

COMMODITY & OIL TRADING COMPANIES COLLAPSE APPOINTMENT OF JUDICIAL MANAGERS & SUBSEQUENT LIQUIDATIONS

Natarajan & Swaminathan
Chartered Accountants of Singapore

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1. Hong Leong Trading

| NAME OF COMPANY | UNDER JUDICIAL MANAGER | UNDER LIQUIDATION | REMARKS |
|--|---|---|--|
| HING LEONG TRADING Founded in Singapore during 1963 | <p>COURT APPOINTED SUPERVISORS:</p> <p>PWC application made for JM 07/08/2020/ Approved</p> <p>DAVINDERSINGH CHAMBERS LLC – legal Advisors N TAN CORPORATE ADVISORY PTE LTD – Financial Advisors MR LIM (78 years old Singaporean) remains but on bail of \$3M and will return to court on 23 November 2020.</p> |  | <p>LIM was charged</p> <ul style="list-style-type: none"> • With abetment of forgery for the purpose of cheating • Both companies owe 23 banks US\$ 3.6 Billion • Owed more than \$600M to HSBC, \$100M to UOB, \$100M to OCBC, \$290M DBS • US\$ 800 M losses incurred in futures trading |
| OCEAN TANKERS PTE LTD | <p>E&Y- application made for JM 07/08/2020/approved.</p> <p>E&Y applied to court to return bulk of flats to owners to save cost. \$540,000 is required per day to maintain 150 vessels. (Coastal Barges to vary large crude carriers)</p> <p>E&Y is seeking court order for full restitution of 19 M back to OCEAN TRDERS from Directors (LIM Family)</p> | | |

2. Hin Leong founder served with 2 abetment of forgery charge

1st Charge:

- The First Charge alleged that Lim had instigated Mr. Tan to make an inter-bank transfer certificate using the Letterhead of UT Singapore services. The Document stated that Hin Leong transferred 1.05 million barrels of gasoil to China Aviation Oil on March 18.
- It was then allegedly used to secure the trade financing.
- Mr. Lim had instructed the company to hide about US\$800 million in losses incurred from futures trading over the years.
- Hin Leong sold a substantial part of the inventory it had used as collateral to secure bank loans.

2. Hin Leong founder served with 2 abetment of forgery charge

2nd Charge:

- Lim was accused of instigating a Hin Leong employee to forge an email and another document in order to obtain more than US\$ 56 million (S\$77 million) in trade financing.
- Lim was accused of instigating Mr Freddy Tan Jie Ren, a contracts executive of Hin Leong, to forge an e-mail purportedly sent by Hin Leong to China Aviation Oil (Singapore) Corporation on Feb 26 relating to a sale.
- Lim is accused of instructing Mr Tan to make the email with the subject header "CAO-Sale of gasoil 10PPM sulphur".
- The email along with a forged inter-tank transfer certificate mentioned in the first charge brought against Lim last month, was intended to be used to secure more than US\$56 million in trade financing.

3. XIHE Group of Companies

| NAME OF COMPANY | UNDER JUDICIAL MANAGER | UNDER LIQUIDATION | REMARKS |
|---|--|----------------------|---------|
| XIHE GROUP XIHE HOLDINGS PTE LTD DAXIN TANKERS PTE LTD HUAGUANG SHIPPING PTE LTD NAN KING MARITIME PTE LTD HUA XIN SHIPPING PTE LTD | Grant Thornton Mr. Seshadri Rajagopalan Mr. Paresh Jotangia Appointed as Supervisors on courts order/OCBC has made the application and supported by more creditors. | | |

XIHE Group owned a total of 136 ships as of 12th August 2020. Exclusive brokers were appointed by the supervisors for the sale of Company's ships

4. Hantop Energy (Singapore) Pte Ltd

| NAME OF COMPANY | UNDER JUDICIAL MANAGER | UNDER LIQUIDATION | REMARKS |
|---------------------------|-------------------------------------|-------------------|---------|
| HANTOP ENERGY (SINGAPORE) | JM Appointed RSM Corporate Advisory | | |

HANTOP ENERGY (SINGAPORE) PTE LTD

Hantop Trading aurum of Shandong China, based oil refinery, specializing in sale of crude and Petroleum products is placed under judicial management after “astonishing allegations” of fraud. CIMB’s head of finance has found out that the company had fraudulently obtain trade financially and are looking to recover US\$105M

5. Zen Rock Commodities Trading Pte Ltd

| NAME OF COMPANY | UNDER JUDICIAL MANAGER | UNDER LIQUIDATION | REMARKS |
|------------------------------|------------------------|--|--|
| ZEN ROCK COMMODITIES TRADING | KPMG | Application filed on August 25, 2020 by JM for Liquidation (Hearing on Sept. 28, 2020) | <ul style="list-style-type: none">• US\$ 165M due to Banks• Owes HSBC US\$ 49M• Under Investigation by CAD |

ZEN ROCK COMMODITIES TRADING PTE LTD

- Zen Rock is a oil and commodity trading Company
- HSBC, the principal creditor, filed charges for fraudulent transactions against the company and placed the company, under judicial management. KPMG was appointed as interim Judicial Managers. Zen Rock is one of the commodity trading turns in Asia's oil trading hub of Singapore which ran into financial trouble after the oil price crash and the Covid-19 pandemic caused demand to slump.

