Governance and ownership structures

Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland and Germany),
Solicitor (England & Wales and Hong Kong)
Of Counsel, KGP Legal LLC
alexander.ressos@kgplegal.com.sg
www.ressos.com.sg

The employee partnership

The large independent houses are owned by their managers and employees. Trafigura is wholly owned by about 1,400 employees, Vitol by several hundred partners who are current and former employees, and Gunvor since 1 December 2025 by a partnership of more than 90 employees after Torbjörn Törnqvist sold his stake.[1] The partnership model ties the fortunes of the senior traders to those of the firm. The profits of good years are distributed to the partners. Vitol paid out US$10.6 billion to its partners in 2024, compared with US$2.9 billion in 2021.[2]

The model has strengths and weaknesses for governance. Partners who have their own wealth at stake tend to be cautious about risks that could destroy the firm. Because the shares are not traded, management can take a long-term view without reporting quarterly to the market. The weakness lies in the concentration of power among the senior partners, the limited outside scrutiny and the difficulty of transferring ownership when founders retire. The Geneva volume described how Trafigura, Gunvor and Vitol managed their successions. The Singapore offices took part in those changes, since many partners live and work in the city.

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Family control

The Asian champions are typically family-controlled. Wilmar's chairman and chief executive is its co-founder Kuok Khoon Hong, while the Widjaja family leads Golden Agri-Resources.[3] Many medium-sized trading companies in Singapore are owned by a founder and his family, often of Chinese, Indian or Indonesian origin. Family control brings long horizons and fast decisions. It can also mean that the founder's judgement prevails over the risk function, that related-party transactions are poorly documented and that succession is unresolved.

The collapse of Hin Leong Trading in 2020, analysed in Chapter II of Part H, demonstrated the dangers in extreme form. A family-controlled oil trader that had grown into one of the largest in Asia failed amid allegations of concealed losses, leaving its bank lenders with heavy exposures. The criminal proceedings against its founder, described in Chapter I of Part B, showed how the Penal Code applied to the fraudulent discounting of receivables. For governance the lesson was simpler. Where one family controls the trading company, its shipping fleet and its storage, outside lenders cannot rely on internal controls and must verify the goods, the counterparties and the documents themselves.

The listed trading company

A third group of trading companies is listed on the Singapore Exchange. Wilmar, Golden Agri-Resources and China Aviation Oil are listed, as Olam has been since 2005, through the holding company Olam Group Limited since 16 March 2022.[4] Listed companies are subject to the continuing disclosure obligations of the listing rules and to the Code of Corporate Governance. MAS issued the revised Code on 6 August 2018, which applies to annual reports covering financial years beginning on or after 1 January 2019.[5] Under the comply-or-explain regime, listed companies must describe their governance practices and explain any deviations from the Code in their annual reports.

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The listed model has a mixed record in commodity trading. Noble Group, founded in Hong Kong in 1986 by Richard Elman, was listed in Singapore from 1997 and became one of Asia's largest commodity traders.[6] In 2015 Iceberg Research accused it of accounting irregularities. Noble recorded net losses of US$1.7 billion for that year, its rating fell to junk and its share price ultimately dropped by 99 per cent. The company was delisted in 2018 after a restructuring that created Noble Group Holdings. The Singapore Exchange blocked the listing of the restructured group because of uncertainty about its financial position.[7] The Singapore authorities concluded their investigation on 24 August 2022. MAS imposed a civil penalty of S$12.6 million on Noble Group Limited under section 199(b)(ii) of the Securities and Futures Act for publishing misleading information in its financial statements for 2016 to 2018. Its Singapore subsidiary had classified long-term marketing agreements with mine owners and coal producers as financial instruments, which allowed fees to be recognised before the services were rendered and inflated profits and net assets. ACRA issued stern warnings to two former directors of that subsidiary.[8]

The Noble case revealed a specific weakness of listed traders. Their earnings depend on the valuation of long-term contracts and inventories, which leaves management considerable room for judgement. Investors and auditors who do not understand commodity trading find it hard to test those valuations. The listing brought outside scrutiny, which came late. After Noble, the appetite of Singapore investors for listed commodity traders diminished. The large independent houses have shown little interest in a listing in the city.

Holding structures and the Singapore company

Whatever the ownership model, trading groups in Singapore operate through Singapore-incorporated companies. Most are private companies limited by shares under the Companies Act 1967, identifiable by the suffix "Pte. Ltd.". A private company may have no more than fifty members. Where it has no more than twenty members and none of them is a corporation, it may qualify as an exempt private company, which relieves it from filing audited accounts in certain conditions.[9]

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Trading subsidiaries of global groups rarely qualify, since their shareholder is a corporation, so they file accounts with the Accounting and Corporate Regulatory Authority.

