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# **CHINA- ASSISTANT**

**The  
shareholders  
invested  
heavily in the  
company of  
the profiled  
China investor  
Chris Rynning  
- and lost  
everything.**

**At least NOK 1 billion was transferred to tax havens and companies under the Norwegian's control.**

**When the  
alarm went  
off, Rynning  
had already  
become  
Innovation  
Norway's  
entrepreneurial  
assistant in  
China.**




By: **Ingvild Sagmoen** , **Karl Wig** and **Martin Hagh Høgseth**  
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**SHANGHAI, APRIL 2017:** Prime Minister Erna Solberg, Minister of Trade and Industry Monica Mæland and Foreign Minister Børge Brende are on the offensive. It is six and a half years since the last Norwegian state visit to China. After a tough Nobel Prize swoop, the relationship with the great power is slipping.

The ministers are preparing for the photographers. Innovation Norway, which is to promote Norwegian business and is financed from the state budget, signs an agreement for a new major venture for Norwegian entrepreneurs in China.

To the right of the company's chief executive, Anita Krohn Traaseth, is the experienced China investor Chris Rynning.

**MAKES THE COOPERATION:** Innovation-Norway Manager Anita Krohn Traaseth (left) is depicted with Chris Rynning, Minister of Industry Monica Mæland and Foreign Minister Børge Brende in connection with the signing of the Nhack agreement in Shanghai, April 2017.  Tom Hansen

It is Rynning who is behind the entrepreneurial initiative. Through the investment company Nhack, he will help Norwegian startup companies succeed in the populous country. As a payment for the help, the founders must give Nhack ownership interests.

It will only take eighteen months before Innovation Norway discontinues its cooperation. They believe the founders do not get the help Rynning company promised.

At the same time, an American businessman is hunting for answers.

Where has the two billion investors invested in Rynning's previous company?

## success story

**CHINA, 2006:** The arrows point upwards for Chris Rynning. He sits on the executive chair when his company, Origo Partners, is listed on the AIM stock exchange in London.

The company's headquarters are registered on the Isle of Man, the small tax haven in the ocean gap between England and Northern Ireland. But this is just a mailbox address. Shrinkage and employees operate from Beijing.

Origo's plan is to invest in new markets in Asia. The company quickly gains investor confidence. In the next few years, they spit a total of \$ 240 million in Origo, around NOK 2 billion at today's rate.

 Knut Falch, NTB scanpix


**CHINA FARMS:** Throughout the 2000s, Chris Rynning built up a reputation as one of the most experienced Norwegian China investors. Here photographed in Beijing in 2002.

Rynning also builds up its own brand. The successful China investor emerges as a source of expertise in Norwegian media, writes book and makes podcasts. In 2014 he ended up on Aftenposten's list of the most successful Norwegians abroad.

The same year, Rynning participates in a conference in Singapore. Here he meets Anita Krohn Traaseth, the new head of Innovation Norway.

Over the next few years, Rynning will participate in several different entrepreneurial events. A total of five of these events are also Traaseth, according to Innovation Norway.

**GOOD TONE:** On a photo Chris Rynning publishes on his own facebook page in November 2015, comments Innovation Norway chief Anita Krohn Traaseth "A gentle and nice lens loop :)"

 Screen shot, Facebook

At the same time, the shareholders of Origo Partners are dissatisfied. Large values are away from the investment company.

In 2015, Rynning goes abruptly as director.

But he is quickly starting new projects.

He becomes an industrial advisor to Investinor, a state-owned investment company, and gets a job as a lecturer at NTNU. He also becomes a partner in another investment company in his home town of Trondheim, and chairman of the board of an organization for Norwegian business interests in China.

A few months before Erna Solberg and the Norwegian delegation land in China in April 2017, Innovation Norway receives a request from Rynning:

He wants them to contribute to Nhack - his new company that will help Norwegian entrepreneurs to China success.

