

## COMPANY RISK PROFILE

# CHINA SAM ENTERPRISE GROUP

JANUARY 13, 2020

“Sam Group has always responded positively to the strategic development needs of the motherland.”

-- Sam Group's website

### Key Findings

China Sam Enterprise Group (中国森田企业集团有限公司) recently came to prominence in the course of reporting from the *New York Times* that described the company's efforts to acquire a 75-year lease to strategically-located Tulagi Island of the Solomon Islands. Tulagi is a small, but strategically significant, island with a natural deep-water harbor that has previously served as an important military base for the British, Japanese and the American navies.

The purpose of this profile is to delve deeper into the background and identity of China Sam Enterprise Group (Sam Group) in order to understand how and why this relatively unknown company was either selected, or motivated for other reasons, to pursue a transaction of such scope and significance. The purpose of this profile is not to second-guess the investment worthiness of Tulagi, its economic potential or the benefit that Chinese capital could bring to its people, but rather to provide information on the identity of Sam Group as a pathway to understanding its motivations and what stakeholders the company may be serving.

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#### THE 75-YEAR LEASE FOR TULAGI ISLAND

- ❖ In October 2019, after a meeting between Prime Minister Manasseh Sogavare of the Solomon Islands and the director of Sam Group’s Overseas Department, Xu Changyu, the company released a statement explaining that the two sides had signed a strategic cooperation agreement.<sup>1</sup> Sogavare later claimed that this announcement of a deal signed with him during his visit was not true. In the meantime, it was revealed by the *New York Times* that a “secretive” deal was signed earlier, on September 22, with the Central Province of the Solomon Islands, which, to the shock of many observers, granted Sam Group a renewable 75-year lease to the entire island of Tulagi and its surrounding provincial islets.<sup>2</sup> It is unclear whether it is this deal that the company intended to refer to in their earlier statement regarding the Prime Minister.
- ❖ After broad criticisms and objections, including from the residents of Tulagi, the Solomon Islands Office of the Attorney-General issued a letter stating that the agreement, which was signed without federal government vetting, was “unlawful, unenforceable and must be terminated with immediate effect.”<sup>3</sup>

#### SAM GROUP TURNS ITS ATTENTION TO JAMAICA

- ❖ Undeterred by the termination of the agreement to lease and develop Tulagi, Sam Group appears to have shifted its focus towards the Caribbean, potentially moving in on an opportunity the company sees in Jamaica.
- ❖ On November 6, 2019, a Jamaican delegation led by Prime Minister Andrew Holness and Jamaican Ambassador to China Antonia Hugh met with the same Sam Group official as the Solomon Islands’ delegation, Xu Changyu. They discussed potential investment in Jamaica’s Special Economic Zones (SEZs).<sup>4</sup> Holness extended an invitation to Sam Group to visit Jamaica and conduct site inspections.<sup>5</sup> The pretext and

<sup>1</sup> <http://www.samgroup.cn/m/show/542>

<sup>2</sup> <https://www.nytimes.com/2019/10/16/world/australia/china-tulagi-solomon-islands-pacific.html>

<sup>3</sup> <https://www.solomontimes.com/news/sam-group-agreement-with-central-province-unlawful-attorney-general/9423>

<sup>4</sup> It should be noted that Ambassador Hugh is a member of the Shaanxi Overseas Friendship Association, which is a provincial branch of the CCP United Front Work Department’s China Overseas Friendship Association. These associations serve to collect information and conduct influence operations overseas, targeting foreign individuals and government policies. <https://www.facebook.com/mfajtja/posts/antonia-hugh-is-the-new-ambassador-to-chinasenator-the-honourable-kamina-johnson/1209297439154587/>

<sup>5</sup> <http://www.samgroup.cn/cn/show/548>

the content of this meeting appear to have been similar to the meeting with the delegation from the Solomon Islands.<sup>6</sup>

#### COMPANY OVERVIEW

- ❖ Sam Group is a self-described “state-level” high-tech enterprise that functions like a conglomerate, primarily conducting business through its subsidiaries. The company’s website notes that, “Sam Group has always responded positively to the strategic development needs of the motherland.” Although Sam Group has been relatively unknown, the company’s subsidiaries have track records of activity that includes heavy participation in national strategic projects. Several of these subsidiaries have strong ties to the People’s Liberation Army (PLA) and the People’s Armed Police (PAP), as explained in the body of this report.
- ❖ The business activities of Sam Group’s subsidiaries range from seemingly commercial business pursuits, such as oil and gas exploration and production, to the development of chemical products for national defense, the production and distribution of propaganda movies, the export of indigenous small arms and light weapons, private security and auxiliary police services, and the development of smart cities and integrated networks.
- ❖ This range of pursuits, combined with additional context about the company’s unusual ownership situation (provided below), raises questions about how and why Sam Group might serve as an ideal vehicle – a *one stop shop* – for China to pursue projects that serve dual-use purposes for the state (i.e., projects that provide both commercial and strategic benefits).
- ❖ That Sam Group not only includes subsidiaries that have energy and investment capability, but also subsidiaries with extensive militarily-relevant ties to the PLA, would have provided Beijing at least with a convenient pathway to derive dual-use benefit from its activity in the Solomon Islands. Regardless of intent, the multi-faceted nature of the company (and the track records of its subsidiaries) should raise risk concerns for the company’s existing and future partners and customers.
- ❖ In response to a question about whether Sam Group had any links to the Chinese government, however, Wang Xuefeng, China’s Special Envoy for the China-Pacific

<sup>6</sup> <https://www.businessinsider.com/caribbean-the-next-major-oil-region-2017-8>; <http://jamaica-gleaner.com/article/business/20190515/tullow-wants-drill-oil-2020>

Islands Forum Dialogue (and seemingly a former Chinese Ambassador to Samoa), reportedly said, “I wish to make it clear that this is a private company and it has nothing to do with Chinese government, which means it is not a state-owned Company.”<sup>7</sup>

#### OWNERSHIP QUESTIONS

- ❖ A complicated series of ownership changes to Sam Group between August 2015 and April 2019 resulted in majority ownership of the company resting with Weibo Investment (70%) and Zhenlin Investment (30%) and, ultimately, in the hands of a mother-daughter duo, whose backgrounds are not well understood.
- ❖ The mother (Xue Dongping, who appears ultimately to hold a 91% stake in Sam Group) concurrently serves in various official capacities within the conglomerate (i.e., as Director of Sam Group and Sam Film as well as Chairman of Sam Investment Group). The daughter (Guo Siying, who appears to hold the remaining 9% stake in Sam Group) graduated from the UK’s University of Leicester in 2014.<sup>8</sup> As of February 2019, she appeared to be working at CCCC Financial Leasing Co., Ltd. (中交融资租赁有限公司), a subsidiary of state-owned China Communications Construction Company (CCCC). CCCC and its subsidiaries are some of the most prolific Chinese contractors operating in countries along the Belt and Road Initiative. Subsidiary CCCC Dredging had a significant role in building the now-militarized, artificial islands in the South China Sea.

