The Jie Shun Incident
Chinese State-Owned Enterprise Connections to the North Korean Arms Trade

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Executive Summary

In August 2016, a Cambodian-flagged cargo ship named Jie Shun was stopped by the Egyptian authorities en route to the Suez Canal. On board, the Egyptian government discovered a large cache of North Korean munitions hidden underneath a cargo of sanctioned iron ore.

Crewed and captained by North Korean nationals, the Jie Shun was operating under a flag of convenience designed to disguise its identity and conceal its illicit activities. However, in a distinct difference from the most high-profile interdiction to that point – the North Korean-flagged Chong Chon Gang, which, when it was stopped in 2013, was found to be carrying Cuban weapons bound for North Korea – the Jie Shun was not owned and managed by North Korean companies, but ostensibly by Chinese entities and nationals primarily based in Hong Kong and Dalian.

Starting from information gathered by the UN Panel of Experts to the 1718 Sanctions Committee (the UN body that oversees the implementation of multilateral sanctions on North Korea) in their subsequent investigation into the Jie Shun incident, this report delves into the corporate networks that supported and exploited the vessel and its illicit activities. To do this, it draws on corporate records from a variety of sources (including Chinese sources), Automatic Identification System (AIS) information provided by Pole Star Space Applications, company web pages and registry listings, and specialist maritime databases, exploiting them through link analysis and geospatial analysis techniques. Information uncovered and presented here adds further weight to the body of evidence that points to the critical role of Chinese nationals in operating and managing North Korea’s illicit shipping fleet. It also presents evidence that some parts of these networks are not merely based in China but may also have ties to the Chinese state:

- Liaoning Foreign Trade Foodstuffs Shipping, the company which registered the Jie Shun before it was assigned a North Korean crew in 2012 was, at this time, part owned by the Chinese state.
- The chief captain of Liaoning Foreign Trade Foodstuffs Shipping, Li Anshan, is intimately connected with other North Korean vessels and entities, including the proscribed shipping company Ocean Maritime Management, through a number of Hong Kong companies registered in his name.
- One of these companies, Hua Heng Shipping, was determined by the Egyptian authorities to be the owner of the Jie Shun when it was arrested near the Suez Canal in 2016.
- Liaoning Foreign Trade Foodstuffs Shipping shares an address, phone and fax number with two companies named Jieshun Shipping and CM Chartering. The former owner of the Jie Shun, Hong Kong-registered Jieshun Shipping was itself owned by Sun Sidong, a Chinese national sanctioned in 2017 by the US Treasury for exporting goods to North Korea, including items associated with nuclear reactors. CM Chartering, meanwhile, is a Hong Kong-registered company linked to Li Anshan and North Korea’s Ocean Maritime Management.
- In addition to hosting several state-owned Chinese companies, the address used by Liaoning Foreign Trade Foodstuffs Shipping has also housed at least two North Korean companies, while an adjacent address has housed an office of UN-designated Ocean Maritime Management and Korea Daesongsan, a company with close connections to the UN-designated Korea Daesong. The Korea Daesong Bank and Korea Daesong General Trading Corporation are controlled by Office 39 and charged with generating revenue for North Korea’s leadership.
According to the bill of lading for the weapons crates aboard the *Jie Shun*, the shipper was a Chinese company which has since become part of the state-owned China Anhua Group. Although this does not indicate support from the Chinese authorities in general for North Korea’s illegal arms trade, it raises questions about China’s enforcement of UN Security Council resolutions. The authors make no judgement as to the reason for Chinese state connections to the relationships and activities outlined in this report. However, the information laid out in this report points to a need for better due diligence by the various state-owned and part-owned enterprises involved, and for Chinese authorities to investigate and address any activities that run counter to China’s commitments to enforcing UN resolutions.

This investigation is the first in a series that will focus on understanding the corporate ownership structures that support North Korea’s illicit networks, and on increasing the breadth and depth of publicly available information on these structures. It is a product of RUSI’s Project SANDSTONE, which uses open-source intelligence techniques to uncover and report actionable information on proscribed North Korean activities. We gratefully acknowledge the support of the UK Foreign and Commonwealth Office in funding the research that has led to this report.
Li Anshan and the *Jie Shun*

On 11 August 2016, a Cambodian-flagged vessel named the *Jie Shun* was stopped near the Suez Canal by the Egyptian authorities after an 8,000-mile journey from North Korea. On board, hidden underneath a large cargo of sanctioned North Korean iron ore, lay one of the largest consignments of conventional munitions ever found aboard a North Korean-linked vessel: more than 100 tons of disassembled North Korean PG-7 rocket-propelled grenades and their component materials.

A subsequent investigation by the UN Panel of Experts to the 1718 Sanctions Committee—respectively the expert and political UN Security Council subsidiary organs tasked with overseeing sanctions imposed on North Korea—revealed that, despite the ship’s Cambodian flag, it was crewed and captained by North Korean nationals. In their subsequent annual report the Panel noted that the incident demonstrated North Korea’s ongoing abuses of the flags of convenience system and its use of ‘vessels managed by third-country nationals to transfer different types of prohibited goods’.

Successful interdictions of vessels such as the *Jie Shun* and *Chong Chon Gang* carrying weapons are comparatively rare. However, the two cases in question differ in one important aspect: while the *Chong Chon Gang* was openly a North Korean vessel, the *Jie Shun* was operating clandestinely under a flag of convenience. Hence, while the *Chong Chon Gang* was owned and operated by North Korean companies, the operators of the *Jie Shun* had gone to great lengths to disguise the vessel’s connections to North Korea. As a result, this latter interdiction has provided important insights into the clandestine networks helping North Korea to export weapons and evade sanctions. This investigation has attempted to shed further light on some of these third-country nationals and their networks, using the information acquired by the UN Panel of Experts during its own investigations into the *Jie Shun* as a starting point.

