PROJECT SANDSTONE

Down and Out in Pyongyang and London
North Korea’s Coal Smuggling Networks Using UK Companies

James Byrne, Joe Byrne, Hamish Macdonald and Gary Somerville
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Royal United Services Institute
for Defence and Security Studies
Whitehall
London SW1A 2ET
United Kingdom
+44 (0)20 7747 2600
www.rusi.org

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Methodology and Disclaimer on Sources

For this report, the RUSI research team used a wide variety of sources, including corporate documentation from various jurisdictions, shipping databases, ship certification documents, regional ship inspection data, Automatic Identification System (AIS) data, Chinese court filings, UN Panel of Experts information, Office of Foreign Asset Control (OFAC) designations and satellite imagery from a number of providers. This data was processed and mapped in Maltego while AIS data was controlled against optical satellite imagery, Synthetic Aperture Radar (SAR) imagery and commercially available ship photographs where possible. Despite these efforts, the dataset collected may not be accurate. The identification of individuals, companies, organisations or entities in this report does not imply they have violated the law or international sanctions.

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Executive Summary

ORTH KOREA’S exports of coal have long represented a significant source of revenue and have been acknowledged by the UN Security Council to have contributed a substantial portion of the funds necessary to advance the country’s nuclear and ballistic missile programme. Several North Korean companies, whose portfolios include the sale of coal, have also been tied by the UN and the US to the Worker’s Party of North Korea, the country’s military and its intelligence agencies.

Despite both multilateral and unilateral sanctions prohibiting the export of coal and targeting those involved in these activities, North Korea-linked networks have continued to operate internationally and have often successfully evaded these measures. In doing so, North Korea has relied on a range of third-party actors, networks and complex front company structures to access the US and international financial systems.

One such network, and the subject of this report, centres on a China-domiciled company named Weihai World-Shipping Freight, which was designated by the US in February 2018 and the UN Security Council and the EU in March 2018.

This report reveals, through a combination of network, open-source and imagery analysis, that Weihai World-Shipping Freight not only remains active at the time of publication, but that its affiliated shareholders, directors and companies continued to operate vessels with clear links to North Korea and its prohibited exports of coal in 2018 and 2019.

Out of six vessels in this network with links to North Korea and its coal smuggling operations, four have been owned by companies registered in the UK. This includes one vessel – the Lucky Star – which was owned by a UK-registered company as it loaded coal in North Korea as recently as October 2018 and January 2019.

Another ship – the Xin Guang Hai – was owned by another UK-registered company when it exported North Korean coal in 2017 and when it was sanctioned by the US Treasury and the UN Security Council in 2018.

A third ship – the Asia Bridge – appears to have undergone renovations in North Korea over the course of 2019 and then loaded cargo at the Nampo coal berth on 9 August 2019. All three of these ships remain owned by UK-registered companies at the time of publication. The fourth ship – the Surplus Ocean 1 – was previously owned by a UK company and managed by the now-sanctioned Weihai World-Shipping Freight, although it was scrapped in 2018.

The discovery that North Korea-linked networks use UK-registered companies to own and control vessels involved in one of the country’s primary illicit revenue generating schemes raises significant questions about the enforcement of sanctions in the UK.
This investigation is the fourth in a series that focuses 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. The authors acknowledge the support of the Government of Canada in funding the research that has led to this report.
Introduction

On 30 January 2019 – despite UN Security Council resolutions prohibiting its export – a Togolese-flagged cargo ship named the *Lucky Star* was captured on satellite imagery taking on cargo at a coal berth in the North Korean port of Nampo (see Figure 1), before embarking on a long and circuitous journey towards the Gulf of Tonkin near Vietnam.

Only five months previously, in September 2018, the *Lucky Star* was photographed by a commercial satellite conducting a ship-to-ship transfer with at least two unidentified vessels 3 kilometres off the coast of Cam Pha in Vietnam. A month later, the ship was back in North Korea, loading coal at a berth upriver from Nampo.

