where borders blur, cultures converge, and possibilities multiply.

We thank you, our valued shareholders, for being part of this remarkable voyage. Without your untiring support and trust, we would not be able to embrace growth amidst impossible challenges and expand our horizons beyond our imagination.

Daghang salamat, and may the waves of recovery usher us toward brighter horizons.

  
Chryss Alfonsus V. Damuy



# OUR BUSINESS

Chelsea Logistics and Infrastructure Holdings Corp. is the publicly-listed shipping and logistics arm of the Udenna 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 companies in the country, is engaged in the conveyance or carriage of petroleum products, goods, wares, and merchandise of every kind and description. It was incorporated in July 2006.



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





**TASLI Services Incorporated** is engaged in the business of shipping, agency, and maritime operations and services. TASLI Services handles the operations of cargo vessels which operates from Manila with route to Cebu, Cagayan De Oro, Davao, and back. It was incorporated in September 2019.



**Starlite Ferries, Inc.** operates vessels which carry passengers and rolling cargoes primarily in the Southern Luzon and some parts of the Visayas and Mindanao regions. Chelsea Logistics acquired Starlite Ferries in November 2017.



**The SuperCat Fast Ferry Corporation** is engaged in the business of passenger transport. It operates a fleet of passenger crafts, plying the routes of Batangas, Bacolod, Cebu, Iloilo, Ormoc, Calapan, and Tagbilaran. The acquisition of SuperCat was completed in October 2019.



**Worklink Services, Inc.** offers nationwide logistics support (i.e. freight forwarding, delivery of general cargo, trucking services, warehousing, inventory management, customs brokerage, manpower services, customized and kinetic marketing services). Worklink was established in February 1999 and was acquired by Chelsea Logistics in November 2017.

# CHELSEA LOGISTICS & INFRASTRUCTURE HOLDINGS CORP. GROUP MAP



WORKLINK SERVICES, INC.



CHELSEA SHIPPING CORP.

- Bunkers Manila Incorporated
- CD Ship Management and Marine Services Corp.
- Chelsea Dockyard Corp.
- Chelsea Marine Manpower Resources, Inc.
- Chelsea Shipping and Logistics Singapore Pte. Ltd.
- Chelsea Ship Management and Marine Services Corp.
- Fortis Tugs Corporation
  - Davao Gulf Marine Services, Inc.
- Michael, Inc.
- PNX-Chelsea Shipping Corp.



TRANS-ASIA SHIPPING LINES, INC.

- Big Hub Transport & Logistics Corp.
- Dynamic Cuisine, Inc.
- Oceanstar Shipping Corporation
- Quality Metals & Shipworks, Inc.
- Starsy Shoppe, Inc.
- Star Maritima Port and Allied Services, Inc.



# TOGETHER, WE TAKE OUR JOURNEY TOWARDS GROWTH



STARLITE FERRIES, INC.

- Precision Supply Chain Solution, Inc.
- Starbites Food Services Corp.
- Starlite Gallant Ferries, Inc.
- Starlite Premiere Ferries, Inc.



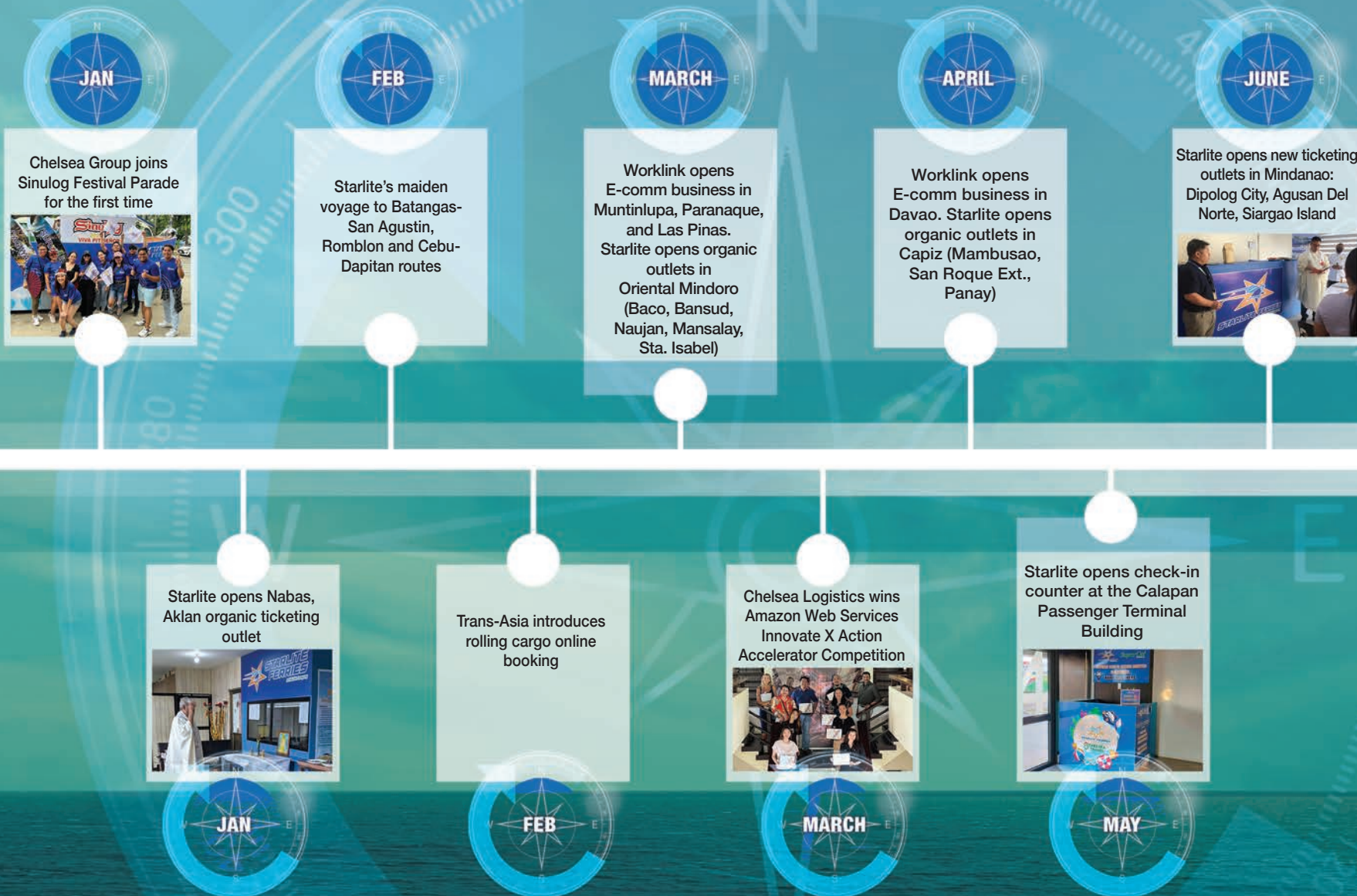
TASLI SERVICES INCORPORATED



THE SUPERCAT FAST FERRY CORPORATION



# 2023 EVENTS & MILESTONES





# WE NAVIGATED THE ROUGH SEAS AND CAME OUT ON TOP



The first Starbites Restaurant opens in Calapan



Starlite Ferries opens Pueblo Verde Corporate Office



MV Trans-Asia 21 bags First Place as the Cleanest Ship



CMMRI and Starlite launch Shore-Based Cadet In-house Training



IT Team launches low-code programming training



Chelsea Logistics upgrades Chelsea Travel App with group booking, self-service booking management, and booking reservation



Starlite bags Early Bird Exhibitors Award and Most FB Trending Booth Award at OneKlik Travel Expo 2023



Starlite partners with Oriental Mindoro Electric Cooperative, Inc. for Bills Payment Solution



# FINANCIAL HIGHLIGHTS

The Chelsea Group recorded a consolidated revenue of PhP 7.05 Billion, a 10% growth from the previous year's PhP 6.43 Billion, exceeding the pre-pandemic 2019 performance driven by the continued recovery and expansion of our passage and freight segments. With COVID-19 restrictions almost entirely relieved in 2023, passengers carried by our three shipping lines increased by 44%, and the number of trips up by 14% in 2023.

This resulted in an increase in consolidated gross profit of 21% from prior year, driven by strong topline and the unparalleled reduction in total direct costs in 2023. The addition of trading vessels further mitigated the impact of fixed costs on our margins.

The considerable reduction in consolidated loss from operations of 88% was provided by solid topline growth across our major subsidiaries. Group-wide cost containment initiatives helped mitigate other operating costs despite increased business requirements.

The Group's consolidated net loss after tax amounted to PhP 1.14 Billion, reflecting the effect of high financing cost. This was a significant reduction of 55% from prior period, resulting in a 56% significant increase of EBITDA to PhP 1.54 Billion in 2023.