**Liaoning Foreign Trade Foodstuffs Shipping (Liaoning Foreign Trade)**

The UN Panel of Experts identified three key operators at the heart of the *Jie Shun*’s ownership and management network: Li Anshan (李安山), Zhang Qiao (张桥) and Fan Mintian (范民田). According to the Panel, these three individuals registered the vessel in 2012 under their companies, reflagged it to Cambodia, arranged its protection and indemnity insurance and held the vessel’s documents of compliance, on which Zhang and

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several of his associates were listed as contacts.\textsuperscript{7} Both Li Anshan and Fan Mintian have previously featured in investigations by the Panel.\textsuperscript{8} Li Anshan was first linked to North Korea’s Ocean Maritime Management in 2016, when investigations by the Panel of Experts discovered that two of his companies were nominated to assume ownership of two North Korean-linked vessels.\textsuperscript{9} Meanwhile, Fan Mintian and his companies had first been connected to the \textit{Light} incident in 2013.\textsuperscript{10} Two years earlier, in 2011, the Belizean-flagged \textit{Light} vessel was suspected of transporting North Korean missile technology to Myanmar and was intercepted by a US Navy destroyer. Rather than submit itself to inspection, the North Korean crew of the \textit{Light} turned the vessel around and returned home.\textsuperscript{11} The Panel’s investigations into Zhang Qiao uncovered links to North Korean coal trading\textsuperscript{12} and identified his company Bene Star Shipping and Trading as a ‘key node connecting multiple companies linked to the Democratic People’s Republic of Korea’\textsuperscript{13}

Li Anshan first registered the \textit{Jie Shun} with the International Maritime Organization in April 2012 to the Dalian-headquartered company Liaoning Foreign Trade Foodstuffs Shipping (辽宁外贸食品海运有限公司; Liaoning Foreign Trade).\textsuperscript{14} An interview published in Chinese-language media in 2008 describes Li Anshan as Liaoning Foreign Trade’s ‘chief captain’.\textsuperscript{15} Li’s correspondence with the Panel of Experts further confirmed his employment with the company.\textsuperscript{16}

The Panel of Experts found that, following the \textit{Jie Shun}’s registration to Liaoning Foreign Trade in 2012, it was then assigned a North Korean crew and flagged to Cambodia. Two months later in June 2012, Li transferred the vessel to his company Hua Heng Shipping, registered in Hong Kong, which the Egyptian authorities believed was the de facto owner of the vessel.\textsuperscript{17}

Liaoning Foreign Trade and Hua Heng Shipping subsequently continued to be closely linked:

- A list on the Liaoning Price Certification and Evaluation Association published on 24 March 2017 shows that Li Anshan worked for Liaoning Foreign Trade at that time.\textsuperscript{18}

\textsuperscript{9.} \textit{Ibid.}
\textsuperscript{13.} \textit{Ibid.}, p. 31.
\textsuperscript{14.} \textit{Ibid.}
\textsuperscript{18.} See Annex A.
Liaoning Foreign Trade and Hua Heng Shipping are – as of January 2019 – listed as the International Safety Management Code (ISM) Manager and Commercial Manager of the Sierra Leonean-flagged \textit{JOINT PACIFIC} (IMO:9155286).\footnote{See vessel ownership and management details at the Equasis maritime database, \url{<www.Equasis.org>}, accessed 11 December 2018.}

Chinese-language webpages show that Li’s Hua Heng Shipping and Liaoning Foreign Trade have used the same Dalian-based phone number.\footnote{See Annex B.}

**Figure 1:** The Joint Pacific Calling into DPRK Ports While Under the Management of Liaoning Foreign Trade and Hua Heng Shipping

\begin{figure}
\centering
\includegraphics[width=\textwidth]{figure1.png}
\caption{The Joint Pacific Calling into DPRK Ports While Under the Management of Liaoning Foreign Trade and Hua Heng Shipping}
\end{figure}

\textit{Source: Polestar Space Applications.}

\section*{Liaoning Foreign Trade’s Connections to the Chinese State}

Chinese corporate documents show Liaoning Foreign Trade was registered in June 1989 and remained a state-owned entity until 2003,\footnote{水滴信用企业版 [Shuidi Corporate Database], ‘辽宁外贸食品海运有限公司’ ['Liaoning Foreign Trade Foodstuffs Shipping'], \url{<http://shuidi.cn/company-bb482a3725308be47d47937823c2e11d.html?company_no=17556313774599150961012680550763>}, accessed 31 July 2018.} when several other individuals became shareholders in the company.\footnote{Ibid.} As a result, the ownership structure was as follows (see Annex C):

- Liaoning Limeng State-Owned Assets Operation (辽宁利盟国有资产经营有限公司), 40.8%.
- Gong Yuhe (宫玉和), 26.5%.
- Song Huijun (宋慧君), 18.4%.
- Qu Boxiu (曲伯修), 14.3%.

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\item Gong Yuhe (宫玉和), 26.5%.
\item Song Huijun (宋慧君), 18.4%.
\item Qu Boxiu (曲伯修), 14.3%.
\end{itemize}
Liaoning Foreign Trade maintained a connection with the Chinese state subsequently, however, being part owned until September 2017 – the month when the interim UN Panel of Experts Report covering the Jie Shun incident was released – by Liaoning Limeng State-Owned Assets Operation (辽宁利盟国有资产经营有限公司). Liaoning Limeng State-Owned Assets Operation is itself owned by the Liaoning Provincial People’s Government State-Owned Assets Supervision and Administration Commission (辽宁省人民政府国有资产监督管理委员会).