Like the *Lucky Star*, a fleet of foreign-flagged ships has continued to export North Korean coal to foreign markets, despite multilateral sanctions prohibiting Pyongyang’s coal exports since 2017.

However, the case of the *Lucky Star* is unusual because, since December 2017, the 8,000-tonne vessel has been owned by Always Smooth, a UK-registered company with an office on the banks of the River Thames in London.

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1. Satellite imagery provided by Terraserver and DigitalGlobe. The length of the vessel in the image is 109 metres, the same length as the *Lucky Star* as specified in the IHS Seaweb database. The ship also has two cargo holds with hatches measuring 25.4 metres and 28 metres long and 11.2 metres wide. These measurements match those in the image. The ship also has two distinctive central horizontal slewing cranes which match commercial imagery of the vessel and imagery that was later supplied by a member state to the UN Panel of Experts.
2. Satellite imagery provided by Planet Labs.
Figure 1: The UK-Owned Lucky Star Loading Coal in Nampo in January 2019

Source: Terraserver, DigitalGlobe.

In fact, two of the ships’ former commercial managers, Hong Kong-registered Huaxin Shipping (華信船務 (香港)有限公司) and Shandong-registered Weihai World-Shipping Freight Agency (威海世航海运有限公司) were sanctioned by the US, the EU and the UN Security Council in 2018 for illicit coal trading under provisions targeting North Korea’s nuclear and ballistic missile programmes.5

Yet despite this, the Lucky Star remains owned by a UK-registered company and was active until at least April 2019,6 when it switched off its Automatic Identification System (AIS) transponder while sailing through the Strait


of Hainan, in the direction of the Gulf of Tonkin near Vietnam. Here, several members of North Korea’s illicit trading fleet have been conducting ship-to-ship transfers of coal with unidentified barges in the open ocean.

However, the case of the *Lucky Star* is neither unique nor unprecedented. This report uncovers several current and historical instances of UK-registered corporate entities facilitating the maritime operations of North Korea’s illicit trading networks.

There are numerous reasons why North Korea-linked networks might use UK entities to own or operate ships. Vessels owned by UK companies are likely to face less scrutiny by financial institutions and maritime service providers such as flag registries, classification societies and insurance companies. As such, UK owners add a veneer of respectability to a vessel and help it access various financial and maritime service providers, many of which are also located in the UK.

However, UK-registered entities can also be used to open bank accounts in a number of different jurisdictions, thereby enabling their owners to move money through the international financial system. This is especially important for North Korea’s procurement and proliferation networks and those acting on their behalf. Unable to trade directly in US dollars or open correspondent bank accounts with US financial institutions, North Korean entities often rely on front companies and third-party nationals to access the US financial system on their behalf.

To do so, North Korean entities have sometimes constructed complex sanctions-busting and trade-based payment mechanisms that span several jurisdictions. A 2017 advisory issued by the US Treasury’s Financial Crimes Enforcement Network (FinCEN) stated that these included the sale of coal and other commodities ‘to China-based companies’ which then resold these abroad:

Rather than directly paying the DPRK, the China-based companies divide their payments into smaller outflows in a complex layering scheme directed to front companies, shell companies, shipping or trade businesses based in Asia (often registered in Hong Kong), and other companies based in various offshore jurisdictions (e.g., British Virgin Islands, Marshall Islands, and the Seychelles).

The front or shell companies then use the received payments to purchase and ship commodities to the DPRK.