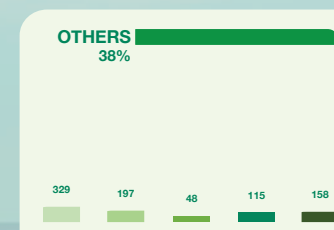
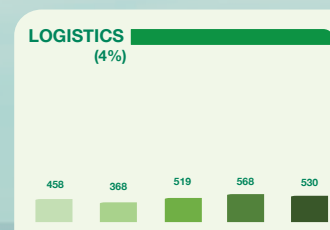
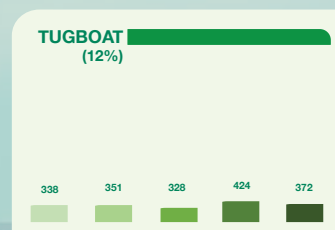
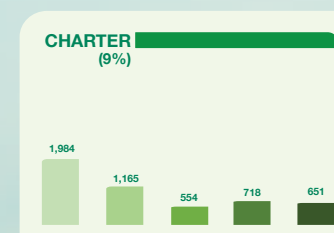
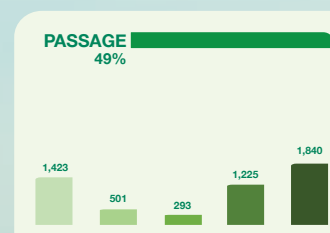
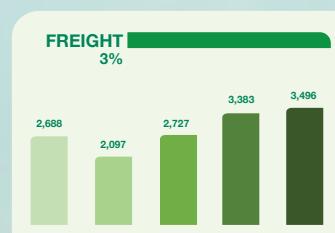


(in Millions PhP)

## FINANCIAL HIGHLIGHTS

	2019	2020	2021 as restated	2022 as restated	2023	
REVENUES	7,220	4,679	4,679	6,433	7,048	10%
GROSS PROFIT (LOSS)	1,631	(548)	(435)	791	1,449	83%
OPERATING PROFIT (LOSS)	635	(2,352)	(1,926)	(365)	(44)	88%
NET LOSS BEFORE TAX	(972)	(2,902)	(3,969)	(2,475)	(1,047)	(58%)
EBITDA	2,032	231	(8)	987	1,541	56%
TOTAL ASSETS	41,004	37,355	34,463	33,286	32,951	(1%)
TOTAL LIABILITIES	28,551	27,869	28,856	29,558	29,047	(1.7%)
TOTAL EQUITY	12,454	9,486	5,607	3,727	3,904	5%

## REVENUE CONTRIBUTION PER BUSINESS



101.2

TANKER CAPACITY (MILLION LITERS)



15,105

PASSENGER CAPACITY (BEDS AND SEATS)



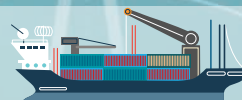
349

ROLLING CARGOES CAPACITY



2,695

CARGO CAPACITY (TEU)



35

SHIPPING ROUTES



50

PORTS OF CALL



76

LOGISTICS PRESENCE



36

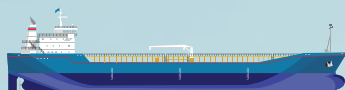
TICKETING OUTLETS





15

**TANKERS**



17

**TUGBOATS**



22

**ROPAXES**



7

**CARGO VESSELS**



9

**FASTCRAFTS**



77

**DELIVERY TRUCKS**



In a very challenging year, the Chelsea Group tells a hopeful story for its shipping and logistics business. Your Company's shipping business ended 2023 with a tanker capacity of 101.2M Liters, passage capacity of 15,105 passengers (bed and seats) and cargo capacity of 349 rolling cargoes and 2,695 twenty equivalent units (TEU). We covered 35 shipping routes with 70 vessels, composed of 15 tankers, 17 tugboats, 22 ROPAXes, 7 cargo vessels, 9 fastcrafts, and 77 delivery trucks.



## BETTER OPPORTUNITIES, DEVELOPING CARGO CAPABILITIES

While it was an opportune time for the tanker business to recover, the limited access to the international market coupled with vessel unavailability hindered Chelsea Shipping from hitting its 2023 targets which resulted in a 29% decline in the total volume of liquid shipped for the year, from 675 million liters in 2022 to only 479 million liters in 2023.. Its tugboat arm, Fortis Tugs, also witnessed a decrease in the number of foreign vessel shipments of its clients at the Calaca Seaport and lower tug rates in Davao.

Amidst the challenges in the current market, Chelsea Shipping was able to activate 4 tankers - M/T Enterprise, M/T Providence, M/T Charlize, M/T Excellence and 3 tugboats - Fortis I, Fortis VI, Fortis X, into trading status, which helped improve the Company's revenue and cash flow. Chelsea Shipping sought new charterers who offered better terms and conditions for the use of its vessels, and who could provide access to more profitable markets. Fortis Tugs sealed a 1-year time charter contract with Ben Line Agencies Philippines, Inc. for the Manila Bay Reclamation Project. Also, 5 tanker vessels were able to ink 2-5 - year Bareboat and Time Charter contracts with business partners Coral Bay Nickel Corporation, Ecology Marine Corp., Glory International Logistics, Insular Oil Corp., and Taganito HPAL Nickel Corporation.



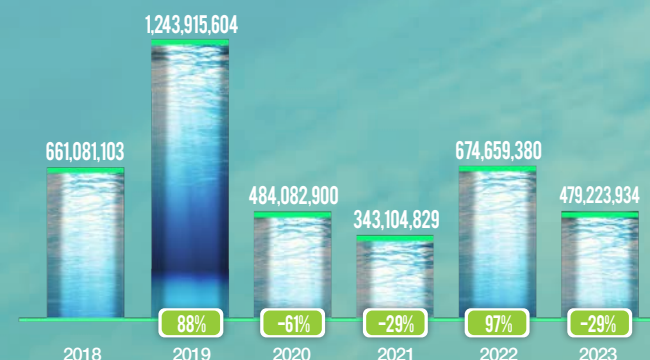


And for the first time, Chelsea Shipping was able to transport methanol through its 64.04 meter-tanker, M/T Chelsea Enterprise. Chelsea Shipping's Shipmanagement affiliate, Chelsea Ship Management & Marine Services Corp., subjected M/T Chelsea Enterprise to 40 days of rigid preparation to ensure that its oil tanks intended for the storage of methanol were coated with chemical resistant paint, and that its cargo pumps were overhauled and fitted with chemical resistant seals to safeguard durability during the discharging operations. On the other hand, Chelsea Shipping's Crewing affiliate, Chelsea Marine Manpower Resources, Inc. ensured the crew members of M/T Chelsea Enterprise attended all STCW mandatory (basic and advanced) trainings on Safety, Navigation, Cargo Handling and Stowage, and Care of Cargo specifically chemicals.

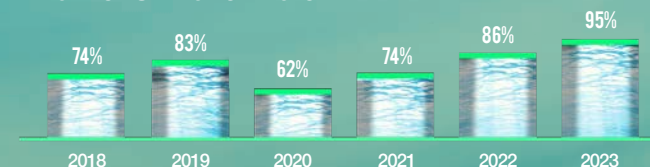
To meet the market demand for white cargo and generate additional revenue, Chelsea Shipping is working on the conversion of some of its intermediate fuel oil tankers to white cargo tankers, which can carry refined petroleum products that have a higher demand and price in the market.

Chelsea Shipping closed the year 2023 with a total revenue of PhP 1.032 Billion, down by 9% year-on-year.

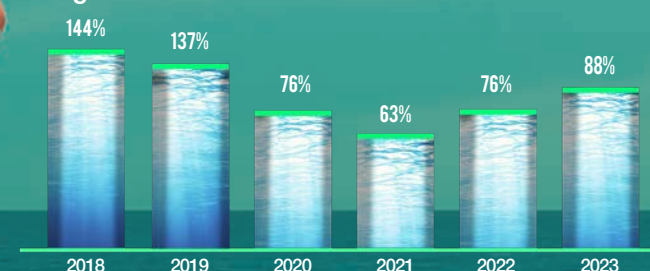
### Total Volume of Liquid Shipped (Liters)



### Tanker Utilization Rate



### Tugboat Utilization Rate





## MORE OUTLETS, GROWING MARKET REACH

Starlite Ferries, Inc. has every reason to be proud of its performance in 2023. The Company demonstrated great financial strength, delivering a 25% revenue increase from PhP 2.65 Billion in 2022 to PhP 3.307 Billion in 2023. This growth is partly attributable to the increase in Passenger volume and better cargo rates in 2023. Also, during the year, Starlite Ferries opened 15 Company-owned ticketing outlets from January to September 2023 across Batangas, Butuan, Capiz, Cebu City, NCR, Oriental Mindoro, Surigao, and Zamboanga Del Norte. This brings the total number of Starlite-owned ticketing outlets to 23 as of December

2023. To service the booming passage business, Starlite Ferries also launched two strategic routes: (1) Batangas - San Agustin, Romblon - Batangas, and (2) Cebu - Dapitan - Cebu. Starlite Ferries capped 2023 with 354 travel agent partners, of which 108 are new travel agents, a 44% increase from last year.

Despite several trip cancellations due to bad weather conditions and unforeseen vessel repairs, Starlite Ferries was able to maximize the available vessels by rationalizing routes and trip schedules. Additionally, Starlite heightened its passage business' marketing efforts to offset the underperformance of the cargo segment. The Company promoted advance group bookings from both public and private organizations, and proactively marketed Corporate Ticketing Offices (CTOs) through participation in and sponsorship of local events. Starlite Ferries also enhanced its brand visibility in ports through strategic advertisements such as tarpaulins and signages, while actively participating in festivals, expos, and Meetings, Incentives, Conferences and Exhibitions (MICE) events. To improve customer experience on board, new services were added such as massage chairs and free Wi-Fi powered by Starlink for long routes.

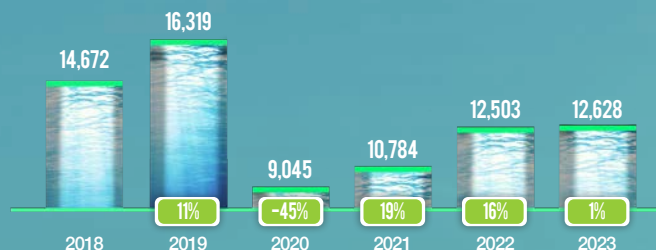




On the ground, Starbites Food Services Corp, the food and beverage affiliate of Starlite Ferries launched a fresh look and a new menu list in Calapan, Oriental Mindoro. In terms of strategic partnerships, Starlite Ferries successfully collaborated with GCash, Via.com, Barkota, and Oriental Mindoro Electric Cooperative, for bills payment solutions, which have served as additional sources of revenue.