Despite this apparent divestiture, as of January 2018 Liaoning Limeng listed Liaoning Foreign Trade as an equity investment on its organisation chart (see Annex D). Liaoning Limeng is also the sole owner of the Liaoning Province Food Import and Export Corporation (辽宁省进出口公司), which is addressed to 72 Luxun Lu, Zhongshan Qu, Dalian, Liaoning. This is the address of Liaoning Foreign Trade, and of a third company, Liaoning Fude Food (辽宁富德食品有限公司). Chinese corporate records describe Liaoning Fude Food as a state-owned company.

Liaoning Limeng, Liaoning Foreign Trade and Liaoning Fude are also related through their ownership structure and senior management. Liaoning Foreign Trade is a shareholder of Liaoning Fude. The former chief executive of Liaoning Province Food Import and Export Corporation, Liu Tianlu (刘天禄), is now an executive at Liaoning Fude.

Liaoning Foreign Trade is also the commercial manager of the G Lucky (IMO: 8888654), a vessel owned by the state-linked entity Heilongjiang Province Longhang Heavy Equipment River & Sea Transport (黑龙江省龙航大型设备江海运输有限公司). This company is co-located with Liaoning Foreign Trade at 72 Luxun Lu,
Zhongshan Qu, Dalian, Liaoning, and the two companies share telephone and fax numbers. It is also the ISM Manager for the *Milestone* (IMO: 9101584), which, as of 8 February 2018, was listed on the the China Ports website as owned by the Chinese government (see Annex E).

In summary, the Chinese government – perhaps unwittingly – owned a stake in the registrant of the *Jie Shun* when a North Korean crew was assigned to it in 2012. Despite an apparent divestiture of Chinese state holdings around the time the UN Panel of Experts reported on the *Jie Shun*, Chinese government entities appear to continue to be connected with the company through the addresses, shareholders and management that Liaoning Foreign Trade shares with other apparently state-owned companies. This points towards a need for China to investigate more deeply any potential Chinese links to North Korea-related illicit activity, particularly if state-owned enterprises are involved in any part of the ownership structures.

Figure 2: Connections Between Liaoning Foreign Trade and Chinese State Entities

Source: The authors.
72 Luxun Lu

In addition to housing several Chinese government-owned entities, Liaoning Foreign Trade’s address at 72 Luxun Lu, Zhongshan Qu, Dalian, has also been home to several other companies connected to North Korea. At least two of these companies have been North Korean owned and operated: Korea Gumleung Trading Company (朝鮮金陵贸易会社大连代表处); and Korea Ocean Trade Association Dalian Representative Office (朝鮮大洋贸易会社大连代表处). Among the others are:

- Dalian Sun Moon Star International Logistics (which was listed as the consignee on a 2010 invoice for ‘machinery, components, measuring devices’ and other ‘items used in the production of arms or as a principal component of liquid propellant for Scud missiles’ destined for Syria. Dalian Sun Moon Star was later designated under the US autonomous sanctions regime in August 2018).
- Harmonized Resources Shipping Management, a company connected to the oil products tanker KOTI, which was impounded in December 2017 for smuggling oil to North Korea.
- CM Chartering.
- Jieshun Shipping (捷順船務有限公司).

As well as sharing an address, CM Chartering and Jieshun Shipping used the same Dalian telephone and fax number as that used by Liaoning Foreign Trade and Heilongjiang Province Longhang Heavy Equipment.

Documentation obtained by the UN Panel of Experts from the North Korean vessel Mu Du Bong linked CM Chartering with UN-designated entity Ocean Maritime Management Limited. CM Chartering was the...
registered owner of the *Catherina* (IMO:9133290) from December 2015 to March 2016, during which time the *Catherina* sailed to North Korea under the management of Liaoning Foreign Trade. Further, Ocean Maritime Management’s front company Mirae Shipping (on which more follows) and Li Anshan have used the email address miraerep@cmchartering.com on the cmchartering web domain.

**Figure 3:** The Catherina Calling into DPRK Ports While Owned and Managed by CM Chartering and Liaoning Foreign Trade

Source: Polestar Space Applications.

A further North Korean entity of interest, Korea Daesongsan Trade Association Dalian Representative Office (朝鲜大圣三贸易会社大连代表处), was previously addressed to 74 Luxun Lu, a building adjacent to 72 Luxun Lu. Korea Daesongsan has shared addresses and a director, Jin Yuanzhe (金元哲), with the local office

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42. AIS positional data provided by Polestar Space Applications shows that the *Catherina* called into North Korean ports while under the management of Liaoning Foreign Trade.
of Korea Daesong, an entity designated under UN sanctions in 2016. A former representative of Korea Daesongsan, Li Feng Xue (李峰学), has also been listed as a representative of the Korea Ocean Trade Association, based at 72 Luxun Lu.

The building adjacent to 72 Luxun Lu on the opposite side of 74 Luxun Lu, 32 Wuwu Lu, also has several other companies with connections to North Korea. At least four of these companies have been North Korean owned and operated: UN-sanctioned Ocean Maritime Management (IMO:1790183); Korea Unhasu Trading Company, Dalian Representative Office (朝鲜银河贸易总会社大连代表处); Korea Haijin Ship Management, Dalian Representative Office (朝鲜海进船舶管理有限公司大连代表处); and North Korea Large Pine Trade Company Dalian Office (朝鲜劲松贸易会社大连代表处). Others include Vast Win Trading, the registered owner of the Jie Shun when it was arrested in Egypt, and K Brothers Marine, the commercial manager of the Jie Shun when it was arrested in Egypt.