#### SUBSIDIARY PROFILE: CHINA JING’AN

- ❖ One of Sam Group’s main subsidiaries is China Jing’an, originally established as a state-owned subsidiary of China’s Ministry of Public Security, before being restructured in 2017 and becoming a wholly-owned subsidiary of Sam Group. Its core business activities are private security contracting and the engineering and production of military and police equipment. China Jing’an is also authorized to import and purchase advanced military and police equipment and related technologies from overseas suppliers, and it equips domestic military, paramilitary, and law enforcement units.
- ❖ China Jing’an’s export product line includes various pistols and rifles, ammunition, machine guns and launchers, mortars and rockets, armored vehicles, patrol boats,

<sup>7</sup> <https://www.solomonstarnews.com/index.php/news/national/item/22259-china-warns-its-investors>

<sup>8</sup> <http://data.eastmoney.com/notices/detail/600856/AN201907291341557396,JWU0JWI4JWFkJWU1JWE0JWE5JWU4JTgzJWJkJWU2JWJhJTkW.html>

jammers and disrupters, portable robots, unmanned aerial vehicles (UAVs), optical equipment, tear gas and rubber shells, digital systems, access denial weapons, and raw explosive materials.

- ❖ It has been reported that, after the UK suspended the export of tear gas and rubber bullets to Hong Kong in June 2019, the Hong Kong Police Force began purchasing Jing An KF-302-20 CS tear gas grenade cannisters that were distributed to riot police in October 2019. The tear gas cannisters were used in the violent clashes between police and demonstrators. Domestic weapons sales are primarily conducted by China Jing'an subsidiary, China Jing'an International Police Equipment Group (中國京安國際警用裝備集團有限公司).
- ❖ China Jing'an provides private security services through subsidiary Jing'an Security Consulting Services Company (京安高保有限公司), which was established in March 2005 and works with the state-owned, police-run Beijing Security Service Corporation (北京市保安服务总公司). According to the company's website, Jing'an Security Consulting Services provides security services to Chinese companies operating overseas, Chinese embassies and consulates, and foreign leaders and their families. Jing'an Security Consulting Services employs auxiliary police officers, trained security guards, and an "elite team" that recruits from the PLA, the Central Security Bureau, and the People's Armed Police.
- ❖ In addition to providing security services and products, China Jing'an also participates in engineering projects, such as the development of safe cities, and is seeking to expand beyond its existing business model to become a *one stop shop* service provider for all national security and defense projects.

#### SUBSIDIARY PROFILE: SAM FILM

- ❖ Another major Sam Group subsidiary is Sam Film, established in Beijing in 2010, which operates in the investment, production, distribution and marketing of movies and television shows that target domestic and international audiences with content that is heavily laden with propaganda. Its products, for example, have sought to shape Western (and domestic) perceptions of China's Tibet policy, rural China's understanding of Xi Jinping's anti-corruption campaign, and generally to evoke feelings of Chinese nationalism and collective pride among audiences at home and abroad.

*SUBSIDIARY PROFILE: CHINA XINXING GROUP LTD.*

- ❖ In addition to listing subsidiaries on its website, Sam Group also identifies “strategic partners” and “affiliated companies,” although the distinction between them is unclear (especially as there is some ownership overlap between them). Among the most noteworthy of these is China Xinxing Group Ltd.,<sup>9</sup> a military supply and logistic equipment manufacturer and supplier. China Xinxing also operates various businesses in the engineering and construction, real estate, property leasing, trade logistics, pharmaceutical manufacturing, coal mining, hotel catering, and asset management industries. The company is headquartered in Beijing but has over 54 subsidiary factories and research centers in China and serves as the Ministry of Defense and the Ministry of the Interior’s governmental supplier to other countries and regions.<sup>10</sup>
- ❖ Chinese sources have noted China Xinxing’s “unique advantages” in the construction of key state and military projects. Domestically, China Xinxing’s past projects include office buildings for the Central Military Commission, the Central Commission for Discipline Inspection, the Central Political and Legal Committee, the Central Organization Department, the Central United Front Department, the Ministry of Public Security, the Ministry of Justice, and the Ministry of Health.
- ❖ China Xinxing’s trading company China Xinxing Import & Export Corporation (中国新兴进出口总公司) is one of 11 companies that the Chinese government has granted export authorizations to, presumably on a permanent basis. Of these companies, China Xinxing Import & Export is the sole company authorized to export military supplies, is responsible for China’s foreign military aid and sales, and has established military trade relations with over 100 countries and regions.<sup>11</sup>

<sup>9</sup> Sam Group’s designated affiliated companies are ChemChina, UniKit, and TusHoldings.

<sup>10</sup> [https://cxc2.en.alibaba.com/product/60209665581-213797947/SINOTRUK\\_HOVA60\\_Mining\\_Tipper\\_Cargo\\_Truck.html](https://cxc2.en.alibaba.com/product/60209665581-213797947/SINOTRUK_HOVA60_Mining_Tipper_Cargo_Truck.html)

<sup>11</sup> <https://www.multinationalmonitor.org/hyper/mm0697.05.html>

## Introduction

Sam Group is a self-described “state-level” high-tech enterprise that functions like a conglomerate, primarily conducting business through its subsidiaries. There is limited information available about the parent company itself. For this reason, this profile is largely shaped by the track records of Sam Group’s subsidiaries and the range of services that they provide, which, it turns out, includes significant ties to the People’s Liberation Army (PLA) and the People’s Armed Police (PAP).

This profile sheds light on how the company might be perceived in its business engagements around the world, especially if of similar type and scope as its investment in Tulagi, and helps to provide a better understanding of what might be the modus operandi of Beijing in cases where Chinese entities pursue investments that appear to have significant strategic potential beyond simply the commercial realm.

In this case, in October 2019, after a meeting between Prime Minister Manasseh Sogavare of the Solomon Islands and the director of Sam Group’s Overseas Department, Xu Changyu, Sam Group released a statement explaining that the two sides had signed a strategic cooperation agreement.<sup>12</sup> Soon thereafter, it was reported by Damien Caves of the *New York Times* that a “secretive” deal was signed with the Central Province of the Solomon Islands on September 22. Amidst the controversy that followed, Mr. Sogavare claimed that the company’s website announcement of a deal signed with him during his visit to China was not true.<sup>13</sup> Whether it is the September 22 deal that the company intended to refer to in their earlier statement regarding the Prime Minister is unclear.

Regardless, to the surprise of many observers, the agreement reportedly granted the company a renewable 75-year lease to the entire island of Tulagi and its surrounding provincial islets. After broad criticisms and objections, including from the residents of Tulagi, the Solomon Islands Office of the Attorney-General issued a letter stating that the agreement, which was signed without federal government vetting, was “unlawful, unenforceable and must be terminated with immediate effect.”<sup>14</sup> The episode raised a number of questions about the identity of Sam Group (and its component pieces, i.e., its subsidiaries and strategic partners) and the long-term value-added the company thought it could derive from this asset.

<sup>12</sup> <http://www.samgroup.cn/m/show/542>

<sup>13</sup> <https://www.solomonstarnews.com/index.php/news/national/item/22420-pm-distances-sam-group-from-gov-t>

<sup>14</sup> <https://www.solomontimes.com/news/sam-group-agreement-with-central-province-unlawful-attorney-general/9423>

## Background

Sam Group's corporate website rather ambiguously states that the company's mission is to "pursue excellence" and "give back to society," and that its corporate vision is to "become the most influential corporate group." More patriotically, the company offers that, "Sam Group has always responded positively to the strategic development needs of the motherland."