But Nhack is also a venture fund that Rynning will make money from. The largest owner is Rynning's own investment company Amalie International Holding, registered on the British Virgin Islands.

E24 has seen evidence that Nhack has asked entrepreneurs to surrender significant ownership interests, and made clauses that secure Nhack against losses if the entrepreneurs fail.

But Innovation Norway, which dropped its own entrepreneurial program in Shanghai just over a year earlier, now sees a new investment opportunity.

They have confidence in the trustee.

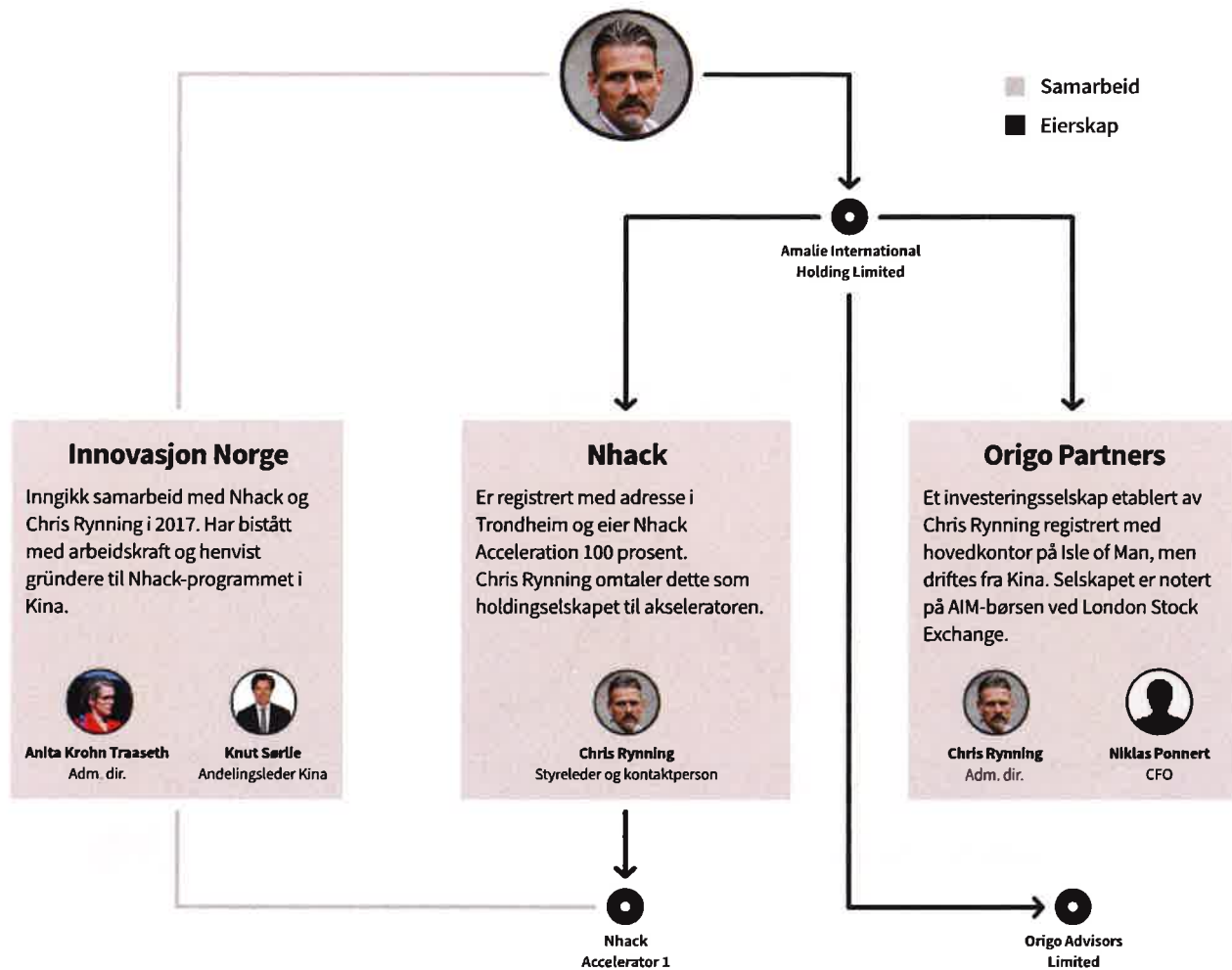
"Because Chris has the background he has, the network and the experience, we considered it the right horse to focus on for Innovation Norway," says Knut Sørli, Innovation Norway's China Director.

