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## **PRESS RELEASE**

### **3 July 2018**

## **PCC: Trans-Asia deal voided and fined; Chelsea-2Go transaction cleared**

The Philippine Competition Commission (PCC) nullified the acquisition by Chelsea Logistics Holdings Corp. of Trans-Asia Shipping Lines Inc. and imposed a P22.8M fine for their failure to notify the antitrust commission about the transaction in December 2016.

The nullification of the Trans-Asia deal also led to PCC's conditional clearance of a related transaction—the acquisition by Chelsea Logistics Holding Corp. of KGLI-NM Holdings Inc., which in turn controls 2Go.

The latter transaction involves the acquisition by Chelsea Logistics of shares in KGLI-NM to consolidate its majority ownership in KGLI-NM and gain a 52.98% stake in the 2Go group.

PCC's investigation initially found that control of both 2Go and Trans-Asia by Chelsea would lead to a substantial lessening of competition affecting Roll-On/Roll-Off passenger shipping services (RoPax) in Cebu-Cagayan De Oro, Cagayan De Oro-Cebu, Cebu-Ozamis, Ozamis-Cebu, Cebu-Iligan and Iligan-Cebu legs; and cargo shipping services in the same areas plus the Cebu-Zamboanga leg. In these legs, 2Go and Trans-Asia overlap or compete directly with each other.

With the Trans-Asia agreements out of the picture because of the nullification order, the overlaps with 2Go in the 6 legs of passenger shipping services and 7 areas in cargo shipping services in Visayas and Mindanao found earlier in PCC's Statements of Concerns have been ruled out.

In two separate Commission Decisions dated June 28, PCC ordered Trans-Asia to inform the antitrust commission within 30 days from execution of merger or acquisition agreements involving any of its shares after the nullification order. On the other hand, if Chelsea Logistics' parent entity Udenna Corporation or any of its subsidiaries/affiliates pursue the purchase or re-execute the voided Trans-Asia deal, the parties should notify the transaction to PCC regardless of whether it is notifiable under the mandatory notification regime of the Philippine Competition Act.

“Every M&A notification subjected to PCC review is evaluated in a fair and transparent manner with the public’s welfare as foremost concern. There are sanctions for violations, there are clearances when there are no competition concerns,” said PCC Chairman Arsenio M. Balisacan.

Chelsea is a wholly-owned subsidiary of Udenna Corporation. Through its subsidiaries, it is engaged in maritime trade and shipping transport. On the other hand, Trans-Asia is primarily engaged in domestic shipping by transporting passengers and cargoes.

To date, PCC has approved 139 out of 151 transactions it has received. Further information on the two decisions are available on PCC’s website [phcc.gov.ph](http://phcc.gov.ph).

**Links:**

***Udenna-Chelsea-TransAsia Commission Decision:***

<http://phcc.gov.ph/commission-decision-no-021-m-02-2018-in-the-matter-of-udenna-corporation-chelsea-logistics-holdings-corporation-and-trans-asia-shipping-lines-inc-s-alleged-violation-of-the-compulsory-notificatio/>

***Udenna-Chelsea-KGLI NM-2Go Commission Decision:***

<http://phcc.gov.ph/commission-decision-no-022-m-039-2018-in-the-matter-of-proposed-acquisition-by-chelsea-logistics-holdings-corporation-of-shares-in-kgli-nm-holdings-inc/>

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**REFERENCE:**

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