ZenRock Commodities Trading

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

A young trader with rapid growth

ZenRock was founded in Singapore in 2014 by a group of experienced oil traders, among them Xie Chun and Tony Lin. It had offices in Singapore, Shanghai, Zhoushan and Geneva and claimed to have traded more than fifteen million tonnes of oil and petroleum products in 2019. Its revenue grew from about US$1.24 billion in 2016 to about US$6.15 billion in 2018, according to the accounts it filed with the Accounting and Corporate Regulatory Authority.[1] Growth at that pace requires a corresponding growth in bank lines. ZenRock obtained them from Chinese, European and Swiss lenders.

HSBC's application

In April 2020, as the Hin Leong affair broke, ZenRock declared that it faced no financial difficulties and was negotiating with its banks. On 4 May 2020 HSBC applied to the High Court to place it under judicial management. The court granted the application and appointed KPMG as interim judicial managers. Four days later the police searched the company's offices. HSBC alleged that the company had provided false or fraudulent documents in support of its financing applications and

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

might have diverted repayments due to the bank. Its affidavit referred to “dishonest practices”, to duplicate invoices that allowed several lenders to finance the same transaction and to “a wanton disregard for its contractual obligations”.[2]

The figures for ZenRock’s debts diverge widely. HSBC’s court documents put the bank’s own claim at almost US$49 million and the company’s total debt to institutional lenders at about US$165 million. Trade press reports later refer to debts of more than US$600 million. The lower figure was an early estimate by one creditor, made before the judicial managers had examined the books. The higher one probably also covers trade creditors and contingent liabilities. The company was later wound up.[3]

Circular trades in court: Crédit Agricole v PPT Energy

The ZenRock collapse produced two leading decisions on circular trades and letters of credit. In the first, Crédit Agricole had issued a letter of credit of US$23.6 million on ZenRock’s application in favour of PPT Energy, a Japanese trader, for a cargo of just under one million barrels of Congolese crude. The trade ran from Socar to ZenRock, then to Shandong Energy International, to PPT, back to ZenRock and finally to Total, which had originally sold the oil to Socar. ZenRock had shown the bank a contract that priced the cargo at a premium of US$3.60 per barrel over the market, while the real price stood at the same amount below it.[4]

In January 2022 the Singapore International Commercial Court dismissed the bank’s claim. It found that PPT was no innocent bystander, but that it had no actual knowledge of ZenRock’s fraud. Recklessness, the court held, did not suffice to bring the case within the fraud exception to payment under a letter of credit. On 24 October 2023 the Court of Appeal allowed the bank’s appeal on a different ground. It held that PPT’s letter of indemnity had taken effect on issue and that PPT had breached its warranty of marketable title, because ING held a charge over the same cargo. The court found that PPT had not acted in good faith and awarded the bank US$10.3 million, the reduced amount of its claim.[5]

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

A Geneva bank against China Aviation Oil

The second decision concerned Banque de Commerce et de Placements, a Geneva trade finance bank. In January 2020 it issued a letter of credit to finance ZenRock's purchase of 260,000 barrels of gasoil from China Aviation Oil (Singapore). It expected repayment from ZenRock's onward sale of the cargo to PetroChina. ZenRock had cancelled that sale without telling the bank and sold the cargo elsewhere. The bank had paid against a letter of indemnity from China Aviation Oil, without receiving the original bills of lading, and sued the seller for about US$19 million.[6]

The High Court dismissed the claim in June 2024. It held that the proximate cause of the loss was ZenRock's fraud and insolvency, that circular trades are a recognised and legitimate practice and that there had been no double financing, since the two sets of trades followed one another. On 7 July 2025 the Court of Appeal dismissed the bank's appeal. It read the seller's statement that the bills of lading were endorsed to the bank in the context of the transaction, as an attestation that the bills existed and would be endorsed, and found no fraudulent intent. The bank had relied on its recourse against ZenRock and on the reputation of the state-linked seller. Both proved worthless as protection against a fraud by the borrower.[7]

Criminal proceedings

The police investigation led to criminal charges against a former director and a former operations executive of ZenRock, who were accused of cheating and criminal breach of trust in connection with forged documents used to obtain financing from Bank of China in early 2020.[8] The charges confirm that the criminal response to 2020 extended beyond the two largest cases.