46. 水滴信用企业 [Shuidi Corporate Database] shows that Korea Daesongsan has used the same address as Korea Daesong General Trading Corporation Dalian Representative Office (朝鲜大圣进出口会社大连代表处). The database also shows that an individual named Jin Yuanzhe; (金元哲; 김원철; Kim Won Cheol) has been listed as a director of both companies, <http://shuidi.cn/company-aa134b96733092228804fc36bbe16e90.html>, accessed 17 September 2018.


49. 水滴信用企业 [Shuidi Corporate Database], ‘朝鲜大洋贸易会社大连代表处’ ['Korea Ocean Trade Association Dalian Representative Office'], <http://shuidi.cn/company-07ab939d7d6da8638061d3ca647cc3f7.html>, accessed 5 October 2018.


53. 水滴信用企业 [Shuidi Corporate Database], ‘朝鲜劲松贸易会社大连代表处’ ['North Korea Large Pine Trade Company Dalian Office'], <http://shuidi.cn/company-c4949ae3dcdca1d5e055b2ef16be5eb.html?from_search=1>, accessed 5 November 2018.


**Figure 4: Co-Locations of Liaoning Foreign Trade and Other North Korea-Connected Companies**

- Ocean Maritime Management
- Korea Unhasu Trading Company Dalian Representative Office
- Korea Haijin Ship Management
- North Korea Large Pine Trade Company Dalian Office
- Vast Win Trading
- K Brothers Marine
- Liaoning Foreign Trade Foodstuffs Shipping
- Jieshun Shipping
- CM Chartering
- Liaoning Province Food Import and Export
- Liaoning Fude Food
- Heilongjiang Province Longhang Heavy Equipment River and Sea Transport
- Dalian Sun Moon Star International Logistics
- Harmonised Resources Shipping Management
- Korea Gumleung Trading Company
- Korea Ocean Trade Association Dalian Representative Office

*Source: The authors.*
Li Anshan, Hiroshi Kasatsugu and North Korea

Previous investigations by the UN Panel of Experts into Li Anshan, the chief captain of Liaoning Foreign Trade, revealed his close business association with Hiroshi Kasatsugu, a Japanese national and agent of Ocean Maritime Management, who was once one of North Korea’s most prolific smugglers.56

Responding to questions concerning his relationship to Hiroshi Kasatsugu posed to him by the Panel of Experts in 2016, Li Anshan stated: ‘It was my first time to meet Mr Kasatsugu in Jun. 2011, at that time he visited our office and discussed M.V GREAT HOPE ISM [International Safety Manager] management business with Liaoning Foreign Trade Foodstuffs Shipping Co Ltd’.57

In this correspondence with the Panel, Li claims this contract was terminated in June 2012 following the resignation of Liaoning Foreign Trade’s shareholders and managers and its subsequent closure. Following this, Li states he registered Hua Heng Shipping Limited in June 2012 and re-signed the ISM contract for the Great Hope. However, not only did Liaoning Foreign Trade not close, but ship inspection records on Tokyo MOU show that Liaoning Foreign Trade and Kasatsugu’s company Mirae Shipping (HK) – an alias of Ocean Maritime Management58 – had a business relationship which substantially predated this. When inspected in Russian waters on 18 May 2009, a vessel named Great Hope (IMO:8307492) listed Mirae Shipping (HK) as its owner and Li Anshan’s Liaoning Foreign Trade as its commercial manager.59

This relationship subsequently continued. Other companies owned by Li Anshan, namely Hua Heng Shipping – which, as noted above, the Egyptian government believed was the beneficial owner of the Jie Shun – and Petrel Shipping have both used a Hong Kong address (Room 19C, Lockhart Centre, 301–307, Lockhart Road, Wan Chai, Hong Kong, China) linked to several other North Korea-affiliated

shipping companies, including at least three controlled by Kasatsugu.\(^{60}\) Hiroshi Kasatsugu’s Gold Zone Shipping has also given a care of address to Hua Heng Shipping (Hong Kong) at this location.\(^{61}\)

Further details of the network came to light in 2015 when two vessels owned and operated by Li and Kasatsugu were impounded in South Africa. These ships, the Tuvalu-flagged *Glory Morning* (IMO: 8416164) and the Kiribati-flagged *Masik Ryong* (IMO: 8608030), were seized while in the port of Durban over unpaid mortgage charges.\(^{62}\) Both vessels were crewed by North Koreans.

Court documents reportedly revealed that the debtor for both vessels was Li Anshan’s Hua Heng Shipping. Li’s correspondence with the UN Panel of Experts also revealed that Liaoning Foreign Trade had provided ISM services to both vessels,\(^{63}\) while companies owned by Hiroshi Kasatsugu were registered as the owners of the vessels: the *Glory Morning* was owned by Gold Zone Shipping; and the *Masik Ryong* was owned by First Trend Shipping.\(^{64}\)


\(^{61}\) World Shipping Register, ‘Gold Zone Shipping Ltd, Hong Kong, Hong Kong’, <https://world-ships.com/company/a65d37d6449e1cc3500bade33dfc6636>, accessed 2 August 2018.


