



DETERMINATION OF MERGER NOTIFICATION M/16/022 - HNA/LENLYN HOLDINGS

Section 21 of the Competition Act 2002

Proposed acquisition by Yuan Jing ICE Co. Limited of International Currency Exchange Limited, Lenlyn U.K. Limited, Exchange Corporation (Europe) Limited and Hoopoe Investments Limited

Dated 23 June 2016

Introduction

1. On 13 May 2016, in accordance with section 18(1)(a) of the Competition Act 2002, as amended (“the Act”), the Competition and Consumer Protection Commission (the “Commission”) received a notification of a proposed transaction whereby Yuan Jing ICE Co. Limited (“Yuan Jing”) would acquire the entire issued share capital and, thus, sole control of each of International Currency Exchange Limited (“ICE”), Lenlyn U.K. Limited, Exchange Corporation (Europe) Limited and Hoopoe Investments Limited (collectively, the “Target Companies”).
2. Yuan Jing, a company incorporated under the laws of Hong Kong and formed for the purpose of effecting the proposed transaction, is an indirect majority owned subsidiary of HNA Group Co. Limited (“HNA”), a company incorporated under the laws of the People’s Republic of China. The seller of the Target Companies is Lenlyn Holdings Limited (“Lenlyn Holdings”), a company incorporated under the laws of England and Wales.
3. The proposed transaction is to be implemented pursuant to a sale and purchase agreement dated 1 April 2016 (the “Sale and Purchase Agreement”) between Lenlyn Holdings and Yuan Jing.

The Undertakings Involved

HNA

4. HNA is a conglomerate with investments in eleven companies that are engaged in business activities across various industries including airlines, real estate, hotels, shipping, logistics, capital management, ecological technology and leasing. The main geographic focus of HNA’s business activities is in China and elsewhere in Asia, with some limited business activities in the European Union.
5. In the State, HNA controls companies involved in the following business activities:
 - Aircraft leasing and lease management services;



- Trailer leasing; and
 - The provision of ground and air cargo services to the aviation industry.
6. For the financial year ending 31 December 2014, HNA's worldwide turnover was approximately €20.7 billion, of which €[...] was generated in the State.¹

Lenlyn Holdings

7. Lenlyn Holdings is an investment holding company that owns and controls the Target Companies as well as other companies involved in banking and in the operation of payment card programmes. These other companies are not part of the proposed transaction.

The Target Companies

8. ICE, a company incorporated under the laws of England and Wales, provides online foreign exchange services and Bureau de Change services at 383 branches worldwide, as well as ATM services primarily located in the United Kingdom, the State and the Channel Islands. ICE's online business includes a "click and collect" service in the United Kingdom and the State which allows customers to reserve their currency online and then pick up the currency at a retail branch.
9. ICE operates 19 branches in the State where it provides foreign exchange services to retail customers. The Target Companies, through the ICE brand, provide Bureau de Change services in Dublin, Shannon and Knock Airports, 22 ATMs in Dublin Airport and 3 ATMs in Shannon Airport. The Target Companies also provide cash processing for concessions co-located in Dublin and Shannon airports.
10. The parties informed the Commission that two of the Target Companies (namely, ICE and Lenlyn U.K. Limited) provide Bureau de Change services under the ICE brand name and that there is no significant difference between the business activities of both companies. The parties also informed the Commission that the two other Target Companies (i.e. Exchange Corporation (Europe) Limited and Hoopoe Investments Limited) are involved in the business of finance and investment holding.
11. For the financial year ending 28 February 2015, the Target Companies' worldwide turnover was approximately €[...], of which approximately €[...] was generated in the State.

Rationale for the Proposed Transaction

12. The parties state in the notification:

"ICE will become part of HNA Tourism and [...]. There are significant synergies expected between the target business's

¹ Following the financial year ending 31 December 2014, HNA acquired two companies that generate turnover in the State, namely, Aguila 2 S.á.r.l., the holding company of the Swissport group of companies, and Avolon. The former generated turnover in the State of approximately €[...] for the financial year ending 31 December 2014 while Avolon generated turnover in the State of approximately €[...] in the same period.



currency exchange/payment services and the HNA Group's existing businesses in airlines, travel agency and hotels, [...]."

Third Party Submissions

13. No submission was received.

Competitive Analysis

14. There is a horizontal overlap between HNA and the Target Companies in relation to the provision of foreign exchange services in China and Hong Kong.² There is no horizontal overlap, however, between the parties in the State since HNA does not provide foreign exchange services outside China and Hong Kong.
15. The proposed transaction does not raise any vertical issues in the State.
16. In light of the above, the Commission considers that the proposed transaction will not substantially lessen competition in any market for goods or services in the State.

Ancillary Restraints

17. In the notification, the parties provided a copy of the Sale and Purchase Agreement, which contains a number of restrictive obligations on Lenlyn Holdings. None of these restrictive obligations exceeds the maximum duration acceptable to the Commission.³ The Commission considers these restrictions to be directly related to and necessary for the implementation of the proposed transaction.

² Transforex Currency Exchange Co., Ltd., owned and controlled by HNA, provides foreign exchange services in China and Hong Kong.

³ In this respect, the Commission follows the approach adopted by the EU Commission in paragraphs 20 and 26 of its "Commission Notice on restrictions directly related and necessary to concentrations" (2005). For more information see [http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52005XC0305\(02\)&from=EN](http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52005XC0305(02)&from=EN)



Determination

The Competition and Consumer Protection Commission, in accordance with section 21(2)(a) of the Competition Act 2002, has determined that, in its opinion, the result of the proposed transaction whereby Yuan Jing ICE Co. Limited would acquire the entire issued share capital and, thus, sole control of each of International Currency Exchange Limited, Lenlyn U.K. Limited, Exchange Corporation (Europe) Limited and Hoopoe Investments Limited will not be to substantially lessen competition in any market for goods or services in the State, and, accordingly, that the acquisition may be put into effect.

For the Competition and Consumer Protection Commission

Gerald FitzGerald
Member
Competition and Consumer Protection Commission