### Total Trips



Total Revenue Increase **25%**

PhP **3.307B**  
Total Revenue

### Total Passengers Carried



### Total Rolling Cargoes Carried





## GREATER ONLINE PRESENCE, EMBRACING CUSTOMERS' NEEDS



Despite reduced trips and vessel unavailability due to extended dry dock and unforeseen repairs, Trans-Asia recorded a 39% year-on-year increase in total revenues, hitting PhP 1.982 Billion in 2023. The passage business performed exceptionally well, ending the fourth quarter with a 54% vessel utilization rate, equivalent to 59,100 passengers. This performance by the passage segment lifted the cargo segment's low volume although with 101% vessel utilization rate.

Careful planning and strategic actions were implemented across Trans-Asia's business operations to keep the trade moving. Trans-Asia enhanced its digital presence, introduced alternative payment methods like GCredit and GGives, and made its services accessible on the ground, expanding from 134 ticketing outlets in 2022 to 161 outlets in 2023.

Total Revenue Increase **39%**

PhP **1.982B**  
Total Revenue



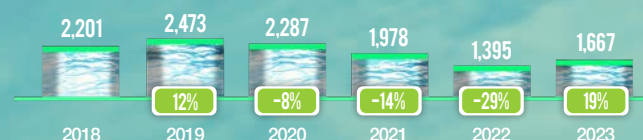




To attract more passengers, Trans-Asia made a strategic change to its schedule, shifting the Ozamiz-Iligan route to Ozamiz-Cebu departing at 8 p.m. every night. Cargo revenue improved by utilizing 20' container vans in Ozamiz and Iligan, offering a regular 20' service that outperformed its competitors' 10'. By rationalizing routes, Trans-Asia protected its market share and improved cash flow. The Company also took advantage of the peak season by organizing special Bohol trips for M/V Trans-Asia 19 for 12 weeks, resulting in a 42% increase in revenue for the said vessel. Trans-Asia also applied for the revision of M/V Trans-Asia 3 and M/V Trans-Asia 18's crew numbers to obtain a Passenger Ship Safety Certificate (PSSC) that would allow it to accommodate more passengers.

Trans-Asia formed valuable partnerships, including a collaboration with Barkota for online cargo booking in February 2023 and participation in the GCash Christmas Promo, Merry G. Furthermore, Trans-Asia successfully introduced the Trans-Padala XL box in July 2023, generating a total sale of PhP 1.651 Million.

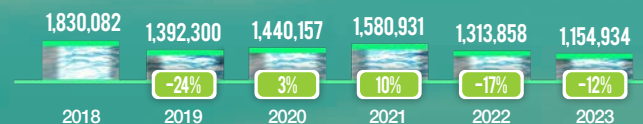
### Total Trips



### Total Passengers Carried



### Total Cargoes Carried (TEU)





## MORE VOYAGES, FORTIFYING RESILIENCE

Supercat continues to face various challenges due to the lingering effects of the pandemic, but it has managed to make a successful recovery and achieved impressive results in 2023. With a total revenue of PhP 373 Million, up by 121% year-on-year, Supercat has proven its resilience and ability to adapt.

PhP **373M**  
Total Revenue

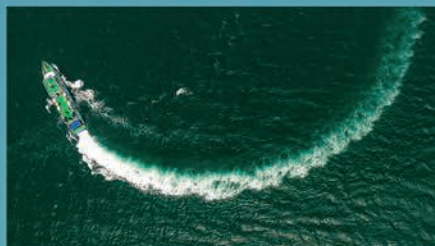
**121 %**  
Total Revenue  
Increase

**SuperCat**  
A CHELSEA Company

Supercat's vessels, known for their speed and efficiency, serve as a vital link for people sailing to and from Cebu, Ormoc, Tagbilaran, Batangas, Calapan, Iloilo, and Bacolod. In utilizing advanced navigational equipment, Supercat prioritizes safety by conducting regular training and drills to ensure a swift and professional response to any emergencies on board its vessels.







Supercat continues to leverage its digital platforms, such as Facebook and the Chelsea Travel App, to provide updates on trip schedules and assist customers in booking and paying for their tickets seamlessly. Currently, Supercat operates on the Cebu-Ormoc route with its vessels MV St. Braquiel, MV St. Sealthiel, and MV St. Sariel. In 2023, SuperCat served a total of 282,922 passengers and completed 2,411 trips up by 199% and 221% respectively, from the previous year.



### Total Passengers Carried



### Total Trips





# INCREASED MARKET DEMAND, STRENGTHENING PARTNERSHIPS



TASLI Services Incorporated (TSI), the freight and cargo operations arm of the Trans-Asia Group operating out of Manila, faced several challenges in 2023, particularly an imbalance of available containers in Luzon and the lack of available vessels. However, despite these obstacles, TSI managed to complete 129 trips and transport a total volume of 15,556 TEUs. While there was a decrease in TEU volume, TSI revenues remained remarkably resilient. TSI came close to achieving PhP 388 Million revenues in 2023. The decline in volume, 33% lower than 2022, was offset by TSI's ability to limit the revenue decrease to just 16%. This adaptability and financial stability demonstrate TSI's commitment to navigating challenges while maintaining a strong financial position.

One of the critical challenges resolved by TSI in 2023 was empty container management, specifically the lack of 20ft empty containers which hindered the increase of the south-bound volume. The TSI team closely collaborated with its clients to understand their container requirements and accurately forecast container demand. TSI team also implemented repositioning strategies, from Cagayan De Oro and Davao back to Manila. This approach enabled TSI to consistently provide 20ft containers, exceeding the full volume requirements of its TA12 and TA15 freighters.



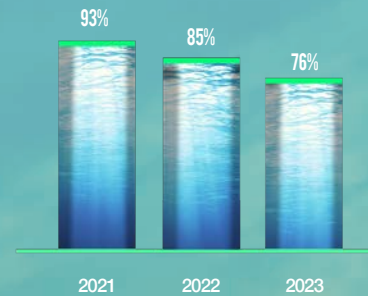


During the period ending 1 March 2023, no additional 20-foot containers could be added to TSI's container inventory. However, TSI successfully leased 98 units of 40-foot containers from IRIS Lines, Inc. These 40-foot containers proved instrumental in meeting the distinct requirements of a separate group of clients who specifically utilize 40-foot containers. This strategic move allowed TSI to efficiently serve both 20-foot and 40-foot container demands.

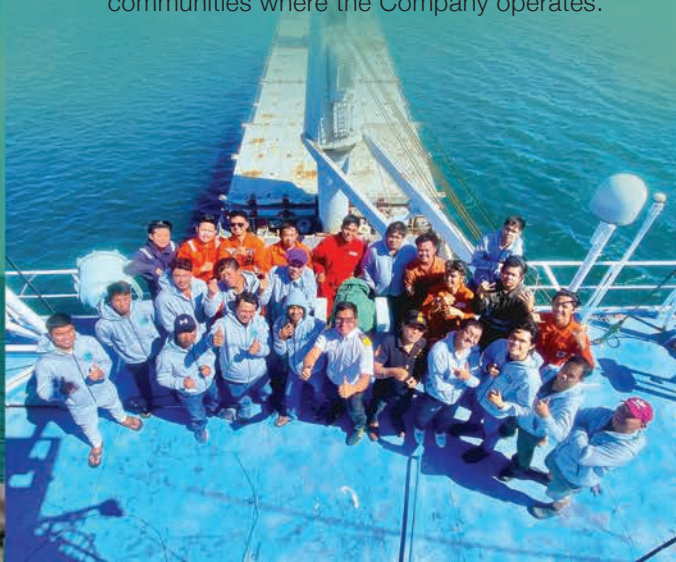
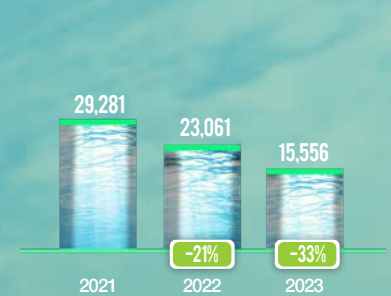
TSI continued to strengthen its partnership with local and international companies to use their container vans for free. Through this strategic agreement with Federated Cargo Line Pte Ltd, Seacure Freight, Inc., and Yang Ming Lines, TSI was able to move 817 container vans with a total volume of 1,202 TEUs, representing 7.73% of the volumes served in 2023.

In October 2023, TSI joined its affiliate Chelsea companies namely Chelsea Shipping Corp., Starlite Ferries, and Worklink Services in planting 2,000 trees at the coastal area of Barangay Wawa, Oriental Mindoro. This activity was in line with TSI's belief that tree-planting is not only about making an environmental impact but also an opportunity to foster team spirit among its employees and closer ties with the residents of the communities where the Company operates.

**Vessel Utilization Rate**



**Total Cargoes Carried (TEUs)**







## HUGE POTENTIAL, EXPANDING BUSINESS LINE

The year 2023 has been an eventful one for the logistics and distribution arm of Chelsea Logistics, Worklink Services, as it navigated its newest business line, offering mid and last mile courier services to two of the country's leading E-commerce service platforms. Worklink launched its courier services in Muntinlupa, Paranaque, Las Pinas, and Davao in the first quarter of 2023. Worklink's 2023 total delivery transactions surged to 1.55 million, a 282% increase year-on-year. Consequently, with the booming E-commerce industry in the Philippines, growing at a CAGR of 14.1% through 2023-2025, Worklink's warehouse size and warehouse capacity also increased by 6% and 9% respectively, at 10,123 sqm. and 6,482 pallet positions.