\(^{64}\) At the time the *Glory Morning* listed Kasatsugu’s Gold Zone Shipping as its owner on Equasis, while the *Masik Ryong* listed Kasatsugu’s First Trend Shipping on Equasis, <http://www.equasis.org>, accessed 26 October 2018.
Figure 5: The North Korean-Crewed Glory Morning and Masik Ryong Calling into Sudan, Liberia and Togo Prior to Their Arrest in South Africa Over Unpaid Mortgage Charges. Li Anshan’s Hua Heng Shipping was the Debtor for Both Vessels

Source: Polestar Space Applications.
In total, at least nine vessels for which Hua Heng Shipping and Petrel Shipping have been the owner, commercial manager or ISM provider were reflagged to North Korea between 2015 and 2017 (see Table 1). This suggests that they were likely previously operating under flags of convenience. Four of these vessels were subsequently designated as owned by North Korea’s UN-designated Ocean Maritime Management in UN Security Council Resolution 2270.65

**Table 1: The Nine Vessels Linked to Hua Heng Shipping and Petrel Shipping**

<table>
<thead>
<tr>
<th>Ship Name</th>
<th>IMO</th>
<th>Flagged/Designated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tae Yang</td>
<td>IMO: 8306929</td>
<td>North Korea-flagged since July 2016</td>
</tr>
<tr>
<td>Pu Gang 1</td>
<td>IMO: 8407888</td>
<td>North Korea-flagged since March 2017</td>
</tr>
<tr>
<td>Kum Song</td>
<td>IMO: 8511809</td>
<td>North Korea-flagged since March 2016</td>
</tr>
<tr>
<td>Chong Bong</td>
<td>IMO: 8909575</td>
<td>North Korea-flagged since August 2015, UNSC designated 2 March 2016, designated by US Treasury 9 June 2016</td>
</tr>
<tr>
<td>Pu Un</td>
<td>IMO: 8921860</td>
<td>North Korea-flagged since February 2017</td>
</tr>
<tr>
<td>Thae Phyong San</td>
<td>IMO: 9009085</td>
<td>North Korea-flagged since August 2015, UNSC designated 2 March 2016, designated by US Treasury 9 June 2016</td>
</tr>
<tr>
<td>Pu Hae</td>
<td>IMO: 9020601</td>
<td>North Korea-flagged since August 2015</td>
</tr>
<tr>
<td>Nam Dae Chon</td>
<td>IMO: 9138680</td>
<td>North Korea-flagged since July 2016, UNSC designated 2 March 2016, designated by US Treasury 9 June 2016</td>
</tr>
</tbody>
</table>


The UN Panel of Experts found in 2015 that North Korean national Ri Pyong Gu was the chartering manager of Petrel Shipping, which at the time was addressed to Pyongyang in North Korea. A 2015 presentation by a former member of the Panel of Experts, Katsuhisa Furukawa, shows that Ri was a diplomat from North Korea’s Ministry of Foreign Affairs when his passport was issued in 2014. Ri was also employed by Ocean Maritime Management’s office in Thailand from at least 2005 to 2015.

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A further vessel, the *South Hill 2* (IMO:8412467) – later sanctioned by the US for its links to Ocean Maritime Management⁶⁹ – was owned and operated by Hua Heng Shipping and the Li Anshan/Mirae Shipping-linked CM Chartering from July 2012 until at least December 2015.⁷⁰ Previously, the vessel had been owned and operated by Ocean Maritime Management and Kasatsugu’s Mirae Shipping.⁷¹ Automatic Identification System (AIS) positional data shows that the *South Hill 2* visited North Korea during the time that it was under the control of Hua Heng Shipping (Hong Kong) and CM Chartering.⁷²

**Figure 7:** The South Hill 2 Calling into DPRK Ports While Owned and Managed by CM Chartering and Li Anshan’s Hua Heng Shipping

Li Anshan is therefore a central node in North Korea’s illicit shipping network. His companies have owned, managed and provided ISM services to several vessels operating on behalf of entities designated by the UN under the North Korean sanctions regime. These activities took place while Liaoning Foreign Trade – the company which first registered the *Jie Shun* and for which Li was employed as chief captain – was part-owned by elements of the Chinese state.

**Dalian Haoda Petroleum Chemical**

According to the bill of lading acquired by the Panel of Experts, the shipper of the weapons crates aboard the *Jie Shun* was a company named Dalian Haoda Petroleum Chemical (大连豪达石化有限公司).⁷³

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⁷². AIS positional data provided by Pole Star Space Applications.

It remains unclear whether Dalian Haoda Petroleum Chemical was itself involved in the weapons shipment, or whether a third party used the company’s name without its knowledge.

At the time of the Jie Shun’s arrest, the investors in Dalian Haoda were Liu Xinwu (刘新武) and Ma Yuqian (马玉前) as documented on company Yellow Pages. Chinese-language adverts for the company list contact details used by several other companies, including Dalian Free Trade Zone Longxiang Petrochemical Storage and Transportation (大连保税区隆翔石化储运有限公司), Dalian Xinfu Port Service (大连信孚港务服务有限公司), Dalian Xinfu Port Affairs Service (大连信孚港务服务有限公司), and Dalian Xinfu Port Transportation (大连信孚港务运输有限公司).

These companies form part of a wider conglomerate, now named the Zhongan Xinjinyuan Group (中安新金元集团有限公司). The Dalian-based businessman Xin Long Shan (辛龙山) is the group’s chairman and founder.

A press release on a partner company’s website describes the group as being formed and led by Xin Long Shan in 1992 and has since expanded to include ‘petroleum products, trade, investment, finance, cultural education and agriculture’.

A 2010 interview with Xin Long Shan (辛龙山) in the magazine Window of the Northeast (东北之窗) states that Xin is Chairman (or President) of the Board of Directors of Dalian Xinfu Port Service (大连信孚港务服务有限公司).

Xin Long Shan also sits on the Liaoning Provincial Public Welfare Steering Committee (辽宁省公益事业指导委员会), which directs the work of the Liaoning Provincial Public Welfare Development Center, itself described as a government-approved organisation that undertakes social welfare work in accordance with Chinese law.

A chronology on the Zhongan Xinjinyuan Group’s website states that the ‘group established Dalian Xinfu Port Service Co., Ltd. and Dalian Free Trade Zone Longxiang Petrochemical Storage and Transportation Co., Ltd.’