The profile of the company – based on its subsidiaries and strategic partners – is one that presents a mix of capabilities ranging from energy investment to international trade to private security contracting and arms manufacturing and exports, all housed under an ownership tree that seems to rest on shifting sands, but that ultimately leaves the company – and all of its assets – in the hands of a mother-daughter duo whose backgrounds are unknown.

Although Sam Group is ostensibly privately owned and relatively unknown, the company's subsidiaries have track records of activity that includes heavy participation in national strategic projects and mixed-ownership reforms.<sup>15</sup> Moreover, among a wide network of subsidiaries, strategic partners, and affiliated companies are several that have strong ties to the People's Liberation Army (PLA) and the People's Armed Police (PAP).

The business activities of these subsidiaries range from seemingly commercial business pursuits, such as oil and gas exploration and production, to the development of chemical products for national defense, the production and distribution of propaganda movies, the export of indigenous small arms and light weapons, private security and auxiliary police services, and the development of smart cities and integrated networks.

This range of capabilities, combined with additional context about the company's complicated unusual ownership situation, offers insight into how and why Sam Group might present itself as an ideal vehicle – a *one stop shop* – for pursuing important projects that serve potential dual-use purposes (i.e., providing both commercial and strategic benefits).

Recent disclosure that the company has been looking at investment in Jamaica, after seemingly retreating from the controversy of Tulagi, adds to the importance of understanding the risk profile, background, stakeholders and interests of this entity.

<sup>15</sup> The Chinese government has been pushing mixed-ownership reforms since 2013, which is a strategy to introduce private capital into state-owned enterprises (SOEs) through non-state-owned strategic investors and diversify SOE shareholding structures, develop market-oriented operational efficiencies, and integrate Party leadership with corporate governance.



## Company Profile

For a conglomerate with little business seemingly occurring under the name of the holding company, the capabilities, value proposition and motivating factors behind Sam Group's activities appear to be wrapped up in its subsidiaries. These subsidiary companies include infrastructure development and energy companies, as well as companies with strong ties to the PLA and propaganda industry.

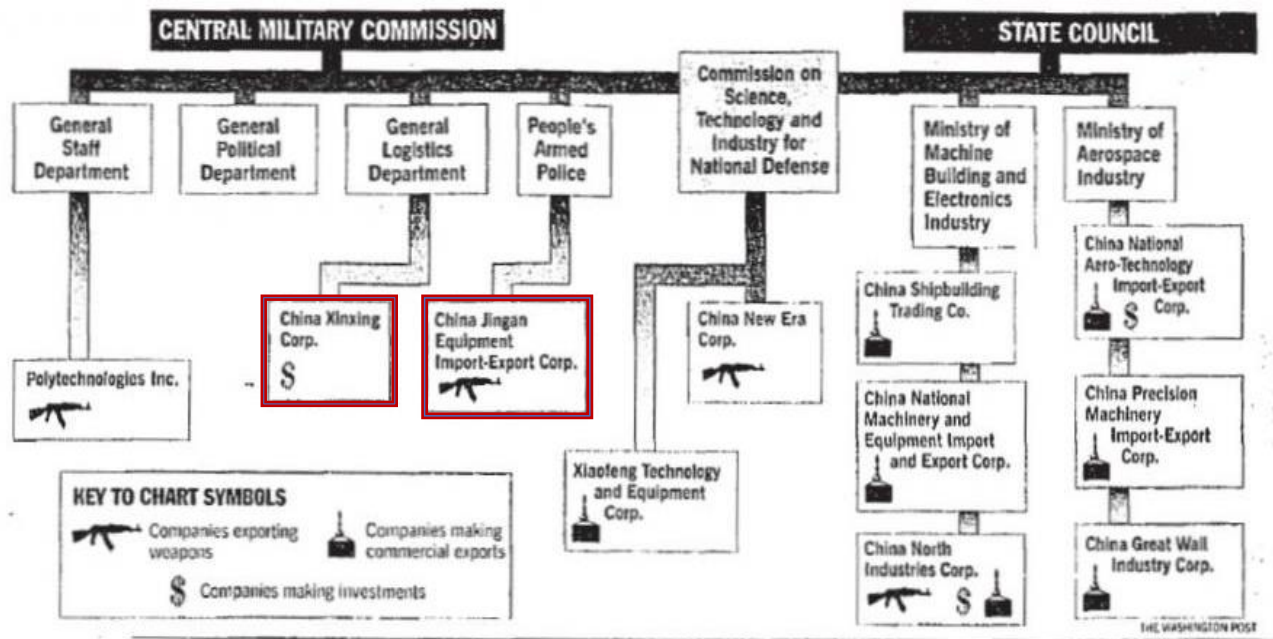
Sam Group not only includes subsidiaries that have energy and investment capability, but also subsidiaries with extensive militarily-relevant ties to the PLA that, at minimum, would have provided Beijing with a convenient pathway to militarize its activity in the Solomon Islands project, if it sought to do so. Regardless of intent, the multi-faceted nature of the company (and the track records of its subsidiaries) should raise questions for those entities – seemingly including the government of Jamaica – that might consider doing business with them.

In response to a question about whether Sam Group had any links to the Chinese government, however, Wang Xuefeng, China's Special Envoy for the China-Pacific Islands Forum (PIF) Dialogue (and seemingly a former Chinese Ambassador to Samoa), stated, "I wish to make it clear that this is a private company and it has nothing to do with Chinese Government, which means it is not a state-owned Company."<sup>16</sup>

## CHINA JING'AN

China Jing'an (sometimes stylized as China Jing An or CJA) was originally established in Beijing in 1986 as China Jing'an Corporation, a state-owned subsidiary of China's Ministry of Public Security, before being restructured in 2017 and becoming China Jing'an Co., Ltd., a wholly-owned subsidiary of Sam Group. Its core business activities are private security contracting and the engineering and production of military and police equipment. China Jing'an is also one of the 11 arms-trading companies to which the Chinese government has granted export authorizations. It is also authorized to purchase and import advanced military and police equipment and related technologies from overseas, and it equips domestic military, paramilitary, and law enforcement units.

<sup>16</sup> <https://www.solomonstarnews.com/index.php/news/national/item/22259-china-warns-its-investors>



Organizational chart showing China's arms export companies under the State Council, including Sam Group's subsidiary China Jing'an and strategic partner China Xinxing, published in the March 4, 1993 edition of the Washington Post. Since 1993, these companies have all expanded their operations beyond the chart symbols above. Source: Maryland Shooters Forum.

