

22 July 2019

## **HSBC executes the first live blockchain Letter-of-Credit transaction in Korea and Vietnam**

***\*\* The blockchain-enabled Letter of Credit transaction facilitated trade between INEOS Styrolution Korea and Duy Tan Plastics\*\****

***\*\*First ever LC blockchain transaction in both Korea and Vietnam\*\****

***\*\*Deal marks the next step in blockchain's transformation of trade finance in Korea and Vietnam\*\****

HSBC has successfully executed a blockchain-enabled live trade Letter-of-Credit (LC) transaction between INEOS Styrolution Korea (INEOS Styrolution) and Duy Tan Plastics Corporation (Duy Tan) of Vietnam, both active players in the plastics industry.

This is the first blockchain LC transaction in both Korea and Vietnam, and the seventh globally, led by HSBC.

The blockchain transaction involved a bulk shipment of raw plastic materials from INEOS Styrolution, the seller in Korea, to Duy Tan, the buyer in Vietnam. This was an end-to-end trade between buyer and seller completed on a single shared application, Voltron, rather than multiple systems, with HSBC as both the issuing and advising/nominating bank.

The LC was issued and advised on 3 July. The transaction demonstrates that blockchain as a solution to trade digitisation, is commercially and operationally viable. Conventional exchanges for paper-based documentation related to letters of credit usually take between 5-10 days. This exchange was done in 24 hours.

Both INEOS Styrolution and Duy Tan saw increased operational efficiencies and greater transparency and security with regard to the transaction. The need for paper reconciliation was removed because all parties were linked on the platform and updates were instantaneous. The quick turnaround means unlocking liquidity for both businesses.

Dirk Arhelger, Head of Group Treasury & Investor Relations for the INEOS Styrolution Group, said, "As the leading, global styrenics supplier, INEOS Styrolution is always looking for ways to improve our operations. Using blockchain to simplify our trade finance processes is a logical move. The transparency of this transaction on the Voltron platform has the potential to make what is normally a paper-intensive process, clear and simple. It will make the letter-of-credit fast and easy. The INEOS Styrolution team is excited to develop Voltron to be fully commercialized."

Nguyen Bao Quoc, CFO of Duy Tan said, "We are very pleased to be part of the first trade transaction in Vietnam using blockchain technology. We believe it can help us evolve all cross-border trade procedures, enabling a fast information exchange between

buyers and sellers. As a business in this cross-border process, the benefits are huge for us.”

Eunyoung Jung, President & CEO, HSBC Korea, stated, “I am very pleased that HSBC has led Korea’s first blockchain LC transaction using the Voltron platform. As the world’s fifth-largest exporting country, Korea can play a critical role in the digitalisation of trade. HSBC as the world’s leading international bank is naturally leading the blockchain vanguard.”

Pham Hong Hai, CEO, HSBC Vietnam, said, “This groundbreaking transaction has demonstrated our strong commitment and ability to support cross-border trade using cutting-edge technology platforms.”

Mr Pham added that, “Vietnam as a country stands to benefit from the rapid movement in supply chains. Faster documentation turnaround time will open doors for businesses to further leverage Vietnam as a trade hub in Asia.”

HSBC has been pioneering the use of blockchain in trade finance starting with its groundbreaking LC transaction using the Voltron platform last May. This latest transaction is a reflection on how the technology is gaining traction in markets across Asia. HSBC continues to identify markets and partners to expand the use of this technology with the ultimate goal of commercialising Voltron.

The Voltron consortium is keen to work with more banks and companies in Korea and Vietnam interested in using this technology to give their businesses an edge over competitors.

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**Media enquiries to:**

**Hyonjin Suh at 2004-0882**

**Note to Editors:**

**About INEOS Styrolution**

INEOS Styrolution is the leading, global styrenics supplier with a focus on styrene monomer, polystyrene, ABS Standard and styrenic specialties. With world-class production facilities and more than 85 years of experience, INEOS Styrolution helps its customers succeed by offering the best possible solution, designed to give them a competitive edge in their markets. The company provides styrenic applications for many everyday products across a broad range of industries, including Automotive, Electronics, Household, Construction, Healthcare, Packaging and Toys/ Sports/ Leisure. In 2018, sales were at 5.4 billion euros. INEOS Styrolution employs approximately 3,500 people and operates 20 production sites in ten countries.

For more information: <http://www.ineos-styrolution.com>

**About Duy Tan Plastics**

Duy Tan Plastics Corp. was founded in October 1987 as a small manufacturer of plastic. The company’s goal is to assist and satisfy the needs and desires of our customers, to bring to entrepreneurs the best manufacturing solutions

as well as households consumers high quality products and services. With more than 32 years of experience in the plastic industry, Duy Tan is honoured with many awards and certificates from prestigious organisations, both local and international.

For more information: <http://www.duytan.com>

#### **About Voltron**

Voltron is a blockchain-based open industry platform to create, exchange, approve, and issue Letters of Credit on Corda, R3's blockchain platform. It is initiated by eight founding member banks, including Bangkok Bank, BNP Paribas, CTBC, HSBC, ING, Natwest, SEB and Standard Chartered, in partnership with Bain, CryptoBLK and R3. Voltron will improve the trade finance process by simplifying letters of credit, delivering shorter settlement times, instant discrepancy resolution and simplified sanctions screening. Voltron is inviting banks, technology partners, and corporates to join the network.

#### **The Hongkong and Shanghai Banking Corporation Limited**

The Hongkong and Shanghai Banking Corporation Limited is the founding member of the HSBC Group, which serves our customers through four global businesses: Retail Banking and Wealth Management, Commercial Banking, Global Banking and Markets, and Global Private Banking. The Group serves customers worldwide in 66 countries and territories in our geographical regions: Europe, Asia, North America, Latin America, and Middle East and North Africa. With assets of US\$2,659bn at 31 March 2019, HSBC is one of the world's largest banking and financial services organisations.