

Pooling Chemistry

How Sinochem Engineered Global Treasury Cohesion



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Through major mergers, subsidiary integrations, the use of a notional pooling solution, and the launch of a Hong Kong treasury centre, Sinochem Group has spent nearly two decades perfecting the art of global liquidity management. With support from Bank Mendes Gans (BMG), part of ING, the company has built a scalable, compliant treasury framework to match its international footprint.

In 2008, Sinochem's global operations in energy, chemicals, and trading were expanding – but its treasury infrastructure hadn't kept pace. Cash was fragmented, intercompany loans were widely used, and central visibility was limited. Then Lehman Brothers collapsed, sending shockwaves through global markets and exposing the group's inefficiencies.

"Global stock markets plunged, credit markets froze, and for many Chinese multinationals, the impact was severe. Financing conditions deteriorated and market demand fell," recalls Mr Chen Shu Min, Deputy Chief Accountant of Sinochem Holding Group and General Manager of Sinochem Hong Kong.

The group needed a compliant, scalable structure to manage cash across borders and reduce its reliance on intercompany loans. The team at ING's Beijing office, and BMG introduced the idea of multi-entity, multi-currency pooling. In 2008, Sinochem began building its first overseas liquidity set-up

with BMG – not yet a full notional pool, but a structured platform that could grow with the business.

"We urgently needed a platform that could enable us to transfer funds efficiently and reduce our reliance on intercompany loans," says Chen. "It had to be tax-compliant, transparent, and scalable – and BMG delivered that for us."

The cash pool was set up in the Netherlands, offering legal clarity and transfer pricing neutrality. "That gave us confidence that we were building on solid ground – not just for our immediate needs, but for future expansion too," adds Chen. The platform provided greater visibility across markets including the US, UK, Hong Kong, and Japan.

"What's important is that companies like Sinochem ideally want one platform, one process, and one policy globally," says Norbert Braspenning, Managing Director Asia Pacific at BMG. "That's incredibly hard with diverse banking environments – but it's exactly what we set out to do."

ChemChina joins the journey

Meanwhile, ChemChina (a fellow state-owned enterprise) was facing similar challenges. Following acquisitions like Adama and Prometeon, it faced siloed liquidity and growing FX risk. In 2014, ChemChina appointed ING to implement a cross-currency notional pool, giving the headquarters more control while maintaining local autonomy.

"This was a turning point," notes Braspenning. "ChemChina brought scale but also complexity. We needed to prove the structure could handle that without disruption."

The solution allowed ChemChina to reduce external borrowing, manage FX more efficiently, and avoid transfer pricing risks. "We focused on enabling rather than mandating," Braspenning adds. "We come from a corporate background – we're a tool in the treasury toolbox."

Post-merger integration

In 2021, Sinochem and ChemChina merged, forming Sinochem Holdings Corporation Ltd. – a group with over US\$100bn in revenue and operations in 100+ countries. For treasury, it was clear that running two separate pools was no longer viable.

"Maintaining two pools added unnecessary overhead," admits Chen. "We needed a single, unified structure that could support the group in its new form."

ING and BMG helped consolidate the legacy structures into one global BMG pool, capable of operating across jurisdictions and regulatory environments. "This wasn't a lift-and-shift," Braspenning explains. "We re-evaluated everything – documentation, systems integration – to ensure the new pool was fit for purpose."

With varied ERPs across the group, BMG worked with Sinochem's IT teams to build custom connectors, automate sweeps, and enable consistent reporting. Listed subsidiaries presented additional constraints, but BMG's platform evolved to allow ring-fencing and legal separation where needed.

"Bringing teams from both former groups onto one platform also meant unifying mindsets," explains Chen. "We hosted joint workshops, aligned with regional CFOs, and ensured operational changes were smooth rather than disruptive."

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Hong Kong takes the lead

In August 2024, Sinochem launched its Hong Kong Treasury Centre – its global offshore investment and financing hub. The move consolidated governance, FX, and capital planning in one of Asia's leading financial centres.

"Hong Kong provides access to deep RMB liquidity, a stable tax regime, and a mature banking ecosystem," notes Chen. "It's an ideal location to manage the international side of our business."

Integrated with the BMG platform, the Hong Kong centre oversees real-time liquidity across 32 currencies and dozens of entities. "It's not a money transfer station," Chen adds. "It's our global treasury brain. From here, we plan, co-ordinate, and control."

Looking ahead

Sinochem's next milestone is onboarding all remaining subsidiaries by 2026. Some operate in highly regulated markets or have only recently joined the group, requiring tailored paths.

"The structure is already delivering huge value, but bringing everyone in requires patience and planning," comments Chen. The group is also using the pool for smarter FX risk mitigation – leveraging natural hedging through internal flows instead of relying solely on forwards and swaps.

"We're using the flexibility of the pool to do more than just centralise cash," he notes. "It enables us to be smarter in how we manage exposure."

Braspenning agrees. "We've seen a transformation – not just of systems, but of mindset. Sinochem now has one of the most agile and forward-looking treasury operations in the market."

Treasury as a catalyst for global growth

In short, what Sinochem has built is much more than a cash pool. It is a treasury framework that supports decision-making, reduces cost, and improves the group's ability to act – across borders, currencies, and structures.

From initial centralisation in 2008 to the post-merger redesign in 2021 and the launch of the Hong Kong Treasury Centre in 2024, Sinochem's journey reflects a consistent, disciplined evolution. And it's far from over.

"We're not just on a treasury transformation path," concludes Chen. "We're building infrastructure for the next stage of our global growth. That's how treasury continues to add real value to the organisation."