The affiliated Beijing Jing'an Criminal Technical Police Equipment Center (北京京安刑技警用装备中心) has been authorized to serve as a product inspection and quality testing consultant for China's Ministry of Public Security.<sup>17</sup> The center engages in the research and development of light arms and weapons, as well as criminal investigation equipment used by various Chinese government judicial departments and bureaus.<sup>18</sup>

#### WEAPONS PRODUCTION AND EXPORT

China Jing'an primarily exports small arms and light weapons through its subsidiary China Jing'an Equipment Import & Export Corporation (中国京安进出口公司), which was originally operated by the Chinese People's Armed Police Force (PAP) paramilitary force and which is described as a "state-owned military trading corporation" in a promotional video on the company website.<sup>19</sup>

<sup>17</sup> <http://www.bjingan.com/news.asp?newsid=83>

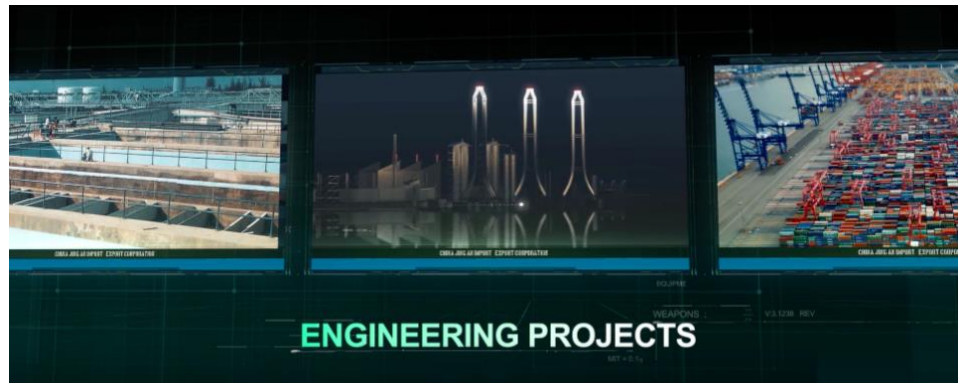
<sup>18</sup> <http://www.bjingan.com/about.asp?action=about>

<sup>19</sup> <http://www.cjaie.com/about/index.html>

China Jing'an's export product line includes various pistols and rifles, ammunition, machine guns and launchers, mortars and rockets, armored vehicles, patrol boats, jammers and disrupters, portable robots, unmanned aerial vehicles (UAVs), optical equipment, tear gas and rubber shells, digital systems, access denial weapons, and raw explosive materials.<sup>20</sup> Under its government authorization, China Jing'an Equipment Import & Export is also allowed to export on behalf of other arms producers.

In addition to providing security services and products, China Jing'an also participates in engineering projects, such as the development of safe cities, and seems to be seeking to expand beyond its

existing business model to become a *one stop shop* service provider for all national security and defense projects.



Examples of projects outside the security/defense space into which China Jing'an is expanding. Source: China Jing'an Import & Export Corporation.

China Jing'an has reportedly sold weapons and equipment to clients in over

100 countries and regions. In 2008, the *Associated Press* discovered that Libyan officials discussed placing a major order for hundreds of thousands of Chinese assault rifles through Italian dealers in March 2006. The weapons sale, which was broken up by Italian authorities, would have involved sourcing China North Industries Group Corporation (Norinco)-manufactured rifles from China Jing'an Import & Export.<sup>21</sup>

It has also been reported that after the UK suspended the export of tear gas and rubber bullets to Hong Kong in June 2019, the Hong Kong Police Force began purchasing Jing An KF-302-20 CS tear gas grenade cannisters that were distributed to riot police in October 2019. The tear gas cannisters were used in the violent clashes between police and demonstrators that began as

<https://www.amnestyusa.org/files/asa170422014en.pdf>; <http://business.sohu.com/20080124/n254852787.shtml>;  
<https://www.sipri.org/sites/default/files/files/PP/SIPRIPP38.pdf>

<sup>20</sup> <http://www.cjaie.com/product/index.html>

<sup>21</sup> [http://www.nbcnews.com/id/24089150/ns/world\\_news-mideast\\_n\\_africa/t/probe-alleges-huge-arms-sale-bid-libya/-XbHIFEVKhbU](http://www.nbcnews.com/id/24089150/ns/world_news-mideast_n_africa/t/probe-alleges-huge-arms-sale-bid-libya/-XbHIFEVKhbU)

peaceful protests against the extradition law amendment bill introduced by the Hong Kong government in March 2019.<sup>22</sup>

Domestic weapons sales are primarily conducted by China Jing'an subsidiary, China Jing'an International Police Equipment Group (中國京安國際警用裝備集團有限公司).<sup>23</sup>

#### PRIVATE SECURITY SERVICES

China Jing'an provides private security services through subsidiary Jing'an Security Consulting Services Company (京安高保有限公司), which was established in March 2005 and is affiliated with the state-owned Beijing Security Service Corporation (北京市保安服务总公司).<sup>24</sup> According to the company's website, Jing'an Security Consulting Services provides security services to Chinese companies operating overseas, Chinese embassies and consulates, and foreign leaders and their families.

Jing'an Security Consulting Services employs auxiliary police officers, trained security guards, and an "elite team" that recruits from the PLA, the Central Security Bureau, and the People's Armed Police.<sup>25</sup> One of the company's more high-profile assignments was the 2008 Summer Olympics



*Jing'an security guards mobilizing for a large-scale event.  
Source: Jing'an Security Consulting Services.*

<sup>22</sup> <https://www.scmp.com/news/hong-kong/law-and-crime/article/3032537/hong-kong-police-buy-new-tear-gas-canisters-mainland>; <https://www.bloomberg.com/news/articles/2019-11-05/up-to-88-of-hong-kong-population-exposed-to-tear-gas-since-june>

<sup>23</sup> China Jing'an International Police Equipment is owned by three other China Jing'an subsidiaries involved in domestic security equipment development and retailing: Beijing Jing'an Criminal Technical Police Equipment Co., Ltd. (北京京安刑技警用裝備有限公司), Beijing Jing'an Criminal Technology Co., Ltd. (北京京安刑技科技有限公司), and Beijing Jing'an Blue Shield Police Equipment Co., Ltd. (北京京安藍盾警用裝備有限公司) which operates the Beijing Jing'an Police Flight Training Base. [https://nextplus.nextmedia.com/article/2\\_705857\\_0](https://nextplus.nextmedia.com/article/2_705857_0); <http://www.gawj.net/page/Default.asp?pageID=1>; <https://bjjaxj.tezhongzhuangbei.com/>

<sup>24</sup> <https://www.zhipin.com/gongsi/391dd0f7aab8cedb1n1429u8.html>

<sup>25</sup> <http://www.jagb.com.cn/intro/13.html>

held in Beijing, as a government-designated security service provider under Beijing Security Service.<sup>26</sup>

In September 2016, Jing'an Security Consulting Services signed a Memorandum of Understanding (MoU) with the China-Pakistan Business and Investment Promotion Council and the Pakistan Institute of Management, which operates under Pakistan's Ministry of Industries and Production, to provide training to middle and senior management of Pakistani security companies. The MoU was signed in Karachi after a conference on the opportunities for Balochistan province under the China-Pakistan Economic Corridor (CPEC), a key Belt and Road Initiative project that has been threatened by attacks from separatist insurgents.<sup>27</sup>

#### SAM FILM CO., LTD. (森田电影有限公司)

Sam Film was established in Beijing in 2010 as Sam Group's entertainment industry investment platform and primarily operates in the investment, production, distribution and marketing of movies and television shows through subsidiaries including Sam Culture Industry Group and Sam Media Company. Sam Film's productions target domestic and international audiences with specific messaging intended, for example, to influence Western perceptions of China's Tibet policy, to shape rural Chinese understanding of Xi Jinping's anti-corruption campaign, or generally to evoke feelings of Chinese nationalism and collective pride.