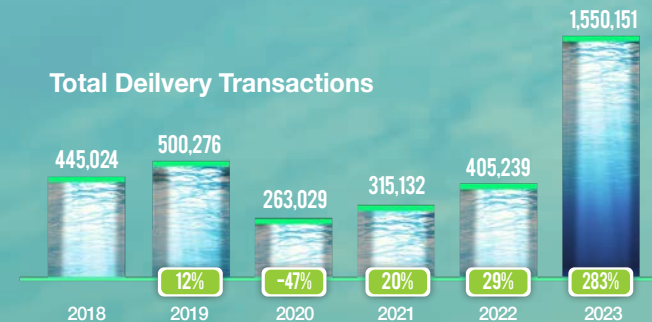


However, challenges are inevitable when penetrating a new market with tight competition like the courier industry. To optimize routes/ schedules and efficiently use its resources like vehicles, fuel, and labor, Worklink implemented a new system and efficient transportation practices. This enabled the Team to keep up with the evolving technology/ data analytics, and to meet customer expectations such as timely deliveries and accurate order processing. Worklink also heightened its workforce management strategies, providing regular process and soft skills training while offering competitive compensation and benefits. With its new business line in full swing, Worklink put in place a new set of young and competent Management Team who can lead the Company to greater heights.

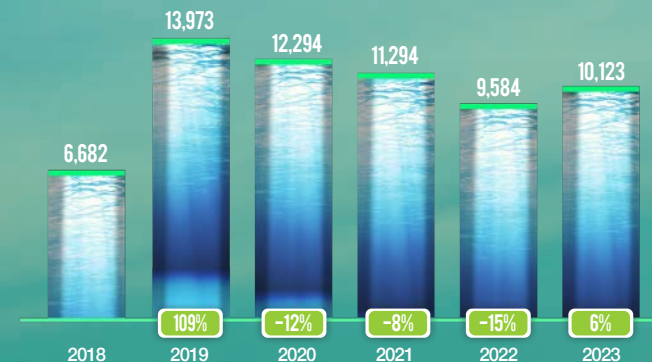
While Worklink explored new markets and opportunities, it also strengthened its presence and reputation in its existing markets, covering 76 areas nationwide. Worklink's core services: Land Transport, Trucking, Warehouse, and Air Transport accounted for 92% of the Company's total revenue, contributing PhP 487 Million. Amidst the inflation and stiff competition in the logistics and distribution industry, Worklink capped the year with a total revenue of PhP 529 Million, a 4% decline from PhP 552 Million in 2022.



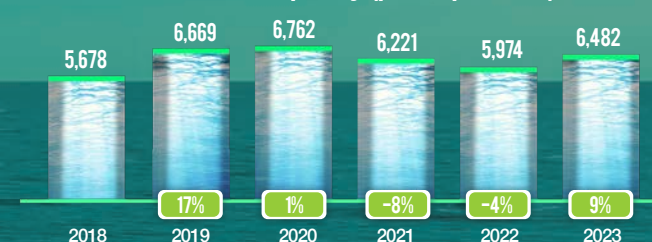
**Total Delivery Transactions**



**Total Warehouse Size (sqm)**



**Total Warehouse Capacity (pallet position)**



# AREAS OF OPERATIONS

## SHIPPING

### LUZON

AKLAN  
BATAAN  
BATANGAS  
BAUAN  
CALACA  
CALAPAN  
ILIJAN  
ILOCOS NORTE  
LA UNION  
MABINI

MAGDIWANG, ROMBLON  
MANILA  
MASBATE  
NAGA  
NAVOTAS  
ODIONGAN, ROMBLON  
ORIENTAL MINDORO  
PALAWAN  
PILILIA, RIZAL  
PINAMALAYAN

PINAMUCAN  
QUEZON  
ROMBLON, ROMBLON  
ROXAS, MINDORO  
SIBUYAN, ROMBLON  
SUBIC

### VISAYAS

BACOLOD  
BOGO, CEBU  
BOHOL  
CEBU CITY  
CULASI (ROXAS CITY)  
ILOILO CITY  
LAPUZ

NEGROS OCCIDENTAL  
NEGROS ORIENTAL  
NEW WASHINGTON, AKLAN  
ORMOC  
TACLOBAN  
TAGBILARAN, BOHOL  
TAYUD, CEBU

### MINDANAO

CAGAYAN DE ORO  
DAPITAN, ZAMBOANGA  
DAVAO CITY  
DAPITAN  
GENERAL SANTOS  
ILIGAN  
IRASAN  
KITROL  
LANANG, DAVAO

MACO  
MISAMIS OCIDENTAL  
MISAMIS ORIENTAL  
NASIPIT  
SURIGAO  
TAGOLOAN  
TALISAYAN  
VILLANUEVA

### OVERSEAS

CHINA  
ECUADOR  
KOREA  
MALAYSIA  
OMAN  
SINGAPORE  
UAE  
VIETNAM



# LOGISTICS

ABRA  
ALBAY  
AURORA  
BAGUIO  
BATAAN  
BATANGAS  
BENGUET  
BULACAN  
CAMARINES NORTE

CAMARINES SUR  
CATANDUANES  
CAVITE  
IFUGAO  
ILOCOS NORTE  
ILOCOS SUR  
ISABELA  
KALINGA APAYAO  
LA UNION  
LAGUNA

MARINDUQUE  
MASBATE  
METRO MANILA (NCR)  
MOUNTAIN PROVINCE  
NUEVA ECIJA  
NUEVA VISCAYA  
OCCIDENTAL MINDORO  
ORIENTAL MINDORO  
PALAWAN  
PAMPANGA

PANGASINAN  
QUEZON  
QUERINO  
RIZAL  
ROMBLON  
ROXAS, MINDORO  
SORSOOGON  
TARLAC  
ZAMBALES

AKLAN (BORACAY)  
ANTIQUE  
BACOLOD  
BOHOL  
CEBU  
EASTERN SAMAR  
ILOILO

LEYTE  
NEGROS OCCIDENTAL  
NEGROS ORIENTAL  
NORTHERN SAMAR  
SOUTHERN LEYTE  
WESTERN SAMAR

AGUSAN DEL NORTE  
AGUSAN DEL SUR  
BASILAN  
BUKIDNON  
CAGAYAN DE ORO  
DAVAO ORIENTAL  
DAVAO DEL NORTE  
DAVAO DEL SUR  
LANAO DEL NORTE  
LANAO DEL SUR

MAGUINDANAO  
MISAMIS ORIENTAL  
NORTH COTABATO  
SOUTH COTOBATO  
SULTAN KUDARAT  
SULU  
SURIGAO DEL NORTE  
SURIGAO DEL SUR  
TAWI-TAWI  
ZAMBOANGA DEL SUR

A worker in a yellow safety suit and white hard hat is working on a control panel. The background features a large compass rose with degree markings (0, 20, 30, 320, 340) and a blue ocean scene. The text 'SUSTAINABLE HORIZONS:' is prominently displayed in the upper right.

# SUSTAINABLE HORIZONS:

## Navigating Our Commitment to a Brighter Future

Chelsea Logistics is fully committed to responsible operations, ensuring our initiatives reflect environmental stewardship, social responsibility, and economic development. At the heart of our mission lies the commitment to create a robust social fabric—one woven with threads of fairness, togetherness, and shared success. Collaborating seamlessly with our subsidiaries and the Udenna Foundation, we embark on a journey of meaningful impact to the well-being of individuals and the communities where we serve.

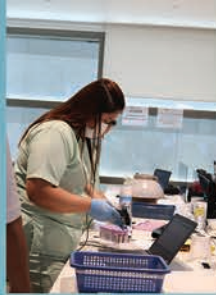
Together, we build bridges toward a brighter future, where collective prosperity thrives.





## SDG 3: Good Health and Well-Being

### Establishing A Strong Foundation



Chelsea Logistics ensures employee well-being aligns with the UN Sustainable Development Goal 3: Good Health and Well-Being, which seeks to ensure healthy lives and promote well-being for all across all ages. In 2023, the Group adopted employee engagement strategies designed to empower employees to be happy, healthy and engaged.

Worklink Services, Inc., our logistics and distribution arm, conducted **regular Zumba sessions and a 3-minute daily exercise** to promote not only physical fitness but also social interaction and camaraderie among team members.

Chelsea Logistics, in partnership with Hi-Precision Diagnostics and Intellicare, conducted an in-house **Annual Physical Exam** for its employees to identify potential health concerns at an early stage and offer preventive care suggestions. This activity is designed to bolster workplace productivity and foster a culture of overall wellness.



To maximize the benefits provided by Government institutions, Chelsea Logistics HR Team invited representatives from PhilHealth, Social Security System, and Pag-IBIG to conduct a comprehensive and informative orientation. This initiative aims to educate members and employers about their entitlements, obligations, and the various health insurance options accessible to them.

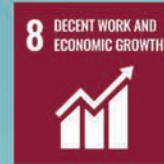


## SDG 5: Gender Equality

### ChelSHE: Empowering Voices Across Tides



"A woman with a voice is, by definition, a strong woman." Chelsea Logistics fortified its women empowerment campaign, '**ChelSHE**', by featuring sea-based and land-based women employees not only during the women's month in March but throughout the entire year 2023. In the powerful ChelSHE videos, women shared their journeys—from overcoming stereotypes and breaking barriers to thriving in male-dominated spaces. Their voices echoed across the waves, reaching shores far beyond the Company's fleet. They shattered the notion that the sea was a man's domain, proving that strength knows no gender.



## SDG 8: Decent Work and Economic Growth

### Engaging Chelsea Connectors through Lifelong Learning



The Chelsea Classroom, a dynamic knowledge sharing program within the Chelsea Group, launched into full swing in 2023. A total of **20 Chelsea Connectors** rose to the occasion, embracing the challenge of becoming **in-house trainers and facilitators**. Their expertise spanned a diverse array of subjects, including workplace productivity, data privacy, technology, health, and safety. Together, they ignited a culture of continuous learning, fostering growth and excellence across the organization.