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74. 大连豪达石化有限公司 [Dalian Haoda Petroleum Chemical], ‘11467 Company Yellow Pages’, <http://www.11467.com/qiye/42791255.htm>, accessed 11 December 2018. While the panel does not provide the Chinese name of this company, Chinese corporate documents show the name is as follows.
75. See Annex G.
78. Aigo Integrity Alliance.
in 1992.\textsuperscript{82} According to the same chronology, the group went on to expand, eventually changing its name from Dalian New Jinyuan Group to Zhongan Xinjinyuan Group in January 2018.

Chinese corporate records show that at this time in 2018, Dalian Haoda Petroleum Chemical became wholly owned by Zhong’an Xinjinyuan Real Estate Development (中安新君元房地产开发有限公司),\textsuperscript{83} which is itself 100% owned by Zhongan Xinjinyuan Group (中安新金元集团有限公司).\textsuperscript{84}

Zhongan Xinjinyuan Group is currently 50% owned by Xin Long Shan (辛龙山).\textsuperscript{85} The remaining 50% stake in Zhongan Xinjinyuan Group is held by Zhongan Huanan Holdings (中安华南控股有限公司),\textsuperscript{86} which is wholly owned by the China Anhua Group (中国安华集团有限公司).\textsuperscript{87}

Zhongan Xinjinyuan’s website describes itself as a state-owned holding company ultimately controlled by the state-owned China Anhua Group, which the Zhongan Xinjinyuan Group describes on its website as originally belonging to China’s People’s Armed Police Force when the Anhua Group was established in 1988.\textsuperscript{88}

**Potential Links Between North Korean Illicit Trade and Chinese Security Services**

When Li Anshan registered the *Jie Shun* to Liaoning Foreign Trade with the International Maritime Organization, the registered owner was then listed on shipping databases as the Hong Kong company Jieshun Shipping.\textsuperscript{89} Jieshun Shipping was listed as the vessel’s registered owner from 28 April 2012 to 8 October 2014.\textsuperscript{90} As noted above, Jieshun Shipping and Liaoning Foreign Trade are co-located and share contact details. The 2016 annual return for Jieshun Shipping shows the company’s sole shareholder and director as Sun Sidong (孙嗣东).\textsuperscript{91} By this time – and from 8 October 2014 onwards – another Hong Kong company, Vast Win Trading, was listed as the registered owner of the *Jie Shun*.\textsuperscript{92}
return for Vast Win Trading shows the company’s sole shareholder and director was the similarly named Sun Sihong (孙嗣红).^{93}

Sun Sidong and Sun Sihong give nearly identical residential addresses on the corporate documents of their respective companies (see Annex I):

a. Sun Sidong: 4-603, 16 Taipinghu Xiaoqu, Gongan Committee, Dadong Management Area, Donggang City, Liaoning, China.^{94}
b. Sun Sihong: 2-606, 12 Taipinghu Xiaoqu, Gongan Committee, Dadong Management Area, Donggang City, Liaoning, China.^{95}

The pinyin ‘gōng’ān’ (公安) means (Ministry of) Public Security. The term ‘Gongan Committee’ in the above address could therefore refer to a public security organ of the Chinese state.

Analysis by C4ADS has shown that one of Sun Sidong’s companies, Dandong Dongyuan Industrial (丹东东源实业有限公司), had shipped potentially dual-use equipment to North Korea, including ‘US$790,000 of radio navigational aid apparatus (8526.91) in June 2016’.^{96} The US Treasury sanctioned Sun Sidong and his company Dongyuan Industrial in November 2017, stating that they ‘were responsible for exporting over $28 million worth of goods to North Korea over several years, including motor vehicles, electrical machinery, radio navigational items, aluminum, iron, pipes, and items associated with nuclear reactors. Dongyuan has also been associated with front companies for weapons of mass destruction-related North Korean organizations’.^{97}

Finally, the building in which Sun Sihong and Sun Sidong are resident was also the listed address for the Donggang Office of North Korea’s Korea Ferrous Metals Import and Export Corporation (朝鲜黑色金属进出口会社东港代表处).^{98} Korea Ferrous Metals Import and Export Corporation was involved in the shipment of nuclear-related aluminum alloy rods intercepted in Japan en route to Myanmar in 2012.^{99}

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93. Hong Kong Companies Registry, ‘Vast Win Trading 2016 Annual Return’; Analysis of their Chinese ID card numbers indicates Sun Sidong and Sun Sihong are both from Donggang – on the border with North Korea – and were born within three years of each other in 1976 and 1973, respectively.
94. Hong Kong Companies Registry, ‘Jieshun Shipping 2016 Annual Return’.
95. Hong Kong Companies Registry, ‘Vast Win Trading 2016 Annual Return’.
Conclusions

The evidence presented here shows that a Chinese national named Li Anshan – an individual who the Panel of Experts believed played a key role in the Jie Shun incident – was employed by a partly state-owned shipping company while also owning and operating two Hong Kong-registered companies with extensive links to North Korean vessels and entities, including the proscribed Ocean Maritime Management. One of his companies, Hua Heng Shipping, was the owner of the Jie Shun when it was arrested by the Egyptian authorities in 2016. However, these links also include Li Anshan’s ownership and management of several vessels later designated as North Korean assets, the use of an email address used by an Ocean Maritime Management-associated company and a business relationship with an agent of Ocean Maritime Management named Hiroshi Kasatsugu.

In addition to this, an analysis of additional evidence surrounding the Jie Shun incident potentially links the vessel’s illicit cargo to a Dalian-based company and prominent businessman named Xin Long Shan. Not only does Xin Long Shan appear to sit on the Liaoning Provincial Public Welfare Steering Committee, but his companies have recently been incorporated into the China Anhua Group, a major Chinese state-owned conglomerate.