Some of Sam Film's more prominent productions:

- ❖ **"Man in the Mirror" (镜中人)** was released in May 2015 and was widely promoted as an "anti-corruption multimedia drama."<sup>28</sup> It was also performed as a play at the PLA Opera House in Beijing for two weeks in June 2015. "Man in the Mirror" tells the story of two men who go down different paths after graduating from university: one begins working at the Central Commission for Discipline Inspection and is assigned to investigate his old classmate who has assumed a leadership position in the municipal Party committee.<sup>29</sup> Screenplay writer Meng Bing is a member of the Communist Party of China and previously served as the Director of the Central Military Commission

<sup>26</sup> <https://web.archive.org/web/20070502000150/http://www.baoan.com.cn/gsjj/ShowArticle.asp?ArticleID=74;https://www.zhipin.com/gongsi/391dd0f7aab8cedb1n1429u8.html>

<sup>27</sup> <https://tribune.com.pk/story/1185345/pakistan-china-mou-inked-vocational-training/>

<sup>28</sup> [http://mg.samgroup.cn/news\\_d.aspx?id=85&pid=18](http://mg.samgroup.cn/news_d.aspx?id=85&pid=18)

<sup>29</sup> [http://ent.people.com.cn/n/2015/0528/c1012-27072142.html;http://mg.samgroup.cn/news\\_d.aspx?pid=18&id=82](http://ent.people.com.cn/n/2015/0528/c1012-27072142.html;http://mg.samgroup.cn/news_d.aspx?pid=18&id=82)

Political Work Department's Repertory Theatre (formerly PLA General Political Department Repertory Theatre).<sup>30</sup> Meng has said in interviews that he considers writing an anti-corruption script to have been his "responsibility to society."<sup>31</sup>

- ❖ **"Flag Grandma" (国旗阿妈)**, also known as "A Salute to the Flag," was released in October 2014 and documents the "true story" of a centenarian who lives in Zhangmugou, Tibet and deeply loves the motherland (China). She has raised the national flag of the PRC every day for the past 45 years and represents the patriotism of the Tibetan people. The movie won an award from the Central Propaganda Department's Central Guidance Commission on Building Spiritual Civilization and was recommended to students across China by the China's Ministry of Education and the State Administration of Press, Publication, Radio, Film and Television.<sup>32</sup>
- ❖ **"A Chinese Anthem from the Roof of the World" (世界屋脊的歌声)**, also known as "Into Tibet," was released in May 2014.<sup>33</sup> The movie follows a Han Chinese man who leaves Shandong province to teach primary school students in Tibet to sing China's national anthem for a competition, and ultimately succeeds in helping the Tibetan students fulfill their dreams of traveling to Beijing and singing in Tiananmen Square.<sup>34</sup> It generated wide praise at a symposium hosted by the China Film Forum, which was attended by directors from various government agencies including the Central Propaganda Department Literature and Art Bureau.<sup>35</sup> "A China Anthem from the Roof of the World" has been screened at city and rural theaters across China, as well as overseas through China Cultural Centers in cities like Brussels and Paris.<sup>36</sup> It was also selected as a "key domestic production" and was screened in commemoration of the 65<sup>th</sup> anniversary of the PRC's founding, as well as recommended to primary and secondary students across China.<sup>37</sup>

<sup>30</sup> <http://military.people.com.cn/GB/8221/143100/143101/143520/238221/16940058.html>

<sup>31</sup> [http://mg.samgroup.cn/news\\_d.aspx?id=85&pid=18](http://mg.samgroup.cn/news_d.aspx?id=85&pid=18)

<sup>32</sup> [http://www.sohu.com/a/327798570\\_287936](http://www.sohu.com/a/327798570_287936); <http://www.zhhmgj.com/about.aspx>

<sup>33</sup> [http://mg.samgroup.cn/product\\_d.aspx?id=22&pid=14](http://mg.samgroup.cn/product_d.aspx?id=22&pid=14)

<sup>34</sup> [http://www.cflac.org.cn/xw/bwyc/201406/t20140618\\_259448.htm](http://www.cflac.org.cn/xw/bwyc/201406/t20140618_259448.htm)

<sup>35</sup> <https://www.cfa.org.cn/tabid/532/InfoID/5002/frtid/529/Default.aspx>

<sup>36</sup> China Cultural Centers are official cultural institutions set up by the Chinese government, jointly operated by the Ministry of Culture and the municipality of Shanghai. <http://www.my0538.com/2014/0516/115133.shtml>;

<http://www.cccbrussels.be/coming-soon/chinese-movie-nights-chinese-anthem-roof-world.html>;

<https://www.ccc-paris.org/evenement/mountain-cry/>

<sup>37</sup> <http://www.zhhmgj.com/about.aspx>

- ❖ **“Fight Till The End”**(川军团血战到底), also known as the “Bloody Battle of the Sichuan Army,” was an epic drama that aired across China in 2011. It portrays the “true story” of the hardships endured by Chinese soldiers who served under the command of the Chinese Communist Party (nominally within the Chinese Nationalist Party military structure) during the Second Sino-Japanese War and who were “resolutely devoted” to fighting against the Japanese for “national liberation.” A soldier is betrayed by the Nationalists (Kuomintang) in the beginning of the series.<sup>38</sup>

#### SAM INVESTMENT GROUP CO., LTD. (森田投资集团有限公司)

Sam Investment is wholly-owned by Sam Group and was established in Xiamen in 1989 to serve as a foreign investment platform and holding company for Sam Group’s second-level subsidiaries. The company invests primarily in oil and gas, new materials, energy, and high-tech sectors. Select examples of the company’s second-level subsidiaries, which demonstrate the breadth of activities taking place under this company, include:

- ❖ Shanghai Sam International Trade Co., Ltd. (森田国际贸易集团有限公司)
- ❖ Sam Information Technology (森田信息科技股份有限公司)
- ❖ Yanbian Sam Agriculture and Forestry Technology Co., Ltd. (延边农林有限公司)
- ❖ Hunan Senbo Surveying and Mapping Technology Co., Ltd. (湖南森伯特科技有限公司)
- ❖ Sam Asset Management Co., Ltd. (SamAm, 森田资产管理有限公司)
- ❖ Zhenlin Investment Holdings Co., Ltd. (振林投资有限公司)
- ❖ Shenyu Chemical Oil & Gas Co., Ltd. (森宇国际实业有限公司)
- ❖ Sam Tourism Development Co., Ltd. (探险家智旅有限公司)
- ❖ Fujin Hailu Silk Road Exhibition Co., Ltd.
- ❖ Shanghai Ji Fan Asset Management Co., Ltd. (吉梵资本有限公司)

<sup>38</sup> <https://baike.baidu.com/item/%E6%A3%AE%E7%94%B0%E4%BC%A0%E5%AA%92%EF%BC%88%E5%8C%97%E4%BA%AC%EF%BC%89%E6%9C%89%E9%99%90%E5%85%AC%E5%8F%B8/15183553?noadapt=1>

### CHINA CHEMICAL NEW MATERIALS CO., LTD. (中国化工新材料有限公司)

China Chemical New Materials is a high-tech company that was established by the State Science and Technology Commission in September 1988 and managed by the Ministry of Chemical Industry's Military Bureau, which was responsible for the development of new materials for national defense systems, until the entirety of the ministry's corporate assets were merged into the state-owned China National Chemical Corporation (ChemChina, 中国化工集团公司) in May 2004.<sup>39</sup> Sam Group became a shareholder in China Chemical New Materials in December 2016 as part of the government's mixed-ownership reforms and Sam Group Chairman Jiao Qisen (焦祺森) concurrently serves as the company's chairman. China Chemical New Materials primarily engages in the R&D and production of polyvinyl chloride and polyethylene, and chemical products for national defense. It has over 30 subsidiaries and affiliated companies.