In May 2023, Quality, Health, Safety, and Environment Head, Capt. Edgardo Lutao, conducted a two-day seminar on **Basic Occupational Safety and Health (BOSH)** attended by 37 employees. The BOSH module, which is a training mandated by DOLE, equips individuals with the ability to recognize hazards, assess them, and rectify them. Conducting BOSH training in the workplace minimizes the likelihood of accidents and injuries, enhances employee morale, boosts productivity, and decreases expenses related to accidents.

On the technology side, Chelsea Logistics IT Team led a training workshop on low-code programming entitled: **"Idea Mo, i-Code Mo!"** A total of 11 non-IT team members from different Departments including Legal and Corporate Affairs, Strategic Communications and Branding, Procurement, Accounting, Treasury, Human Resources, and Administration, were taught to become citizen developers. This training program equips participants with the necessary skills to design and develop websites or mobile applications using Outsystems. To assess the effectiveness of the training, participants were tasked to create digital solutions tailored to enhance the efficiency and productivity of their respective departments.





# INNOVATION WAS KEY IN NAVIGATING 2023.

In a strategic collaboration with Google, Chelsea Logistics has formed a dedicated team of **Google Workspace Champions**. These 11 Chelsea Connectors, carefully selected from diverse departments, will undergo rigorous training to master the intricacies of Google Workspace. Their mission is to empower colleagues across the organization by optimizing the suite's tools and resources. The inaugural sessions, held in July and August, drew an enthusiastic audience of approximately 70 participants from across the Chelsea Group.

In September 2023, Chelsea Logistics HR Manager Sherlyn Guerzon conducted a seminar on the **Safe Space Act** in order to foster a secure and harmonious atmosphere for all employees. This legislation addresses all instances of gender-based sexual harassment (GBSH) occurring in public spaces, educational or training institutions, workplaces, and online platforms. A total of 34 Chelsea Connectors attended the hybrid seminar.

Before the year ended, Chelsea Logistics' Internal Audit Manager, Katherine Agbay, led a crucial seminar on **Data Privacy**. In an era where data is as precious as gold, it becomes imperative for employees to wield heightened vigilance in their daily handling of sensitive information. With unwavering commitment, 150 Chelsea Connectors actively participated in this virtual seminar, fortifying their knowledge and ensuring the safeguarding of critical data.



## SDG 9: Industry, Innovation, and Infrastructure Exemplifying Excellence and Enterprise: Onboard and Beyond

In September 2023, Starlite Ferries actively participated in the OneKlik Travel Sale Expo, hosted at the SM Mega Trade Hall. The Company's efforts were rewarded with both the **Early Bird Exhibitors Award and the Most Facebook Trending Booth Award**. This prestigious event served as an exceptional platform for Starlite Ferries to spotlight the finest offerings of the Philippines to an international audience.



Moreover, the flagship vessel of Trans-Asia, MV Trans-Asia 21 (TA21), received the highest accolade for its **exceptional dedication to cleanliness in Category 3 (travel time exceeding 8 hours)** during the National Maritime Week 2023 in September 2023 at the social hall of the Cebu Port Authority. MV Trans-Asia 21 underwent a thorough evaluation conducted by a dedicated and experienced inspection team comprised of professionals from MARINA, the Bureau of Quarantine, Cebu Port Authority, and other diligent maritime oversight authorities. By attaining the top position as the most environmentally-friendly vessel, Trans-Asia is not only setting higher benchmarks for ecological criteria but also motivating others in the industry to emulate its best practices on board.





As we charted our course toward becoming a more customer-centric organization, we accelerated our recovery by leveraging technology and fostering a culture of innovation across all employee levels. In a strategic alliance with Amazon Web Services, we have fully embraced cloud technology, making our operations **100% cloud based**. This transition not only enhances our efficiency but also aligns with our commitment to SDG 9.

From April 2020 to December 2023, our cloud adoption has yielded remarkable results. We have saved 3,264 metric tons of carbon dioxide, equivalent to the greenhouse gas emissions produced by an average gasoline-powered car driven at 8,079,208 miles or equivalent to carbon sequestered by 54 tree seedlings grown for 10 years. By sailing the digital seas, we contribute not only to our own success but also to a more sustainable and resilient world.

Moreover, Chelsea Logistics emerged as the winner in the Amazon Innovate X Action Accelerator Competition hosted by Amazon Web Services (AWS) in March 2023. The team proposed C360, an end-to-end cargo transport booking system that will be powered by AWS Machine Learning/ Supply Chain technology. C360 will be a great tool for cargo business partners to increase their work productivity and help their organizations meet their sales targets. C360 will not only benefit clients but also address the country's requirement for faster and more reliable sea transportation solutions. A total of USD 5,000 in AWS platform credits will be given to the Chelsea Group to bring C360 to life.





# CHELSEA IS COMMITTED TO A SUSTAINABLE ENVIRONMENT AND COMMUNITY.



**SDG 14-15: Life Below Water.  
Life On Land.**  
Enriching Biodiversity and Ecosystem

**2,300**  
Trees planted  
in 2023

As highlighted by the Department of Environment and Natural Resources (DENR), tree planting activities hold immense potential for positive impact such as enhancing air quality, mitigating soil erosion, and creating wildlife habitats.

A total of 2,300 trees were planted by the Chelsea Group in 2023. With the participation of 21 employee volunteers, Trans-Asia Shipping Lines in Cebu collaborated with the City of Agriculture Office and Barangay Jagobiao Association in June and successfully planted **300 mangrove trees in Barangay Jagobiao, Mandaue City**. Mangroves possess dense root systems that serve as effective natural barriers, providing crucial protection to coastlines against erosion, storm surges, and severe weather occurrences.

On 14 October 2023, Chelsea Shipping Corp., Starlite Ferries, TASLI Services, Inc., and Worklink Services planted **2,000 trees in the coastal area of Barangay Wawa, Oriental Mindoro**.







## SDG 17: Partnership for the Goals

Exemplifying the Spirit  
of Compassion and Partnership

In June 2023, the intrepid Chelsea Connectors achieved a remarkable feat: conquering not only the highest mountain in Luzon, Mt. Pulag Sacred Grounds, but also the hearts of children at Ambangeg Elementary School and Babadak Ranger Station.

A generous gesture was extended to **150 children**, who were bestowed with a thoughtful gift comprising of a lunch box, raincoat, and tumbler. Meanwhile, the dedicated teachers were graciously provided with umbrellas, courtesy of the Udenna Foundation.

But the impact did not stop there. As part of Worklink's anniversary celebration, employee volunteers stepped up, donating **30 bags of blood** to the Philippine Red Cross. This yearly act of kindness has several significant benefits - saving up to three lives for each bag of donated blood, emergency preparedness for medical facilities, and reducing the donors' risk of certain diseases with the production of new blood cells. In this harmonious blend of adventure and kindness, Chelsea Connectors exemplified the spirit of compassion and partnership. Their actions resonated far beyond mountain peaks, leaving a legacy of positive change.

At Chelsea Logistics, our sustainable initiatives act as a powerful catalyst. They not only enhance our team synergy but also underscore our unwavering commitment to environmental, social, and economic responsibility. As we stride forward, our vision expands beyond mere milestones; we aspire to set audacious goals.

By actively connecting with and contributing to our communities, we aim to ignite positive change. And as we champion innovation and inclusion, we recognize the crucial role Chelsea Logistics plays in shaping a more equitable and sustainable world. Together, we pave a path to a brighter future in which purpose and profit can coexist peacefully.







# CORPORATE GOVERNANCE

## CORPORATE GOVERNANCE

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 2023 was comprised of 8 members elected by the shareholders during the Annual Shareholders' Meeting held on May 9, 2023. The Company has six (6) Non-Executive Directors, two (2) 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 Held
Dennis A. Uy	Phoenix Petroleum Philippines, Inc.	Chairman and Chief Strategy Officer
	2Go Group, Inc.	Chairman of the Board
	PH Resorts Group Holdings, Inc.	Chairman
	DITO CME Holdings Corp.	Chairman
	Atok-Big Wedge Co., Inc.	Vice Chairman
	Apex Mining Co.	Independent Director
Cherylyn C. Uy	Phoenix Petroleum Philippines, Inc.	Director
	PH Resorts Group Holdings, Inc.	Director
	DITO CME Holdings Corp.	Director
Eduardo A. Bangayan	Manila Mining Corporation	Independent Director

### Independent Directors

An "Independent Director" is a person who, apart from his fees and shareholdings, which shareholdings do 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, two (2) Independent Directors – Miguel Rene A. Dominguez and Jesus S. Guevara II – were elected on 9 May 2023.

#### 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:

- a) Is not or has not been a senior officer of employee of the Company unless there has been a change in the controlling ownership of the Company;
- b) 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;
- c) 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;
- d) Is not an owner of more than two percent (2%) of the outstanding shares of the Company, its subsidiaries, associates, affiliates or related companies;
- e) 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;
- f) Is not acting as nominee or representative of any Director of the Company or any of its related companies;
- g) 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;
- h) 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;

- i) 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;
- j) Is not affiliated with any non-profit that receives significant funding from the Company or any of its related companies or substantial shareholders; and
- k) 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 2023 to 31 December 2023, there were five (5) Board Meetings and one (1) Stockholders' Meeting held. The attendance at these meetings is as follows:

Directors' Name	Total No. of Board Meetings	No. of Board Meetings Attended	Percentage of Attendance (%)	Attended Annual Stockholders' Meeting? (Y/N)
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	4	80%	Y
Eduardo A. Bangayan	5	5	100%	Y
Miguel Rene A. Dominguez	5	5	100%	Y
Jesus S. Guevara II	5	5	100%	Y

## 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

<b>Nomination Committee</b>	Dennis A. Uy (Chairman) Miguel Rene A. Dominguez Efren E. Uy
<b>Audit Committee</b>	Jesus S. Guevara II (Chairman) Dennis A. Uy Miguel Rene A. Dominguez
<b>Corporate Governance Committee</b>	Miguel Rene A. Dominguez (Chairman) Jesus S. Guevara II
<b>Board Risk Oversight Committee</b>	Jesus S. Guevara II (Chairman) Arthur Kenneth L. Sy Miguel Rene A. Dominguez
<b>Related Party Transactions Committee</b>	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 or 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 2023.