It is not possible to draw any firm conclusions as to why elements of the Chinese state might be connected to the Jie Shun’s shipment of North Korean weapons to Egypt. Given the evidence presented here, a profit motive, local corruption or a lack of due diligence are as likely explanations as anything more centrally directed. However, given the links highlighted above, it is now crucial to understand and question the extent to which Chinese state-owned enterprises and the authorities may be involved in these types of activities.

Chinese authorities have a massive challenge in enforcing UN sanctions on North Korea. China’s record on counter-proliferation issues, in particular, has improved, although there remain persistent concerns over enforcement of other elements of the UN sanctions regime. It is harder to argue, however, that Beijing cannot exert control over its own officials and state-owned companies to prevent their involvement in illegal North Korean activities. Where state-owned enterprises are only partly involved, there is a need to better investigate and address any activities that run counter to China’s commitments to enforcing UN resolutions.

None of these points seek to assert a political statement, but rather a matter of documentary fact – documents principally deriving from China’s own records – that individuals and entities with connections to Chinese state-owned companies were involved in the Jie Shun incident. It is for China to decide whether it cracks down on this activity or not.
Annex A

Liaoning Price Certification and Evaluation Association documentation showing Li Anshan employed by Liaoning Foreign Trade in 2016/2017

<table>
<thead>
<tr>
<th>序号</th>
<th>姓名</th>
<th>执业单位</th>
<th>证书编号</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>陈文桥</td>
<td>营口财物价格评估有限公司</td>
<td>HY00256</td>
</tr>
<tr>
<td>2</td>
<td>张威</td>
<td>营口财物价格评估有限公司</td>
<td>HY0141</td>
</tr>
<tr>
<td>3</td>
<td>孙慧</td>
<td>营口财物价格评估有限公司</td>
<td>HY0140</td>
</tr>
<tr>
<td>70</td>
<td>李安山</td>
<td>辽宁外贸食品海运有限公司</td>
<td>HY0194</td>
</tr>
</tbody>
</table>

Annex B

Shared Dalian-based phone numbers between Li Anshan’s Hua Heng Shipping and Liaoning Foreign Trade

华恒船务有限公司联系方式 信用报告 工商信息-启信宝
*以下信息由企业认证员工维护 联系信息 来源: 企业座机 联系方式: 0411-82730282 1.8亿+企业 千万家企业信息,随时搜索查询 毫秒搜索 精确搜索无需等待,节约时间 多...
www.qixin.com/company/... - 百度快照

辽宁外贸食品海运有限公司-利酷搜
电话:0411-82727317 手机:0411-82730282【注销】工商信息 所属工商局:大连市工商行政管理局 经营状态:迁出 Email:tradefood678@163.com 经营范围:近洋冷冻货物运输;...
www.liuso.com/city9/3... - 百度快照

食品外贸生产厂家_食品外贸供应商企业名录_食品外贸公司-第... 传众
电话: 0411-82730282 手机: 邮箱: tradefood678@163.com 传真: 地址: 辽宁省大连市中山区鲁迅路72号 迁入地工商局 产品服务: 近洋冷冻货物运输;船舶运...
www.czvv.com/hy/598585... - 百度快照

辽宁外贸食品海运有限公司【工商信息_电话地址_注册信息_信用信息...
电话: 0411-82730282 邮箱: tradefood678@163.com 官网: 智无 地址: 辽宁省大连市中山区鲁迅路72号 查看地图 附近公司 关注0 浏览164 分享到: 对比...
https://www.qichacha.com/firm_... - 百度快照

Source: Baidu.com
## Annex C

Shareholders in Liaoning Foreign Trade, including Liaoning Limeng State-Owned Assets Operation

<table>
<thead>
<tr>
<th>股东</th>
<th>出资额（万元）：</th>
<th>实缴</th>
<th>出资额（万元）：</th>
</tr>
</thead>
<tbody>
<tr>
<td>宋慧君</td>
<td>45</td>
<td></td>
<td>45</td>
</tr>
<tr>
<td>孙连颖</td>
<td>35</td>
<td></td>
<td>35</td>
</tr>
<tr>
<td>孙文长</td>
<td>65</td>
<td></td>
<td>65</td>
</tr>
<tr>
<td>辽宁利盟国有资产管理有限公司</td>
<td>100</td>
<td></td>
<td>100</td>
</tr>
</tbody>
</table>

*Source: Gongchang.com*
Annex D

Organisational graph taken from Liaoning Limeng State-Owned Assets Operation’s website in 2018 showing Liaoning Foreign Trade as an equity investment

Source: Liaoning Limeng State-Owned Assets Operation.
Annex E

Ownership information taken from the China Ports website for the Milestone listing the Chinese government as the ship’s owner

<table>
<thead>
<tr>
<th>ship main data</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>English name:</td>
<td>MILESTONE</td>
<td>Chinese ship name:</td>
<td>milestone</td>
</tr>
<tr>
<td>Owner:</td>
<td>China Govt</td>
<td>Call sign:</td>
<td>VRYF3</td>
</tr>
<tr>
<td>captain:</td>
<td>101 meters</td>
<td>Boat width:</td>
<td>18 meters</td>
</tr>
<tr>
<td>Gross tonnage:</td>
<td>6155</td>
<td>Net ton:</td>
<td>2732</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Draft:</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>MMSI number:</td>
<td>477175000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Nationality:</td>
<td>Hong Kong</td>
</tr>
</tbody>
</table>

Source: Chinaports.org
### Annex F

Liaoning Limeng State-Owned Assets Operation’s final divestment from Liaoning Foreign Trade in 25 September 2017

<table>
<thead>
<tr>
<th>Date</th>
<th>Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017-09-25</td>
<td>1. 蒋文长; 2. 曲伯修; 3. 宋慧君; 4. 孙连顺; 5. 晁玉和; 6. 王世东</td>
</tr>
</tbody>
</table>

*Source: Tianyancha.com*
Annex G

Shared contact details between Dalian Haoda, Dalian Free Trade Zone Longxiang Petrochemical Storage and Transportation, Dalian Xinfu Port Service, and Dalian Xinfu Port Affairs Service, Dalian Xinfu Port Transportation. These companies now form part of the Zhongan Xinjinyuan Group, itself part of the state-owned China Anhua Group.