### CHINA SAM INTERNATIONAL TRADE GROUP CO., LTD. (森田国际贸易集团有限公司)

China Sam International Trade is a wholly-owned subsidiary of Sam Group established in November 1996 to serve as a global import-export and distribution platform for Sam Group's various commercial products across the oil and gas, chemicals, metal, textile, agricultural, and other industries. The company's import and export services include assistance with purchase and sales contracts, obtaining licenses and permits, submitting customs declaration and other documentation, issuing letters of credit, and arranging international transportation.

### CHINA XINXING GROUP LTD. (中国新兴(集团)总公司)

In addition to listing subsidiaries on its website, Sam Group also lists "strategic partners" and "affiliated companies," although the distinction between them is unclear (especially as there is some ownership overlap between them). Among the most noteworthy of Sam Group's "strategic partners" is China Xinxing Group Ltd. (ChemChina and Chengtong Holdings are also notable).<sup>40</sup>

<sup>39</sup>

<https://baike.baidu.com/item/%E4%B8%AD%E5%9B%BD%E5%8C%96%E5%B7%A5%E6%96%B0%E6%9D%90%E6%96%99%E6%80%BB%E5%85%AC%E5%8F%B8;>

<http://www.cngspw.com/v30board/viewNote.asp?DocID=Y2005M06D15H20m52s43>

<sup>40</sup> Sam Group's designated affiliated companies are ChemChina, UniKit, and TusHoldings.



China Xinxing Group Co., Ltd. (XXG) is a military supply and logistic equipment manufacturer and supplier founded in 1989 under the General Logistics Department of the PLA. It was decoupled from the military in 1999, becoming a central enterprise under the State Council, then integrated as a wholly-owned subsidiary of state-owned conglomerate China General Technology Group (Genertec) in October 2009 as the result of a strategic restructuring process.

China Xinxing operates various businesses in the engineering and construction, real estate, property leasing, trade logistics, pharmaceutical manufacturing, coal mining, hotel catering, and asset management industries. The company is headquartered in Beijing but has over 54 subsidiary factories and research centers in China and serves as the Ministry of Defense and the Ministry of the Interior's governmental supplier to other countries and regions.<sup>41</sup>

Chinese sources have noted China Xinxing's "unique advantages" in the construction of key state and military projects. Domestically, China Xinxing's past projects include office buildings for the Central Military Commission, the Central Commission for Discipline Inspection, the Central Political and Legal Committee, the Central Organization Department, the Central United Front Department, the Ministry of Public Security, the Ministry of Justice, and the Ministry of Health.

In a Senate Foreign Relations Committee hearing on the commercial activities of the PLA held on November 6, 1997, Remington Products CEO Victor Kiam testified:

"One of our Chinese partners, China Xinxing Corporation, is among the largest companies affiliated with [the] PLA, with 23 warehouses throughout China.... They enjoy many privileges because of this affiliation, including priority air and rail status, and lower tariffs on imports."<sup>42</sup>

#### OVERSEAS EXPORTS

China Xinxing's trading company China Xinxing Import & Export Corporation (中国新兴进出口总公司) is one of 11 companies that the Chinese government has granted export authorizations to, presumably on a permanent basis. Of these companies, China Xinxing Import & Export is the sole company authorized to export military supplies and is responsible for China's foreign military aid and sales and have established military trade relations with over 100 countries and

<sup>41</sup> [https://cxxx2.en.alibaba.com/product/60209665581-213797947/SINOTRUK\\_HOVA60\\_Mining\\_Tipper\\_Cargo\\_Truck.html](https://cxxx2.en.alibaba.com/product/60209665581-213797947/SINOTRUK_HOVA60_Mining_Tipper_Cargo_Truck.html)  
<sup>42</sup> [https://books.google.com/books/about/Soldiers\\_of\\_Fortune.html?id=hXxqmKWSctMC](https://books.google.com/books/about/Soldiers_of_Fortune.html?id=hXxqmKWSctMC)

regions. It has also been identified as maintaining offices in New York and California, in addition to a warehouse in suburban Los Angeles.<sup>43</sup>

- ❖ China Xinxing Import & Export operates regional trading subsidiaries in the port cities of Shanghai, Guangzhou, Tianjin, and Xiamen that not only serve import and export functions, but also run PLA factories producing military supplies such as textiles and food items.<sup>44</sup> For example, China Xinxing Tianjin Import & Export Corporation manages Factory No. 3502, which is one of the PLA's largest factories and one of two factories (the other being No. 3503) that have been awarded contracts for battle dress (camouflaged combat) uniforms.<sup>45</sup> Chinese state-owned companies that operate in the civilian space are also involved in China Xinxing's military supply chain. For example, China National Heavy Duty Truck Group (Sinotruk) is authorized to produce military vehicles for China Xinxing Import & Export.<sup>46</sup>
- ❖ China Xinxing has exported military and police equipment and supplies to countries in Asia, Australasia, Central and South America, Eastern Europe, North America, and Western Europe. Its supplies are also used in Hong Kong.<sup>47</sup>
- ❖ China Xinxing Import & Export was one of three Chinese weapons manufacturing companies (along with Norinco and CPMIEC) that met with Libyan officials in the summer of 2011 to discuss selling \$200 million worth of sophisticated weapons, such as surface-to-air missiles, to Col. Muammar el-Qaddafi's government. The weapons would have been transported via South Africa or Algeria, according to reports that reference Libyan government documents found in Tripoli.<sup>48</sup>
- ❖ China Xinxing's subsidiaries also provide components and equipment for overseas infrastructure projects. For example, Xinxing Ductile Iron Pipes Co., Ltd, which serves as the PLA's steel manufacturer, has supplied iron pipe products to countries including Malaysia, Syria, Kuwait, and India.<sup>49</sup>

<sup>43</sup> <https://www.multinationalmonitor.org/hyper/mm0697.05.html>

<sup>44</sup> <https://cxcxs.en.alibaba.com/>; <http://tjxxarmy.com>; <https://cxxm-iec.en.alibaba.com/>;  
<https://www.tradeeasy.com/supplier/723907/china-xinxing-guangzhou.html>

<sup>45</sup> <https://www.globalsources.com/si/AS/China-Xinxing/6008801195705/Homepage.htm>;  
<http://iacmc.forumotion.com/t967-chinese-digital-uniform>