Above the Singapore company there is usually a chain of holding companies in other jurisdictions. Gunvor has its registered office in Cyprus, Glencore in Jersey and Mercuria in the Cayman Islands, while Trafigura has placed its group parent in Singapore itself. The choice of the parent's domicile reflects tax, the location of the partners, the preferences of lenders and the predictability of corporate law. Chapter IV of Part E describes the holding and trust structures available in Singapore. For a trading group, Singapore's attraction as a parent domicile lies in a familiar common law of companies, a tax treaty network of more than 70 agreements and courts experienced in commercial disputes.[10]

Failures of control and the response

The failures recorded in this chapter share a pattern. At China Aviation Oil in 2004, at Noble after 2015, at Hin Leong in 2020 and at Petro-Diamond Singapore in 2024, the trading or reporting function escaped the control of the risk and finance functions. In the first and last cases the problem was derivatives trading beyond authorised limits. In the second it was valuation and accounting. In the third it was the concealment of losses through fictitious transactions. The forms of ownership differed: a Chinese state subsidiary, a Hong Kong-founded listed company, a Singapore family company and a subsidiary of a Japanese trading house. No ownership structure, in short, protects against weak control.

The response came from banks and the state. After 2020 several lenders withdrew from commodity finance or reduced their exposure, a development examined in Chapter I of Part H. The digitalisation of trade documents, discussed in the same chapter, is intended to reduce the risk of duplicate financing. The trading houses responded by strengthening their own compliance and risk functions, often in Singapore, which has become a centre for compliance staff serving Asian operations.

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Checklist for counterparties and lenders

- Identify the ultimate owner of the Singapore trading company, including any state shareholder, family trust or employee partnership, and obtain the register of registrable controllers where possible.
- Determine whether the group parent is in Singapore or abroad, and assess the support that the parent will provide in practice.
- For state-linked traders, check the sanctions exposure of the parent state and the possibility of political direction of trading decisions.
- For family-controlled traders, map related parties, including shipping, storage and affiliated trading entities, and verify cargoes and documents independently.
- For listed traders, read the auditor's report and the valuation notes for long-term contracts and inventories, and test them against market data.
- Confirm that risk management, compliance and finance in Singapore have authority independent of the trading desk, and ask how limit breaches are detected and escalated.
- Check whether the company holds Global Trader Programme status, which signals substance in Singapore and complements the credit analysis of the counterparty.

Notes

1. Wikipedia, "Vitol" (accessed November 2026): privately held by "about 400 partners" who are current and former employees, while the same article gives about 450 senior partners for 2024; Wikipedia, "Gunvor (company)" (accessed November 2026): effective 1 December 2025, "Centalion is 100% owned by a partnership of more than 90 employees", Törnqvist having sold out entirely. ↩
2. Wikipedia, "Vitol" (accessed November 2026): payouts to partners of US$2.9 billion (2021), US$6.4 billion (2023) and US$10.6 billion (2024). ↩

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3. Wikipedia, "Wilmar International" (accessed November 2026): Kuok Khoon Hong listed as both Chairperson and CEO; Wikipedia, "Golden Agri-Resources" (accessed November 2026): Franky Widjaja of the Sinar Mas family. ↩
4. Olam Group, "Investors", olamgroup.com (accessed November 2026): Olam Group listed on the mainboard of the Singapore Exchange since 16 March 2022, when it replaced Olam International Limited. ↩
5. Monetary Authority of Singapore, "Code of Corporate Governance", mas.gov.sg (accessed November 2026): revised Code issued on 6 August 2018; applies to annual reports covering financial years commencing from 1 January 2019; listed companies explain deviations in their annual reports under the comply-or-explain regime. ↩
6. Wikipedia, "Noble Group" (accessed November 2026): founded in 1986 by Richard Samuel Elman; headquartered in Hong Kong; listed on the Singapore Stock Exchange in 1997. ↩
7. Wikipedia, "Noble Group" (accessed November 2026): Noble Group Ltd delisted from the Singapore Stock Exchange in 2018; creation of Noble Group Holdings Ltd; SGX "blocked the listing of the restructured group"; criminal investigation under way in Singapore. Wikipedia, "Noble Group" (accessed November 2026): accused of accounting fraud by Iceberg Research in 2015; net losses of US$1.7 billion in 2015; credit rating cut to junk; share price fell 99% after the report. ↩
8. Monetary Authority of Singapore, "Singapore Authorities Take Actions Against Noble Group Limited and Former Directors of Noble Resources International Pte Ltd", media release, 24 August 2022 (accessed November 2026): civil penalty of $12.6 million under section 199(b)(ii) SFA; financial statements 2016–2018; long-term marketing agreements misclassified as financial instruments, future fees recognised before services were rendered, inflating profits and net assets; stern warnings by ACRA to two former NRI directors (section 201(2) Companies Act); orders by the Public Accountants Oversight Committee against the auditor. ↩

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9. Companies Act 1967, s. 4(1) (definition of "exempt private company") and s. 18 (private companies, limit of 50 members). ↩
10. Enterprise Singapore, "Why Singapore: Trade", enterprisesg.gov.sg (accessed November 2026): "over 70 Avoidance of Double Taxation (DTA) agreements"; "income tax rate of 17% for companies". ↩

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