

Singapore's commodity trading mishaps

Company	Year	Details
ZenRock	2020	Owes more than \$600m to creditors and accused by HSBC of 'dishonest practices'
Hin Leong	2020	Billionaire founder Lim Oon Kuin admitted hiding \$800m of losses
Agritrade International	2020	Accused by lenders of fraud, including duplicate bills of lading to multiple banks
Hontop Energy	2020	Trading arm of Shandong-based refiner goes into receivership
Petro-Diamond	2019	Trader loses more than \$300m on crude oil derivatives
Noble Group	2015	Allegations of improper accounting
Olam	2012	Accused of serious accounting problems by Muddy Waters
Mitsui	2006	Loses \$81m in naphtha trading
China Aviation Oil	2004	\$550m loss caused by trading oil derivatives

Source: Bloomberg, FT research

“We have had a crazy couple of months in the oil market,” said Christophe Salmon, chief financial officer at Trafigura. “When we see such price movements it is also always the companies that either speculate or lack proper risk management frameworks that get into trouble. That’s what we have been seeing in south-east Asia.”

Indeed, it was the crash in oil prices caused by the [Saudi-Russia price war](#) and the coronavirus epidemic that triggered the liquidity crunches at Hin Leong and ZenRock Commodities. This, in turn, led to the discovery or admission of financial irregularities.

In the case of Hin Leong, it was hiding losses from trading in futures markets and selling off oil inventories that had been pledged as collateral for loans, according to legal filings in Singapore. For ZenRock, it was using the same cargo of oil to obtain loans from several banks, according to claims made by HSBC, one of its lenders, in court documents.