<sup>46</sup> <https://m.alibaba.com/product/583456988/Howo-8x8-military-truck-vehicle-for.html>

<sup>47</sup> <https://www.globalsources.com/si/AS/China-Xinxing/6008801195705/Homepage.htm>

<sup>48</sup> <https://www.nytimes.com/2011/09/06/world/asia/06china.html>

<sup>49</sup> <http://bj2.mofcom.gov.cn/article/supplydemandofchina/200806/20080605585251.shtml>

OVERSEAS ENGINEERING AND CONSTRUCTION

- ❖ China Xinxing is also involved in all aspects of international project engineering and construction: planning and design, investment and financing (usually using preferential Chinese government loans), construction, and operation and maintenance. Through its various subsidiaries, it has general contracting capabilities to take on various types of projects including industrial and civil buildings, roads and bridges, airports, and other municipal infrastructure.
- ❖ China Xinxing has an extensive overseas presence and has built military bases, camps, hospitals, and academies for countries such as Liberia, Tanzania, Kyrgyzstan, and Cambodia. In the civilian space, China Xinxing has participated in infrastructure projects across Africa, Eastern Europe, Southeast Asia, and Western Asia, and claims to have a presence in the European and U.S. markets as well. China Xinxing has expanded its international operations by establishing permanent outposts in Benin, Kazakhstan, and other countries.<sup>50</sup>
- ❖ These overseas projects are primarily conducted via subsidiaries such as China Xinxing Construction and Development General Corporation, which has been contracted for a 710-km in road construction project in Kazakhstan, as an example.<sup>51</sup> Other times, they have been completed under the China Xinxing brand, such as in the case of the rehabilitation of Benin's 72-km Akassato-Bohicon route in 2014.<sup>52</sup>
- ❖ On October 28, 2014, China Xinxing and the China International Development and Investment Corporation (CIDIC) signed a strategic cooperation framework agreement with U.S.-based Pier 202 Development Company, in the presence of Arizona Governor Jan Brewer, presumably regarding the development of Arizona's Pier 202 mixed-use development in the college town of Tempe.<sup>53</sup>

Other China Xinxing member companies include:

- ❖ China New Construction and Development Corporation (general contractor that was formerly the General Corps of the PLA General Logistics Department);

<sup>50</sup> <https://www.xxg.com.cn/2581.html>

<sup>51</sup> [http://www.chinadaily.com.cn/regional/2018-06/09/content\\_37418464.htm](http://www.chinadaily.com.cn/regional/2018-06/09/content_37418464.htm)

<sup>52</sup> <https://books.google.com/books?id=D0AIDwAAQBAI&pg=PA31&lpg=PA31&dq=xinxing+benin&source=bl&ots=AIYXI3tatf&sig=ACfU3U1frBk4gM6vHVaaPydyC3Shp6VT2A&hl=en&sa=X&ved=2ahUKEwiCmZD48cTIAhWyzlkKHSwmBeUO6AEwBHoECAoQAO#v=onepage&q=xinxing%20benin&f=false>

<sup>53</sup> <http://www.cidicgroup.com/news/>; <https://www.xxg.com.cn/3282.html>

- ❖ China New Transportation Logistics Corporation (integrated logistics services enterprise that serves as director of the China Federation for Logistics and Purchasing);
- ❖ China Xinxing Baoxin Construction Corporation (engineering and general contracting company formerly affiliated with the PLA General Staff Department);
- ❖ China Xinxing Real Estate (formerly under the State Administration for Industry and Commerce); and
- ❖ the China Xinxing (Group) Headquarters Training Center (formerly PLA Construction Enterprise Training Center under the PLA General Logistics Department and General Construction Engineering Corps).

These were nearly all government entities prior to becoming a part of China Xinxing.

## Ownership Questions

Sam Group was wholly-owned by state-owned China National Electronic Materials Corporation (CEMC, 中国电子物资有限公司) until Lianmao Huasen Rare Earth Technology Co., Ltd. (联茂华森稀土科技有限公司) acquired CEMC's equity stake in August 2015, becoming the sole shareholder of Sam Group.<sup>54</sup> A series of ownership changes resulted, by April 2019, in majority ownership of Sam Group resting with Weibo Investment (70%) and Zhenlin Investment (30%) and, ultimately, in the hands of a mother-daughter duo whose backgrounds are not well understood.

The path to arriving at this point was complicated. In January 2016, Lianmao Huasen transferred its ownership to Sam Group's subsidiaries, Sam Energy Group Co., Ltd. (99%, 森田能源集团有限公司) and Guangxi Zhenlin Investment Holdings Co., Ltd. (1%, 广西振林投资控股有限公司). Ownership of Sam Group changed hands again in June 2016, when Sam Energy and Zhenlin Investment transferred their equity stakes to Sam Group's subsidiaries, Sam Environmental Protection Technology Co., Ltd. (90%, 森田环保科技有限公司) and Shanghai Weibo Investment Co., Ltd. (10%, 上海韦博投资有限公司).<sup>55</sup>

In June 2017, Sam Environmental Protection Technology and Weibo Investment transferred their equity stakes to Sam Group's subsidiaries, China Jing'an Co., Ltd. (40%), Sam Information Technology Co., Ltd. (30%), and (again) Zhenlin Investment (30%).<sup>56</sup> Then in March 2018, China Jing'an increased its



Sam Group's equity ownership structure as of November 2019.  
Source: Qichacha.com.

<sup>54</sup> CEMC is a subsidiary of China Electronics Corporation originally set up under the former Ministry of Information Industry. <https://www.tianyancha.com/reportContent/2347582045/2014;>

<https://www.tianyancha.com/reportContent/2347582045/2015>

<sup>55</sup> <https://www.tianyancha.com/reportContent/2347582045/2016>

<sup>56</sup> <https://www.tianyancha.com/reportContent/2347582045/2017>

equity stake from 30% to 70% and Sam Information Technology divested entirely.<sup>57</sup> As noted, by April 2019, ownership had moved back to Weibo Investment and Zhenlin Investment.

The first of Sam Group's two shareholders, Weibo Investment, was established in 2011 and is owned by a mother-daughter duo based in Fujian: Xue Dongping (91%, 薛东萍) and Guo Siying (9%, 郭思颖). The second shareholder, Zhenlin Investment, is a wholly-owned subsidiary (100%) of Sam Investment Group, which is itself a subsidiary of Sam Group, which appears, again, to leave Xue and Guo as the sole owners of Sam Group.

The mother, Xue (with a 91% stake the company), concurrently serves as a director of Sam Group and of subsidiary Sam Film, as well as the chairman of subsidiary Sam Investment Group, for which she has been described as "responsible for the development of major decisions, industry development and strategic deployment."<sup>58</sup> She was a shareholder of Zhenlin Investment from December 2017 until February 2019, when Zhenlin Investment became a wholly-owned subsidiary of Sam Investment Group.