Source: Baidu.com, Shuidi.com, So.com
Annex H

Interview with Xin Long Shan, Chairman of the Zhongan Xinjinyuan Group

Source: Window of the North East
感恩和宽容

辛龙山是一个农人的儿子，曾经艰辛的生活让他学会了忍耐，学会了宽容，更学会了感恩。他说：“信孚港务能发展到今天，该感谢的实在是太多了。想想那些你应该感谢的人，你就知道你该做什么，你该不该做了。”

2002年1月11日，大连信孚港务服务有限公司正式挂牌成立。公司成立之初面临重重竞争，这种竞争往往近于残酷。

面对这种局面，辛龙山依靠的是高效的服务和诚信的品质。他们一直努力想客户之所想，甚至连客户没有想到的，他们都做到了。

为了帮客户把风险降到最低，无论是从事国内国外石油、成品油的储运、经营油品批发、零售业务，还是提供船舶所需保障物资供给及配套的业务，信孚港务都要克服各种困难，最大程度地为客户做好产业链服务工作。正是这种经常超出客户预期的优质服务，让“信孚人”在短时间内就赢得了客户的信赖，使企业拥有了越来越大的发展空间。

2006年10月，信孚港务投资成立了大连保税区隆翔化工储运有限公司和东港市宇隆石化有限公司这两家子公司。其中，位于大连保税区的信孚港务隆翔化工储运有限公司注册资本金为101亿元，其在北良港建设成品油储罐项目，为公司下一步发展石油化工系列产品仓储物流业务提供了更为广阔的平台。

如今的信孚港务已经拥有了自己颇具规模的码头以及包括6座专业化工船船服务的储油罐，一个海上加油站，3座合作经营的海上加油站，7座加油站等在内的成品油仓储基地和完备的配套设施。储油能力达100万吨。北良港成品油储罐项目通过了国家发改委、北京市发展改革委员会、北京市商务局等四部门的联合审批。

如今的信孚港务已经拥有了自己颇具规模的码头以及包括6座专业化工船船服务的储油罐，一个海上加油站，3座合作经营的海上加油站，7座加油站等在内的成品油仓储基地和完备的配套设施。储油能力达100万吨。北良港成品油储罐项目通过了国家发改委、北京市发展改革委员会、北京市商务局等四部门的联合审批。
在孙龙山的心里，员工的安全永远比企业的效益更重要。我们经营的是危险品，为了安全永远是最重要的。在孙龙山的公司里，没有一个人认为自己没有生命。

他不仅亲自抽时间同员工进行安全技能培训，还同员工一起参加安全知识讲座，和员工一起进行安全演习。孙龙山本人也时刻提醒自己和员工：公司是大家的，没有哪一个人可以离开安全。

“十问孙龙山”

现实中的孙龙山确实是一个特别爱说话的人，从而对于记者所提出的每一个问题，他总是能很快地回答。这真是一种“能说会道”的人。

1. 孙龙山：你公司的发展有什么特色？
   孙龙山：我们公司的发展主要靠的是技术创新和管理创新。

2. 作为公司领导，你最想解决好的问题是什么？
   孙龙山：我认为我们公司最大的问题就是如何提高员工的素质。

3. 孙龙山：你的公司和市场上其他公司相比有什么优势？
   孙龙山：我认为我们公司最大的优势就是我们的产品品质。

4. 孙龙山：你认为公司的发展方向是什么？
   孙龙山：我认为公司的发展方向是要不断扩大规模，提高质量和效益。

5. 孙龙山：你认为公司的发展最重要的是什么？
   孙龙山：我认为公司的发展最重要的是要不断开拓市场，提高产品品质。

6. 孙龙山：你认为公司的发展最重要的因素是什么？
   孙龙山：我认为公司的发展最重要的因素是员工素质和企业管理。

7. 孙龙山：你对公司的发展有什么建议？
   孙龙山：我认为公司的发展要不断学习，不断提高，才能保持持续发展。

8. 孙龙山：你对公司的发展有什么期待？
   孙龙山：我希望公司能够不断努力，不断进步，成为行业中的领头羊。

9. 孙龙山：你对公司的发展有什么展望？
   孙龙山：我希望公司能够持续发展，不断壮大，成为行业的佼佼者。

10. 孙龙山：你对公司的发展有什么建议？
    孙龙山：我认为公司的发展要不断创新，不断提高，才能保持持续发展。
Annex I

Hong Kong shareholder documents for Jieshun Shipping and Vast Win Trading

Source: Hong Kong Corporate Registry.
About the Authors

James Byrne is a Research Fellow at RUSI’s Proliferation and Nuclear Policy programme. His research interests include North Korea’s illicit shipping and procurement networks, open-source intelligence and analysis. He previously worked for the South Korean government.

Tom Plant is Director of RUSI’s Proliferation and Nuclear Policy programme. His research interests include nuclear deterrence, arms control, proliferation issues – particularly in relation to North Korea – and UK nuclear policy. Before joining RUSI he worked on proliferation issues in the Middle East and East Asia at the UK Ministry of Defence and at the Foreign and Commonwealth Office, and on arms control verification technologies at the UK’s Atomic Weapons Establishment. He is a Visiting Senior Research Fellow at King’s College London, and a Visiting Fellow at École de guerre.