## **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 9 May 2023.

## **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](mailto: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.



# WAVES OF GROWTH: TOWARDS BRIGHTER HORIZONS





# BOARD OF DIRECTORS

A portrait of Dennis A. Uy, a middle-aged man with dark hair, wearing a black suit, white shirt, and a green striped tie. He is standing with his hands in his pockets, looking directly at the camera.

**DENNIS A. UY**  
CHAIRMAN AND FOUNDER

A portrait of Chryss Alfonsus V. Damuy, a middle-aged man with a mustache, wearing a black suit, white shirt, and a green striped tie. He is standing with his arms crossed, looking directly at the camera.

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



**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



**CHERYLYN C. UY**  
Treasurer



# MANAGEMENT TEAM



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



**CHERYLYN C. UY**  
Treasurer



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



**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



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



**LEANDRO E. ABARQUEZ**  
Chief Compliance Officer

## GENERAL MANAGERS



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



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



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



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



## BOARD OF DIRECTORS

### **Dennis A. Uy**

Chairman

Dennis A. Uy, Filipino, 50 years old, is the founder and the Chairman of Chelsea Logistics and Infrastructure Holdings Corp. (CLIHC) since its incorporation. He served as President & CEO of CLIHC from incorporation until March 27, 2017. He is the Chairman and President of Phoenix Petroleum Holdings, Inc., the holding company of Phoenix Petroleum Philippines, Inc. (PPPI), and of Udenna Corporation, the ultimate parent company of PPPI and CLIHC. He is also the Chairman of DITO CME Holdings Corp. (formerly ISM Communications Corporation), Udenna Land, Inc., PH Resorts Group Holdings, Inc., and Udenna Management & Resources Corp. and its subsidiaries. Mr Uy is also the Chairman of Phoenix Philippines Foundation and Udenna Foundation. He is a member of the Young Presidents Organization – Philippine chapter and the Philippine Business for Social Progress. Mr. Uy has been the Honorary Consul of Kazakhstan to the Philippines since November 2011. He has a

degree in Business Management from De La Salle University.

### **Chryss Alfonsus V. Damuy**

Director, President & CEO

Chryss Alfonsus V. Damuy, Filipino, 50 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 of the Regional Educators Multi-Purpose Cooperative and as its Branch Officer. Mr. Damuy started his professional career as College Instructor of the Holy Cross of Davao College. He is a Certified Public Accountant and has a degree in Bachelor of Science in Accountancy.

### **Cherylyn C. Uy**

Director, Treasurer

Cherylyn C. Uy, Filipino, 44 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. She is also a Director of PH Resorts Group Holdings, Inc., an Executive Director of Phoenix Philippines Foundation, Inc. and President of the Udenna

Foundation. Ms. Uy is a graduate of Ateneo de Davao University with a degree in Business and Finance.

### **Eduardo A. Bangayan**

Director

Eduardo A. Bangayan, Filipino, 72 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, 56 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, 62 years old, has been a Director of CLIHC since March 27, 2017. Mr. Uy currently serves as the President and Chief Executive Officer of F2 Logistics

Philippines, Inc., F2 Global Logistics, Inc., Agri Farmers, Inc., F8 Prime Transport Services, Inc., Ultimate Yellow Transport Services, Inc., Fmoves Transport Corp. and Miren Holdings, Inc. He has a degree in Bachelor of Science in Mechanical Engineering from University of San Carlos.

**Miguel Rene A. Dominguez**

Independent Director

Miguel Rene A. Dominguez, Filipino, 47 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, and President of the General Santos City Chamber of Commerce and Chairman of Eisenhower Fellowships Association of the Philippines. 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 and a Master's Degree in Public Administration from Harvard University's Kennedy School.

**Jesus S. Guevara II**

Independent Director

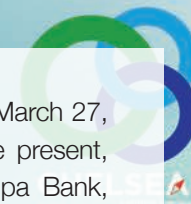
Jesus S. Guevara II, Filipino, 69 years old, has been an Independent

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 is at present the Chairman of the Board of Phividec Industrial Authority. He has a degree in Bachelor of Arts in Economics from University of the Philippines and Master's Degree in Industrial Relations.

**MANAGEMENT TEAM****Ignacia S. Braga IV**

Chief Financial Officer

Ignacia S. Braga IV, Filipino, 58 years old, is the Chief Financial Officer of CLIHC. She is also the Vice President for Finance of UDENNA Corp., UDENNA Management & Resources Corp. and Chelsea Shipping Corp. and its subsidiaries. She is the Treasurer of Starlite Ferries Inc. and its subsidiaries and Trans-Asia Shipping Lines, Incorporated. Ms. Braga is a Certified Public Accountant with more than thirty (30) years of corporate finance and accounting





experience. Prior to joining the Company, she was formerly the Assistant Vice President – Group Controller of Lapanday Foods Corporation and former Controller of Macondary Agro-Industrial Corporation. She was the Finance Manager of RFM Tuna Corporation and the Asia Industries (Mindanao) Inc. She began her career as an auditor of Sycip Gorres Velayo & Co. in 1986. She is a Cum Laude graduate of Bachelor of Science Commerce Major in Accounting from Ateneo de Davao University.

**Reynaldo A. Phala**

Deputy Chief Financial Officer / Treasury Head

Reynaldo A. Phala, Filipino, 57 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, 62 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, 51 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 Coopers 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, 41 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, 51 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, 53 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, Incorporated

Alejandro L. Dela Cruz, Filipino, 47 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, 49 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** (Fortis, Operations Officer), **Cynthia Adoptante** (Fortis, Chartering Officer), **Gizelle Del Pozo** (Strategic Communications & Branding Manager), **Capt. Franco Alzate** (Marine Manager), **Christopher Capiral** (Corporate Accounting Manager), **Capt. Enrico Peralta** (Security Manager), **Annabelle Sanchez** (Corporate Planning and Tax Compliance Manager), **Chief Engineer 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)



**SuperCat**  
A CHELSEA Company

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:

**Rogelio De Guzman** (QMSI Manager), **Arthur Kenneth Sy** (Co-Chairman), **Reynald Lemuel Saberon** (Finance Manager),  
**Sheila Fay Sy** (General Manager - Vismin Interports), **Dexter Viñan** (Legal Counsel), **Alfred Neri** (HR Manager)



From left to right:

**Rolando Herrera** (Customer Service Section Head)

**Marivic Del Mundo** (Operations Manager)

**Alejandro Dela Cruz** (General Manager)

**Vannesa Billones** (Finance Manager)

**Albert Lionel Tansy** (Sales Head)



From left to right:

**Maria Rebecca Laforteza** (Warehouse Manager)

**Ergin Nigel Pelayo** (OPE Manager)

**Cyra De Jesus** (Finance Manager)

**Dexter Silva** (President)

**Mary Joyce Ann Hernandez** (HR Manager)

**Roy Paollo San Luis** (IT Manager)





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, 2023, 2022 and 2021 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  
TIN 172-020-135

Sgd.

**CHRYSS ALFONSUS V. DAMUY**

President and CEO  
TIN 913-898-959

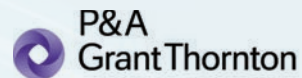
Sgd.

**IGNACIA S. BRAGA IV**

Chief Financial Officer  
TIN 108-038-078

Signed this 2<sup>nd</sup> day of August 2024

<b>HEAD OFFICE</b>	<b>MANILA OFFICE</b>
Stella Hizon Reyes Road Bo. Pampanga, Davao City 8000	18th Floor, Udenna Tower, 4th Ave. Cor. Rizal Drive, Bonifacio Global City, Taguig City 1634
Tel: +63.82.224.5373	Tel: +63.2.403.4015



**Punongbayan & Araullo**  
20<sup>th</sup> Floor, Tower 1  
The Enterprise Center  
6766 Ayala Avenue  
1200 Makati City  
Philippines

T +63 2 8988 2288

## 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, 2023 and 2022, 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, 2023, and notes to consolidated financial statements, including material accounting policy 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, 2023 and 2022, and its consolidated financial performance and their consolidated cash flows for each of the three years in the period ended December 31, 2023 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.

**Certified Public Accountants**  
Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd.  
Offices in Cavite, Cebu, Davao  
BOA/PRC Cert of Reg. No. 0002  
SEC Accreditation No. 0002

[grantthornton.com.ph](http://grantthornton.com.ph)

### **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 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 P7,047.7 million for the year ended December 31, 2023.

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 of 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, 2023, 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;
- Engaging our Firm valuation specialist to assist in evaluating the appropriateness of the valuation method and assumptions used in estimating the recoverable amount of cash-generating units; 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 P14,552.2 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, 2023 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 competence, capability 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) Prior Period Recognition of Previously Undisclosed Loans Payable and Investment in an Associate**

*Description of the Matter*

In 2023, the Group made prior period adjustments that resulted in retrospective restatements of certain accounts in the 2022 and 2021 comparative consolidated statements of financial position and 2022 and 2021 comparative consolidated statements of comprehensive income. These adjustments include the following:

- recognition of a previously unrecorded interest-bearing loan amounting to P335.3 million, and the related accrued interest payable of P54.5 million and P7.0 million as of December 31, 2022 and 2021, respectively;
- recognition of additional investment in an associate amounting to P439.2 million and P424.3 million as of December 31, 2022 and 2021, respectively; and,
- reclassification of certain loan previously presented as part of non-current portion to current portion under Interest-bearing loans and borrowings amounting to P77.2 million and P95.2 million as of December 31, 2022 and 2021, respectively.