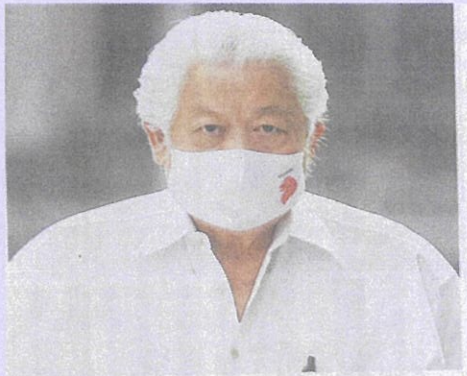
6. Agri Trade International

| NAME OF COMPANY | UNDER JUDICIAL MANAGER | UNDER LIQUIDATION | REMARKS |
|--------------------------|------------------------|--|--|
| AGRI TRADE INTERNATIONAL | E&Y | Application filed by JM for liquidation (on Sept 21, 2020) | <ul style="list-style-type: none">Owe banks US\$1.55 Billion |

Agri Trade International trades in palm oil and coal mining. It's subsidiary company, Agritrade Resources operates mines in Indonesia and China. A group of 15 lenders including ING, MtyBank, Natixis, MUFG Bank and Commerz Bank hold about US\$600 Million of Agritrade US\$1.5 Billion of liabilities. ING alleges that AGRITRADE issued multiple "over lapping" bills of lading to obtain financial from multiple banks for the same shipment

Commerz bank believes that shipments of coal it had financed did not exist after it hired a coal specialist to investigate.

7. K.S Energy – Offshore Marine Company

| NAME OF COMPANY | UNDER JUDICIAL MANAGER | UNDER LIQUIDATION | REMARKS |
|--|------------------------|-------------------|--|
| <p>K.S ENERGY (Offshore Marine Co.,) KS DRILLING (subsidiary)</p>  <p>MR KRIS WILVAN (INDONESIAN TYCOON)</p> | | | <p>KS Energy E. Chairman CEO KRIS WILVAN was hit with 112 charges over alleged market rigging and false trading of SGX</p> <p>OCBC has issued demand more to the Company to pay up outstanding loans of US\$ 230.7M and 10.3M or face legal action.</p> <p>(Trading in KS Energy Stock has been suspended)</p> |

8. Phoneix Commodities (grain, coal, metals and other products)

| NAME OF COMPANY | UNDER JUDICIAL MANAGER | UNDER LIQUIDATION | REMARKS |
|---|------------------------|--|---|
| PHONEIX COMMODITIES MR. GAURAV DHAWAN Executive Chairman Operated Globally with about 100 corporate entities located in Europe, Africa, Asia, Australia and North America- employed 2500 people. | | QUANTUMA and KRYS GLOBAL were appointed as joint liquidators | PGD-refers to PHONENIX GLOBAL DMCC- incurred US\$ 400 million losses by its financial derivatives trading. (First Abu Dhabi bank has US\$73.2M exposure) |

The company established 20 years ago, generating US\$3 billion in revenue during the year 2019 was trading in grain, coal, metals and other products. The holding company, was based in HSBC and Standard Chartered Bank. British Virgin Islands, the major creditors of the company has gone into liquidation due to coronavirus.

9. Singapore's Trade Trust

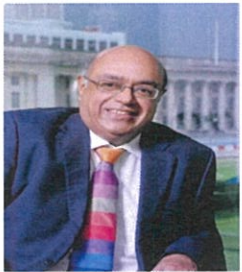
- Singapore's Trade Trust, which is an interoperability framework that connects platforms to exchange digital trade documentation. Global financial messaging network Swift and Singapore's Infocomm Media Development Authority recently partnered to combine Trade Trust with the Swift community for efficient cost effective cross-border paperless trade.

10. Banks In Singapore Forming Trade Finance Registry After Commodity Defaults

- DBS Bank and Standard Chartered are leading a group of 12 other banks here to create a secure central database to access records of trade transactions financed across lenders in Singapore
- This mitigates against duplicate financing from different bank lenders for the same trade inventory, leading to greater trust and confidence among banks and traders alike
- This information asymmetry is a key gap that can only be addressed with a trade finance registry that facilitates collaboration across industry players and government agencies
- The other participating banks are ABN Amro, ANZ, CIMB, Deutsche Bank, ICIC, Llyods, Maybank, Natixis, OCBC Bank, Rabobank, SMBC and United Overseas Bank

11. Conclusion

- Commodity Trading accounts for 4.5 per cent of Singapore's gross domestic product, Commodity trade financiers, mainly bankers including European bankers, the regulators, MAS, ACRA and ABS, in Singapore are teaming up to improve lending practices and transparency after a spate of defaults.
- ABN Amro, BNP Paribas and French Bank Societe Generale, are shutting down their Singapore Trade Finance operations.
- Due to basel IV banking reforms from 2017, European banks decided to pull out of the Commodity Financing and are planning to put their equity capital to get the highest risk-adjusted returns.
- Other banks will fill these gaps left by global lenders, including local banks. Digital banks are another option as they do not have legacy issues and have alternative ways to assess credit risk.



Mr R Narayanamohan, FCA
Senior Partner
Natarajan & Swaminathan Chartered Accountants,
Singapore
<https://nsca.pro/>