Instead of giving Nhack money, Sørli says that they agreed to "contribute with work effort and our good name and reputation".

While Innovation Norway starts the collaboration with Rynning, the American John Chapman takes the chair of the board of the Trondheim's previous investment company, Origo Partners.

It doesn't take long before Chapman strikes alarm.





## billion collapse

**CHINA, 2014:** It is three years since Origo's investments were valued at NOK 2 billion. Now half is gone. Investors are getting upset.

CEO Chris Rynning assures that they could not predict the major losses. He owes to challenging market conditions in the 2013 annual report.

The shareholders will not settle for Rynning's insurance policies. At a general meeting, they decide to sell all the investments so that the shareholders can get back as much money as possible.

In addition, there will be a majority for cost cuts and executive directors. Shortly after, Rynning chose to leave.

However, shrinkage continues to be involved in an associated company, called Origo Advisors.

In the next few years, almost none of the investments will be sold. Origo explains to investors that they will wait until market conditions improve.

## The fall of the Origo share



• Source: [Origo PCL \(website\)](#)



Today, nearly the entire billion capital is lost, documents are gone, and the investments are followed by a new chairman of the board.

E24 can now reveal how much of Origo investors' money disappeared. A survey of hundreds of pages with annual accounts, stock exchange announcements and internal documents shows that:

- **Over \$ 100 million was lost in companies registered on the British Virgin Islands, the Cayman Islands, and other tax havens. Several are pure shell companies without their own business. New management does not know whether these investments have had real value.**

- From 2008 and over a 10-year period, at least \$ 10 million was transferred to the Orion Advisors Limited (OAL) on the British Virgin Islands, according to internal accounting analysis. Rynning established the company and owned it together with Origo's CFO Niklas Ponner. Shrinkage was also in OAL's board.
- While Rynning was director, Origo Partners also invested \$ 6.8 million in another company owned by Rynning and Ponders: China Commodities Absolute Return, registered on the Isle of Man. When the company was wound up, Origo received \$ 13,800, showing documents E24 has been granted access to.



Chris Rynning defends Origo's investments in shell companies in tax havens, which he says were approved by shareholders, independent boards, auditors and stock exchange authorities.

"This can be portrayed as something suspicious here, but it certainly is not, and it is perfectly legal industry practice and indeed absolutely necessary if you are going to invest in China," he says.

Confronted with the transfers to Origo Advisors Limited (OAL), Rynning rejects that the company received as much as ten million dollars.

He first stated that a "very, very small amount" was paid to salaries, since Origo's employees were transferred to OAL in 2015.

Later, Rynning subscribes to an e-mail that the payments have amounted to USD 5.1 million, corresponding to NOK 43 million. He calls it payment for "many years of operation of large teams".

Origo's annual accounts also tell about million transfers for several years before 2015, but Rynning says this money was only accounting provisions, which were never paid. He also denies that he ever controlled the company.

Wrinkling calls E24's China Commodities Absolute Return (CCF) information "directly misleading and completely wrong" and denies that he made any money from the company.

CFO Niklas Ponner has not answered E24's inquiries.

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## cleanup

**NEW YORK, Autumn 2018:** - I was surprised to hear that Rynning had a role as a kind of investment adviser to the Norwegian authorities, says Origo's new chairman John Chapman.

For him it seems incomprehensible that Rynning could go from Origo to become an investment advisor for Investinor and entrepreneurial assistant for Innovation Norway.