The unrecognized loans payable and investment were only discovered in 2023 upon the sale of the investment, prompting further review and investigation by management. As a result, previously unavailable documentation were obtained and prior period adjustments were identified. We consider this matter significant to our audit as it is an area that involves a higher assessed risk of material misstatement that required significant professional judgments.

The disclosures on the nature of the prior period adjustments and the analysis of the impact on the affected accounts in the Group's consolidated financial statements are included in Note 2.

*How the Matter was Addressed in the Audit*

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

- Obtaining an understanding of the nature and root cause of the prior period adjustments;
- Confirming balances and transactions with counterparties involved in the transactions, and inspecting supporting documentation on all underlying transactions to ascertain that all adjustments are properly supported and appropriate;
- Assessing the impact to the Group's compliance with debt covenants attached to its loan facilities;
- Applying professional skepticism in determining the reliability and integrity of the documents provided and management representations; and,
- Evaluating the adequacy of the financial statement disclosures.

**(e) Going Concern Assessment**

*Description of the Matter*

The Group incurred a net loss of P1,142.8 million for the year ended December 31, 2023 and reported a deficit of P10,533.1 million as of December 31, 2023. 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; 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 activities;
- 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 (SEC) Form 20-IS (Definitive Information Statement), the Group's SEC Form 17-A and Annual Report, which are expected to be made available to us after that date, for the year ended December 31, 2023, 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 when it becomes available, 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.

#### **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 2023 audit resulting in this independent auditors' report is Mary Grace A. Punay.

**PUNONGBAYAN & ARAULLO**

By:   
Mary Grace A. Punay  
Partner

CPA Reg. No. 0116576  
TIN 244-931-755  
PTR No. 9477629, January 12, 2024, City of Davao  
SEC Group A Accreditation  
Partner - No. 116576-SEC (until financial period 2025)  
Firm - No. 0002 (until financial period 2024)  
BIR AN 08-002511-043-2021 (until Nov. 9, 2024)  
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

August 2, 2024

**CHELSEA LOGISTICS AND INFRASTRUCTURE HOLDINGS CORP. AND SUBSIDIARIES**  
(A Subsidiary of Udenno Corporation)  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2023 AND 2022**  
(With Corresponding Figures as of January 1, 2022)  
(Amounts in Philippine Pesos)

	Notes	December 31, 2023	December 31, 2022 (As restated - see Note 2)	January 1, 2022 (As restated - see Note 2)
<b>A S S E T S</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	4	P 392,586,988	P 236,810,520	P 269,690,887
Trade and other receivables - net	5	622,856,457	790,049,031	1,055,240,918
Inventories	6	272,632,109	268,514,059	497,453,817
Advances to related parties	19	7,626,252,787	7,619,279,150	7,794,510,442
Other current assets	7	2,031,879,227	1,753,266,343	1,421,224,113
Total Current Assets		<u>10,946,207,568</u>	<u>10,667,919,103</u>	<u>11,038,120,177</u>
<b>NON-CURRENT ASSETS</b>				
Investment properties	8	1,270,907,961	1,270,907,961	1,432,307,437
Property and equipment - net	9	18,140,459,806	18,417,588,495	19,033,334,369
Investments in associates and a joint venture	10	-	520,243,952	505,258,874
Goodwill	23	1,774,083,332	1,774,083,332	1,838,002,446
Post-employment benefit asset	16	1,911,736	1,800,436	1,800,436
Deferred tax assets - net	18	37,582,101	47,274,610	130,507,493
Other non-current assets - net	11	780,205,282	585,709,108	483,571,724
Total Non-current Assets		<u>22,005,150,218</u>	<u>22,617,607,894</u>	<u>23,424,782,779</u>
<b>TOTAL ASSETS</b>		<u>P 32,951,357,786</u>	<u>P 33,285,526,997</u>	<u>P 34,462,902,956</u>

	Notes	December 31, 2023	December 31, 2022 (As restated - see Note 2)	January 1, 2022 (As restated - see Note 2)
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Trade and other payables	13	P 10,248,262,229	P 10,238,851,778	P 9,432,292,191
Interest-bearing loans and borrowings	12	3,855,694,365	5,722,725,665	6,440,653,981
Advances from related parties	19	504,000,000	529,490,390	624,023,838
Advances from customers	2	436,376,981	249,583,990	115,768,247
Income tax payable		13,053,090	6,132,313	1,563,179
Total Current Liabilities		15,057,386,665	16,746,784,136	16,614,301,436
<b>NON-CURRENT LIABILITIES</b>				
Interest-bearing loans and borrowings	12	13,182,631,974	12,348,108,124	11,938,979,017
Post-employment benefit obligation	16	127,226,447	88,859,075	80,016,237
Deferred tax liabilities - net	18	642,683,350	370,764,425	218,943,926
Other non-current liabilities		37,157,877	3,935,500	3,935,500
Total Non-current Liabilities		13,989,699,648	12,811,667,124	12,241,874,680
Total Liabilities		29,047,086,313	29,558,451,260	28,856,176,116
<b>EQUITY</b>				
Equity attributable to shareholders of the Company				
Capital stock	20	2,144,018,615	1,916,227,615	1,821,977,615
Deposits on future stock subscriptions		-	-	720,425,000
Additional paid-in capital		11,204,327,157	10,709,745,157	9,998,370,157
Share options outstanding		49,940,776	41,572,709	22,812,287
Revaluation reserves		1,917,069,636	1,491,255,887	1,050,911,063
Other reserves		( 1,058,033,280 )	( 1,058,033,280 )	( 1,058,033,280 )
Deficit		( 10,533,051,431 )	( 9,553,692,351 )	( 7,129,736,002 )
		3,724,271,473	3,547,075,737	5,426,726,840
Non-controlling interest	20	180,000,000	180,000,000	180,000,000
Total Equity		3,904,271,473	3,727,075,737	5,606,726,840
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>P 32,951,357,786</b>	<b>P 33,285,526,997</b>	<b>P 34,462,902,956</b>

See Notes to Consolidated Financial Statements.

CHelsea LOGISTICS AND INFRASTRUCTURE HOLDINGS CORP. AND SUBSIDIARIES  
(A Subsidiary of Udeanna Corporation)  
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS  
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021  
(Amounts in Philippine Pesos)

	Notes	2023	2022 (As restated - see Note 2)	2021 (As restated - see Note 2)
REVENUES	24	P 7,047,698,048	P 6,432,753,269	P 4,468,563,672
COST OF SALES AND SERVICES	14	5,598,374,534	5,641,753,157	4,903,831,410
GROSS PROFIT (LOSS)		1,449,323,514	791,000,112	( 435,267,738 )
OTHER OPERATING EXPENSES	15	1,397,808,992	1,114,334,027	1,094,471,418
EXPECTED CREDIT LOSSES ON RECEIVABLES	5, 15	95,276,386	41,872,781	396,386,975
OPERATING LOSS		( 43,761,864 )	( 365,206,696 )	( 1,926,126,131 )
OTHER INCOME (CHARGES) - Net				
Finance costs	17	( 1,258,453,107 )	( 1,384,914,944 )	( 1,438,025,807 )
Gain on debt modification	12	241,501,013	134,355,784	-
Gain on sale of investment in associate	10	96,046,458	-	-
Impairment loss on investment in a joint venture	10	( 81,001,439 )	-	-
Impairment losses on property and equipment	9	( 15,919,578 )	( 624,441,740 )	( 71,040,998 )
Finance income	17	811,044	4,105,441	6,034,750
Impairment loss on investment properties	8, 12	-	( 232,607,476 )	-
Impairment loss on goodwill	23	-	( 63,919,114 )	( 10,375,700 )
Share in net income (loss) of associates	10	-	14,985,078	( 887,079,722 )
Gain on sale of an asset held for sale	10	-	-	144,605,713
Gain on redemption of preferred shares		-	-	355,489,306
Other income (loss)	17	13,575,374	42,988,497	( 142,531,515 )
		( 1,003,440,235 )	( 2,109,448,474 )	( 2,042,923,973 )
LOSS BEFORE TAX		( 1,047,202,099 )	( 2,474,655,170 )	( 3,969,050,104 )
TAX EXPENSE (INCOME)	18	95,628,671	56,680,786	( 65,478,691 )
NET LOSS		( P 1,142,830,770 )	( P 2,531,335,956 )	( P 3,903,571,413 )
Loss Per Share (Basic and Diluted)	21	( P 0.587 )	( P 1.343 )	( P 2.142 )

See Notes to Consolidated Financial Statements.



CHelsea LOGISTICS AND INFRASTRUCTURE HOLDINGS CORP. AND SUBSIDIARIES  
(A Subsidiary of Udena Corporation)  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021  
(Amounts in Philippine Pesos)

	Notes	2023	2022 (As restated - see Note 2)	2021 (As restated - see Note 2)
NET LOSS		(P 1,142,830,770)	(P 2,531,335,956)	(P 3,903,571,413)
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Revaluation of vessels	9	839,224,129	714,299,589	(97,809,298)
Remeasurement of post-employment benefit obligation	16, 20, 21	(6,291,481)	34,014,774	60,163,065
Tax income	20	(243,380,779)	(200,672,418)	41,974,764
		589,551,869	547,641,945	4,328,531
Items that will be reclassified subsequently to profit or loss –				
Currency exchange differences on translating financial statements of foreign operations	2	(266,430)	82,486	1,618,520
Other Comprehensive Income - net of tax		589,285,439	547,724,431	5,947,051
TOTAL COMPREHENSIVE LOSS		(P 553,545,331)	(P 1,983,611,525)	(P 3,897,624,362)

See Notes to Consolidated Financial Statements.