The daughter, Guo (with a 9% stake in the company), graduated from the UK's University of Leicester in 2014<sup>59</sup> and, as of February 2019, appeared to work in sales and project implementation at CCCC Financial Leasing Co., Ltd. (中交融资租赁有限公司).<sup>60</sup> CCCC Financial Leasing provides financial and operating leases to Chinese corporations, state-owned enterprises, and local governments for engineering, infrastructure, commercial real estate, and tourism projects. Its primary shareholders are China Communications Construction Company (CCCC, 中国交通建设股份有限公司), the largest transportation infrastructure provider in the country, and CCCC subsidiary Zhenhua Heavy Industries Company (ZPMC, 上海振华重工股份有限公司), the largest heavy equipment manufacturer in the country. CCCC, including its subsidiaries, is one of the most prolific of China's contractors along the Belt and Road. Moreover, its subsidiary, CCCC Dredging, had a significant role in building the now-militarized, artificial islands in the South China Sea.

<sup>57</sup> <https://www.tianyancha.com/reportContent/2347582045/2018>

<sup>58</sup> <https://automic.com.au/WOF/Wolf%20Petroleum%20Limited-%20Notice%20of%20EGM.pdf>

<sup>59</sup> <http://data.eastmoney.com/notices/detail/600856/AN201907291341557396,JWU0JWI4JWFkJWU1JWE0JWE5JWU4JTgzJWJkIWU2JWJhJTkW.html>

<sup>60</sup> [https://automic.com.au/WOF/Wolf Petroleum Limited- Notice of EGM.pdf](https://automic.com.au/WOF/Wolf%20Petroleum%20Limited-Notice%20of%20EGM.pdf);  
<https://www.asx.com.au/asxpdf/20170928/pdf/43mr9548564rjg.pdf>

## Sam Group's Pursuits in the Pacific and the Caribbean

In October 2019, during his first official visit to China since the two countries established diplomatic relations the previous month, Prime Minister Manasseh Sogavare of the Solomon Islands met, according to Sam Group's website, at the company's Beijing headquarters with the director of the company's Overseas Department, Xu Changyu (徐长宇). Following the meeting, Sam Group released a company announcement that the two sides had signed a strategic cooperation agreement under which Sam Group would participate in "investment, trade, infrastructure, agriculture, fishery, communications, [and] tourism" projects in the Solomon Islands.<sup>61</sup> When questioned by the parliament of the Solomon Islands about why this meeting took place and what agreement was signed, Sogavare said that he had not signed any agreement with the company during his visit and that the claims on the company's website were not true. He further claimed that his meeting with the company occurred in Guangdong Province, where company representatives had followed him (from Beijing) insisting on a meeting, and that their session (and group photo) was purely informal.

As reported by the *New York Times*, it was later revealed that a "strategic cooperation agreement" had been quietly signed with the Central Province of the Solomon Islands on September 22, granting the company a renewable 75-year lease to the entire island of Tulagi and its surrounding provincial islets. Whether it is this deal that the company intended to refer to in their statement regarding the Prime Minister is unclear.



Sogavare (second from right), Xu (right), and other members of Sam Group's Overseas Department. Source: Sam Group.

According to a leaked copy of the agreement obtained by the *New York Times*, Sam Group's plans involved the construction of a fishery base and operations center, the potential construction of an oil and gas terminal, and the expansion of the Tulagi Island Airport.<sup>62</sup>

<sup>61</sup> <http://www.samgroup.cn/m/show/542>

<sup>62</sup> <https://www.nytimes.com/2019/10/16/world/australia/china-tulagi-solomon-islands-pacific.html>

Tulagi is a small, but strategically significant island with a natural deep-water harbor that served as the capital of the British Solomon Islands Protectorate until it was occupied by the Imperial Japanese Navy during World War II. The Japanese built a naval refueling, communications, and seaplane reconnaissance base on the island, with supporting facilities located on nearby islets of Gavutu and Tanambogo. After U.S. forces recaptured Tulagi, the island's natural harbor was used as an Allied naval base and a temporary repair center for damaged vessels.<sup>63</sup> Tulagi also later served as a base for U.S. Navy torpedo boats seeking to intercept Japanese resupply missions.

The agreement with Sam Group was met with strong criticism from not only the residents of Tulagi, who demanded clarifications from the provincial government, but also from other Pacific nations, concerned about the strategic implications of the purchase and questioning of China's intentions and motives. On October 24, the Solomon Islands Office of the Attorney-General issued a letter to the Central Province stating that the agreement, which was signed without federal government vetting, was "unlawful, unenforceable and must be terminated with immediate effect" due to various issues, including Sam Group's failure to register as a foreign investor in the country.<sup>64</sup>

On November 6, 2019, a Jamaican delegation led by Prime Minister Andrew Holness and Jamaican Ambassador to China Antonia Hugh also met with Xu Changyu, this time in Shenzhen, to discuss potential investment in Jamaica's Special Economic Zones (SEZs).<sup>65</sup>



*Holness (center), Xu (second from right), and Hugh (right) pictured with other members of Sam Group's Overseas Department.  
Source: Sam Group.*

<sup>63</sup> <https://warfarehistorynetwork.com/2016/10/05/first-hell-in-the-pacific-the-battle-for-tulagi/>;  
<https://books.google.com/books?id=ChyilRml0hcC&pg=PA117#v=onepage&q&f=false>

<sup>64</sup> <https://www.solomontimes.com/news/sam-group-agreement-with-central-province-unlawful-attorney-general/9423>

<sup>65</sup> It should be noted that Ambassador Hugh is a member of the Shaanxi Overseas Friendship Association, which is a provincial branch of the CCP United Front Work Department's China Overseas Friendship Association. These associations serve to collect information and conduct influence operations overseas,



In particular, the two sides discussed Sam Group's experience investing in and developing oil and gas terminals. Holness, who appears to have met with the same individuals that met with Sogavare the month before, extended an invitation to Sam Group to visit Jamaica and conduct site inspections.<sup>66</sup>

The pretext and the content of this meeting appear to have been very similar to the meeting between Sogavare and Xu regarding the Solomon Islands and Tulagi Island. Sam Group may be more successful making inroads in Jamaica than in the Solomon Islands, however, as Jamaica has lax foreign company registration laws with no foreign exchange controls or restrictions on foreign direct investment by private investors.<sup>67</sup> The financial incentives may also be stronger in the Caribbean, which has been called the next major oil region: Jamaica boasts strong, untapped oil potential with 20 offshore blocks still available for exploration, with an estimated 20% chance of discovering oil in commercial quantities.<sup>68</sup> UK-based Tullow Oil has already identified oil or gas in 10 of its 11 blocks and hopes to begin drilling in 2020.<sup>69</sup>

targeting foreign individuals and government policies. <https://www.facebook.com/mfajtja/posts/antonia-hugh-is-the-new-ambassador-to-chinasenator-the-honourable-kamina-johnson/1209297439154587/>

<sup>66</sup> <http://www.samgroup.cn/cn/show/548>

<sup>67</sup> <https://www.lexmundi.com/Document.asp?DocID=7340>

<sup>68</sup> <https://www.businessinsider.com/caribbean-the-next-major-oil-region-2017-8>; <http://jamaica-gleaner.com/article/business/20190515/tullow-wants-drill-oil-2020>

<sup>69</sup> <https://www.tulloil.com/operations/new-ventures/jamaica>

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