Notes

1. *China Daily Hong Kong*, report of 8 May 2020: ZenRock founded in 2014 by veteran oil traders including Xie Chun and Tony Lin; offices in Singapore, Shanghai, Zhoushan and Geneva; more than 15 million tons traded in 2019;

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

revenue of US$6.15 billion in 2018, up from US$1.24 billion in 2016, per its filings with the accounting regulator. ↩

2. *China Daily Hong Kong*, 8 May 2020 (above): HSBC applied on 4 May 2020 to place ZenRock under judicial management; the court granted the application and appointed KPMG as interim judicial manager; police raided ZenRock's office on 8 May 2020; HSBC owed almost US$49 million; debt to institutional lenders about US$165 million – GTR, 20 May 2020 (above): HSBC alleged "dishonest practices" and "shams", duplicate invoices allowing funding from multiple lenders for the same transaction, and quoted the filing: "The company's conduct displays a wanton disregard for its contractual obligations". ↩

3. GTR, "Crédit Agricole loses bid to recoup US$24mn lost in ZenRock fraud", 19 January 2022: ZenRock placed into judicial management in May 2020 at HSBC's request with debts above US$600 million – GTR, "Court dismisses BCP appeal over US$19mn ZenRock loss", 7 July 2025: ZenRock was placed in judicial management in 2020 and later wound up. ↩

4. GTR, 19 January 2022 (above): Crédit Agricole sought to recover US$23.6 million paid under a letter of credit applied for by ZenRock; just under 1 million barrels from the Republic of Congo; chain Socar–ZenRock–Shandong Energy International–PPT–ZenRock–Total; fabricated contract showing a premium of US$3.60 per barrel instead of a discount of the same amount; judgment of the Singapore International Commercial Court (Cooke IJ). ↩

5. GTR, "Analysis: ZenRock judgement should prompt rethink on reckless traders in double financing frauds", 6 April 2022: the court found ZenRock orchestrated a fraudulent double-financing scheme; PPT lacked actual knowledge; GTR, 30 October 2023 (below): the first-instance judge found that PPT was not an "innocent bystander" but lacked direct knowledge of the fraud; recklessness does not constitute fraud for letters of credit, and actual dishonesty must be shown – GTR, "Crédit Agricole wins appeal in ZenRock fraud suit", 30 October 2023: Court of Appeal judgment of 24 October 2023; letter of indemnity valid from issuance; breach of the warranty of marketable title because the cargo was subject to ING's charge; lack of good faith; award

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

of US$10.3 million after the bank trimmed its claim and recovered US$6.2 million elsewhere. ↩

6. GTR, "China Aviation Oil fends off US$19mn suit from Swiss bank over ZenRock deal", 7 June 2024: BCP, a Geneva-headquartered bank, issued a letter of credit in January 2020 to finance the sale of 260,000 barrels of gasoil from CAO to ZenRock; it expected repayment from the on-sale to PetroChina, which ZenRock had cancelled without telling BCP; BCP paid on a letter of indemnity and never received the original bills of lading. ↩
7. GTR, 7 June 2024 (above): High Court (Goh Yihan J); CAO not liable in deceit, misrepresentation, contract, unjust enrichment or conspiracy; proximate cause of the loss was ZenRock's fraud and insolvency; circular trades legitimate and recognised in Singapore case law; no double financing because the trades occurred consecutively; evidence of KPMG held inadmissible hearsay – GTR, 7 July 2025 (above): the Court of Appeal dismissed BCP's appeal on 7 July 2025; CAO had attested to the existence of the bills but had not falsely stated that they were already endorsed to BCP; even on BCP's literal reading CAO had not acted fraudulently; CAO earned US$62,254 on the trade; BCP staff had judged the recourse on ZenRock satisfactory. ↩
8. Manifold Times, report on charges against Xie Chun and Zhang Taiming, former director and former operations executive of ZenRock, for cheating and criminal breach of trust involving forged documents used to cheat Bank of China in early 2020 (2022). ↩

Disclaimer

This article is provided for general information only. It is based on publicly available sources as at its date of publication. These sources have not been independently verified against licences, regulatory registers or the records of the entities concerned. It is not legal, tax, financial or investment advice. Nor is it a recommendation to invest in, transact with or use the services of any entity mentioned. Law and regulation change frequently, so the content may be incomplete or outdated. To the fullest

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

extent permitted by law, Dr Alexander Ressos and the publisher of SingaporeIQ exclude all liability for loss or damage arising from the use of or reliance on this article. Readers should obtain advice on their specific circumstances before acting or refraining from action.

Names and trademarks of the entities discussed belong to their owners and are used for identification only. Their mention implies no endorsement, affiliation or allegation of wrongdoing. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. Corrections and updates: contact@ressos.com.

© 2026 Dr Alexander Ressos. This article may be quoted with attribution to SingaporeIQ (SingaporeIQ.com). Reproduction in full and any commercial use require prior written consent. The Legal Terms at https://singaporeiq.com/legal-terms apply.

Author contact: Dr Alexander Ressos, TEP · contact@ressos.com

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.