Chapman was brought into Origo in the fall of 2017. The assignment he was given was to find out where the shareholders' money had taken the road.

- The annual accounts show that Origo raised about \$ 240 million from the investors, mainly under Rynning's management. Almost all of this money has been lost, says Chapman.

**TAX PARADISE:** In the capital Douglas on the small island of Isle of Man in the Irish Sea between England and Ireland, Origo Partners is headquartered.



Karl Wig

**POSTBOX ADDRESS:** And in this building in a central street of Douglas, Origo Partners was registered with an address for a number of years.



Karl Wig

The American has many questions about Rynning, including what he calls "obscure investments".

- During Rynning's term as CEO, Origo invested in companies all over the world, including a farm in Australia, mines in Africa and India, a rice producer in China near the North Korea border - and in some companies in Norway, he says.

In his annual report for 2017, Chapman warns of several criticisms in the business. He stands up to the million payouts of Origo Advisors, the Rynning-controlled company on the British Virgin Islands.

He also responds to Origo's many investments in other tax havens.

These companies have no production or other real business, but should instead act as "intermediaries" for investments in other countries.

For example, Origo owns shares in the company China Rice, registered on the British Virgin Islands. But China Rice is not a rice producer. The only company owner of value, according to Chapman, is shares in another company in Hong Kong. This company also has no business of its own, but owns shares in a third

company in Jilin province north of China, against the border with North Korea. This latest company apparently produces rice.


The example is one of many where Origo invests in several teams with ownership across countries, with tax havens as the gateway. It makes it difficult to understand what Origo really owns, says Chapman.

"And if it's hard to understand what you own, it's more difficult to understand the value of what you own," he writes in the annual report.

In the past year, new management has conducted an intensive search for documents from Origo's operations under Rynning's management.

- Almost all of the company's documents are in China under the control of a company registered on the British Virgin Islands, which is again controlled - or controlled - by Rynning. So it's hard to understand what made all this money lost. We have repeatedly requested access to the documents, but nothing has happened, says the chairman.

Now he has hired lawyers.

**DEFENSE:** Chris Rynning meets E24 for an interview in Oslo in February 2019  Hallgeir Vågenes, VG

## The confrontation

**OSLO, FEBRUARY 2019:** - During the period I led the company, I tried to manage it as well as I could, says Chris Rynning.

It's Monday in the last week of February. Rynning is visiting Oslo to hold one of her lectures. He also meets E24 for an interview this day.

- I am very sorry that it has gone as it has gone. Very sorry for that.

Rynning acknowledges that the return in Origo Partners "has been miserable", but emphasizes that "there is nothing documented illegally".

- There is nothing illegal at all that has happened, he repeats.

Dismissal denies that the billion capital of Origo is lost, because the investments that have been written down can again rise in value:

- There are accounting adjustments, and the company has survived. It's on the stock exchange. So those who run the company today maintain it because they believe there are values in the future.

He states that all the companies in Origo's portfolio were valued according to strict international accounting standards.

That he himself had ownership in companies Origo invested in, he believes is unproblematic.

- It is so that most investment managers in the investment industry want you to have a *skin in the game* - that you think so much about the investment that you are willing to spend your own savings on it.

Rynning accuses new management of being "activists" who are motivated by driving down the value of Origo's remaining investments.

- I think there are many here who are interested in keeping other shareholders away from the company. Have complete control of the company and say that everything is just bad, he says.

The chairman rejects the claim as ridiculous.

- If Chris thinks these values are valued wrongly, he is welcome to call me and buy them from us. *Let him put his money where his*

*mouth is*. If he thinks we don't value them properly, we happily sell them to him, Chapman says.

## explanations

Innovation Norway says E24's findings about Rynning's former investment company are completely new information for them.

- We have known that Rynning has been a major investor. But we have not gone backwards and looked at the history, or examined how it has gone, "says the company's founder director Pål T. Næss.