CHelsea LOGISTICS AND INFRASTRUCTURE HOLDINGS CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021  
(Amounts in Philippine Pesos)

	Notes	Capital Stock	Deposits on Future Stock Subscriptions	Additional Paid-in Capital	Share Options Outstanding	Attributable to Owners of the Parent Company	Other Reserves	Deficit	Total	Non-controlling Interest	Total Equity
Balance at January 1, 2023, as previously reported		P 1,316,227,615	P -	P 10,709,134,157	P 41,572,709	P 1,491,295,887	(P 1,038,003,280)	(P 9,505,488,057)	P 3,595,329,231	P 180,000,000	P 3,775,329,231
Effect of prior period adjustment		1,316,227,615	-	10,709,134,157	41,572,709	1,491,295,887	(1,038,003,280)	(9,505,488,057)	48,233,484	-	48,233,484
Subscriptions of common shares during the year	20	3,500,000	-	30,000,000	-	30,000,000	-	9,533,092,351	3,500,000	180,000,000	3,613,533,351
Issuance of common shares during the year	20	77,291,000	-	155,582,000	-	-	-	233,873,000	480,000,000	-	480,000,000
Total comprehensive loss for the year		-	-	-	-	-	-	(1,142,830,770)	(1,142,830,770)	-	(1,142,830,770)
Net loss - as restated (see Note 2)	20	-	-	-	-	589,285,439	-	(1,428,300,791)	1,428,300,791	-	589,285,439
Other comprehensive income	20	-	-	-	8,366,009	-	-	163,471,600	8,366,009	-	8,366,009
Transfer of revaluation reserves from retained earnings to OCI of an associate	20	-	-	-	-	-	-	-	-	-	-
Transfer of revaluation reserves through depreciation, net of tax	20	-	-	-	-	-	-	-	-	-	-
Balance at December 31, 2023	20	P 2,344,018,635	P -	P 11,204,327,157	P 40,960,716	P 1,917,066,636	(P 1,058,003,280)	(P 103,133,061,431)	P 3,724,271,423	P 180,000,000	P 3,904,271,423
Balance at January 1, 2022, as previously reported		P 1,821,977,615	P 710,425,000	P 9,988,370,157	P 22,812,287	P 1,078,911,063	(P 1,038,003,280)	(P 7,986,548,397)	P 5,479,249,535	P 180,000,000	P 5,659,249,535
Effect of prior period adjustment		1,821,977,615	710,425,000	9,988,370,157	22,812,287	1,078,911,063	(1,038,003,280)	(7,986,548,397)	43,531,095	-	43,531,095
Subscriptions of common shares during the year	20	93,290,000	-	21,875,000	-	-	-	7,219,736,002	5,426,726,840	-	5,607,726,840
Issuance of common shares during the year	20	200,000	-	493,000,000	-	-	-	-	85,200,000	-	85,200,000
Total comprehensive loss for the year		-	-	-	-	-	-	(2,593,335,956)	(2,593,335,956)	-	(2,593,335,956)
Net loss - as restated (see Note 2)	20	-	-	-	-	547,724,431	-	(2,593,335,956)	547,724,431	-	547,724,431
Other comprehensive income	20	-	-	-	18,760,422	-	-	18,760,422	-	-	-
Transfer of revaluation reserves from retained earnings to OCI of an associate	20	-	-	-	-	-	-	-	-	-	-
Transfer of revaluation reserves through depreciation, net of tax	20	-	-	-	-	-	-	-	-	-	-
Balance at December 31, 2022, as restated (see Note 2)	20	P 1,316,227,615	P -	P 10,709,134,157	P 41,572,709	P 1,491,295,887	(P 1,038,003,280)	(P 9,533,092,351)	P 3,547,075,737	P 180,000,000	P 3,727,075,737
Balance at January 1, 2021		P 1,821,977,615	P 662,596,200	P 9,988,370,157	P 16,860,003	P 1,201,437,920	(P 1,038,003,280)	(P 3,367,744,527)	P 9,275,443,148	P 210,843,269	P 9,486,286,417
Effect of prior period adjustment		1,821,977,615	662,596,200	9,988,370,157	16,860,003	1,201,437,920	(1,038,003,280)	(3,413,002,965)	9,230,215,809	210,843,269	9,441,059,178
Subscriptions of common shares during the year	20	-	-	-	-	-	-	30,363,699	30,363,699	-	30,363,699
Issuance of common shares during the year	20	-	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the year		-	-	-	-	-	-	(3,897,624,362)	(3,897,624,362)	-	(3,897,624,362)
Net loss - as restated (see Note 2)	20	-	-	-	-	5,947,051	-	(3,897,624,362)	5,947,051	-	5,947,051
Other comprehensive income	20	-	-	-	5,947,051	-	-	156,471,908	5,947,051	-	5,947,051
Transfer of revaluation reserves from retained earnings to OCI of an associate	20	-	-	-	-	-	-	-	-	-	-
Transfer of revaluation reserves through depreciation, net of tax	20	-	-	-	-	-	-	-	-	-	-
Balance at December 31, 2021, as restated (see Note 2)	20	P 1,821,977,615	P 710,425,000	P 9,988,370,157	P 22,812,287	P 1,078,911,063	(P 1,038,003,280)	(P 7,219,736,002)	P 5,426,726,840	P 180,000,000	P 5,607,726,840

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, 2023, 2022 AND 2021**  
(Amounts in Philippine Pesos)

	Notes	2023	2022 (As restated - see Note 2)	2021 (As restated - see Note 2)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Loss before tax		(P 1,047,202,099)	(P 2,474,655,170)	(P 3,969,050,104)
Adjustments for:				
Depreciation and amortization	9, 11	1,353,139,809	1,255,702,826	1,484,181,534
Interest expense	17	1,227,384,987	1,255,841,870	1,410,276,088
Gain on debt modification	12	( 241,501,013 )	( 134,355,784 )	-
Loss (gain) on sale of property and equipment	9, 17	161,386,160	( 2,893,508 )	495,936,979
Gain on sale of investment in an associate	10	( 96,046,458 )	-	-
Impairment loss on investment in joint venture	10	81,001,439	-	-
Impairment losses on property and equipment	9	15,919,578	624,441,740	71,040,998
Unrealized foreign currency exchange losses (gains) - net	17	( 9,610,837 )	124,988,169	12,975,444
Share option benefit expense	20	8,368,067	18,760,422	5,943,224
Gain on pretermination of lease liability	12	( 6,191,781 )	-	-
Interest income	17	( 1,115,715 )	( 3,859,469 )	( 640,268 )
Impairment losses on investment properties	8	-	232,607,476	-
Impairment losses on goodwill	23	-	63,919,114	10,375,700
Share in net loss (income) of associates	10	-	( 14,985,078 )	887,079,722
Gain on sale of assets held for sale	17	-	-	( 144,605,713 )
Gain on redemption of preferred shares	17	-	-	( 355,489,306 )
Operating profit (loss) before working capital changes		1,445,532,136	945,512,607	( 91,975,702 )
Decrease in trade and other receivables		167,192,574	265,191,887	673,798,843
Decrease (increase) in inventories	(	4,118,050)	228,939,758	115,167,504
Decrease in advances to related parties	(	6,973,637)	175,231,292	156,359,535
Increase in other current assets	(	323,016,223)	( 410,568,063 )	( 173,544,719 )
Decrease (increase) in post-employment benefit asset	(	111,300)	-	4,154,768
Increase in other non-current assets	(	196,886,455)	( 45,432,740 )	( 86,742,172 )
Increase (decrease) in trade and other payables	(	421,427,919)	86,669,526	( 95,396,312 )
Increase in advances from customers		186,792,991	133,815,743	52,646,543
Increase in post-employment benefit obligation		32,075,891	42,857,612	26,392,961
Increase (decrease) in other non-current liabilities		33,222,377	-	( 71,298,444 )
Cash generated from operations		912,282,385	1,422,217,622	509,562,805
Interest received		1,115,715	3,859,469	640,268
Cash paid for income taxes	(	6,340,330)	( 1,600,984 )	( 7,377,558 )
Net Cash From Operating Activities		907,057,770	1,424,476,107	502,825,515
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisitions of property and equipment	9	( 628,253,055 )	( 443,525,122 )	( 269,115,281 )
Proceeds from disposal of property and equipment	9	220,558,217	4,141,328	447,352,689
Proceeds from disposal of investment in associate	10, 12	198,000,001	-	-
Acquisition of software	11	( 1,300,447 )	( 746,702 )	( 6,565,440 )
Proceeds from disposal of other non-current assets held for sale		-	-	122,580,182
Net Cash From (Used in) Investing Activities		( 210,995,284 )	( 440,130,496 )	294,252,150
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Interest paid		( 717,695,246 )	( 461,654,232 )	( 655,053,098 )
Repayments of interest-bearing loans and borrowings	12	( 711,100,382 )	( 546,238,299 )	( 391,890,832 )
Collection of subscription receivable	20	489,000,000	-	-
Proceeds from interest-bearing loans and borrowings	12	425,000,000	-	286,281,556
Repayments of advances from related parties	19	( 25,490,390 )	( 94,533,448 )	-
Proceeds from deposits for future stock subscriptions	20	-	85,200,000	57,828,800
Proceeds from advances from related parties	19	-	-	36,239,823
Net Cash Used in Financing Activities		( 540,286,018 )	( 1,017,225,979 )	( 666,593,751 )
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		155,776,468	( 32,880,367 )	130,483,914
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		236,810,520	269,690,887	139,206,973
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		P 392,586,988	P 236,810,520	P 269,690,887

See Notes to Consolidated Financial Statements.



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