**TAKES SELF-CRITICAL:** Innovation Norway's entrepreneur Pål T. Næss.

 Gorm K. Gaare

Innovation Norway made no background check of Rynning, but believed they still had "good knowledge of his network and expertise" when they entered the collaboration, Næss says.

*- How can you associate Innovation Norway's name and reputation with this entrepreneurial project without doing a background check?*

- It is not that we can go in and do background checks on all companies we should have some contact with. We are an executive agency and we do consulting. We do not handle case processing or preparations for litigation, we are not police authorities. That is not the way we should work.

*- But Innovation Norway has a certain responsibility when you refer entrepreneurs directly to Nhack?*

- It is clear that when we do, it is perceived that we are good for the partners. There is no doubt about that. At the same time, it is important to keep in mind that everyday life as an investor is characterized by both ups and downs. There is nothing wrong with having made some bad investments, says Næss.



*- If you had heard of all this before the Nhack agreement was on the table for signing, had you signed the Nhack agreement?*

- It is not possible for us to answer properly. It becomes a very hypothetical question. We were interested in Rynning's experience and expertise from China. But it is clear that if this had been in the newspaper the day before, it would be a natural question to ask.

*- Do you have good enough routines for entering into cooperation like this without background check?*

- There can always be better routines on such things. But there is limited how much background check we have capacity and opportunity to do. And then we just learn from the experiences we do, and focus on the next time we consider a collaboration, then we can do an even more thorough job with background check.

*- You could do a more thorough job?*

- Yes, we certainly could. At the same time, we thought Rynning's expertise and network weighed heavily, and we are pleased to hear that some of the companies that participated in Nhack did not benefit from this.

## **breakthrough**

While E24 has worked on this issue, Innovation Norway has nevertheless chosen to end the collaboration with Nhack and Chris Rynning.

Innovation Norway's China director Knut Sørliie says the decision does not relate to E24's findings, but that Nhack "changed fundamental character" and lost focus on Norwegian entrepreneurs.

- There was a rapid change from Norwegian focus to a Nordic direction. Basically, we thought it could be stimulating. But when they then cultivate the investment scheme and take away the

advisory concept, it became less interesting for us. We do consulting, says Sørlie.

**SHANGHAI:** Nhack has had offices in several of China's largest cities, including Shanghai. The office here is now heavily reduced, while the office in Beijing is closed.

 Hector Retamal, AFP

Nhack's daily manager, Jon Eivind Stø, disputes this characteristic. He says Nhack has always invested in Nordic entrepreneurs, and that they never scrapped the advice to the entrepreneurs.

According to Stø, E24's ongoing inquiries since August last year are the real reason why "our partners began to distance themselves from Nhack".

- We were then informed that it was impossible for Innovation Norway to work with us, writes Stø in an email.

He says they "stand as losers" and have had to cut their business sharply.

- We have closed the Beijing office, and the Shanghai office is now down from over 10 people last year to only 2-3 people today.

Chris Rynning has read this whole issue before publishing. Rynning's lawyer, Kim Ellertsen in the law firm Elden, has sent E24 the following comment on behalf of its client:

"All decisions on structures and ownership around Origo were endorsed by professional owners, independent boards, as well as auditors and stock exchange agencies, and not by Rynning, as presented here.

Rynning himself resigned after a restructuring of the company over five years ago, and there was not a single remark against the company during the period Rynning was the leader. Rynning has

not been satisfied, he either, with the early results in the company and hopes that current management will carry out sales and realizations.

Otherwise, Rynning has many good investments in its portfolio and has only received positive feedback from Innovation Norway and other partners during the period as chairman of nHack.

Rynning finds that E24 (after one year's work) makes uncritically a number of statements from sources that are not verified well enough, as well as a whole series of factual errors. For example, Rynning does not "control" any of the companies to which it is referred, and the mention of holding companies in tax havens is unified, as such companies are required by law to be able to invest in China, which was also consistent industry practice. .

There is a difference between having made poor investments in a sector that has collapsed globally, and erroneous insinuations about possible illegality. "

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