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7. AIS data provided by Polestar Space Applications.
10. Title 22 of the United States Code, Chapter 99, Subchapter I, Section 9214, Paragraph 14 states that ‘the President shall designate under this subsection any person that the President determines — knowingly, directly or indirectly, maintains a correspondent account (as defined in section 9221a(d)(1) of this title) with any North Korean financial institution, except as specifically approved by the United Nations Security Council’, <https://www.law.cornell.edu/uscode/text/22/9214>, accessed 22 August 2019.
Moreover, UK entities are quick and cheap to register. The process can be completed online without the owners or directors physically having to be present in the UK and with few identity checks. Some annual statements can be submitted and signed electronically, meaning that a director or shareholder could register and manage a company from abroad without ever having to visit the UK.\(^{13}\)

The most high-profile known instance of North Korean networks using UK entities to evade international sanctions was that of Ma Xiaohong and her company Dandong Hongxiang Industrial Development (DHID; 丹东鸿翔实业发展有限公司).\(^{14}\) Once one of the largest Chinese traders with North Korea, Ma was eventually targeted by the US Treasury in 2016 for ‘acting for or on behalf of Korea Kwangson Banking Corporation (KKBC), which was previously designated by the United States and the United Nations for providing financial services in support of WMD proliferators’.\(^{15}\) On 23 July 2019, Ma and her associates were charged by a federal grand jury for money laundering and conspiring to ‘violate, evade and avoid restrictions imposed under the Weapons of Mass Destruction Proliferators Sanctions Regulations’.\(^{16}\)

A 2016 investigation by the Center for Advanced Defense Studies (C4ADS) showed that DHID had sold products that ‘could qualify as potential military and nuclear dual use products’, including dual-use products such as ‘99.7% pure aluminum ingots, aluminum oxide (Al\(_2\)O\(_3\)), ammonium paratungstate (APT), and tungsten trioxide (WO\(_3\))’.\(^{17}\)

While Ma and her associates used several front companies in various jurisdictions, at least two of these were registered in the UK and were used to operate bank accounts in China,\(^ {18}\) and own a Tanzanian-flagged vessel named Harvest.\(^ {19}\) When the US District Court for New Jersey filed a Civil Forfeiture Complaint against Ma and DHID’s accounts, it sought the assets held in 25 bank accounts in the name of various companies. Most of these accounts were in DHID’s own name. However, five were held in the names of a number of front companies: one registered in Hong Kong; two in the British Virgin Islands; and two in the UK. These bank accounts were used to launder money through the US and international financial system.\(^ {20}\)

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Cases similar to Ma Xiaohong and her company DHID have shown that even jurisdictions treated as low risk by financial institutions can be exploited by North Korea and its third-party enablers to build complex procurement and money laundering networks used to evade sanctions.

This research, however, has shown that despite increased efforts to effectively implement UN Security Council resolutions, North Korea-linked networks continue to use UK-registered entities to own ships involved in the trade of sanctioned goods and services, including coal.

Given that North Korea’s exports of coal and other commodities remain one of the country’s most effective means of generating foreign currency for its nuclear and ballistic missile programmes, closing these loopholes remains a necessary precursor to effectively implementing UN Security Council resolutions.

The Weihai World Network

On 23 February 2018, the US Department of the Treasury sanctioned 56 companies and vessels in what constituted one of the largest rounds of unilateral designations so far imposed on North Korea.22

Included in the list of designated entities were two cargo ships, the Togolese-flagged Asia Bridge 1 (亚洲之桥 1) and the Xin Guang Hai (新广海). According to a US Treasury press release, both vessels had been used to illicitly export coal from North Korea, while each ship was estimated as being capable of carrying millions of dollars’ worth of coal per voyage.23 The designations also targeted a Chinese company named Weihai World-Shipping Freight (hereafter Weihai World-Shipping) linked to the Xin Guang Hai, and a Hong Kong company named Huaxin Shipping, linked to the Asia Bridge 1.24

Figure 2: The Asia Bridge 1 and the Xin Guang Hai

<table>
<thead>
<tr>
<th>Asia Bridge 1</th>
<th>Xin Guang Hai</th>
</tr>
</thead>
</table>

Source: Marine Traffic.

23. Ibid.
24. Ibid.
A month later, on 30 March 2018, the UN Security Council followed suit and designated both Weihai World-Shipping Freight and Huaxin Shipping. The same resolution imposed de-flagging measures on the Xin Guang Hai and the Asia Bridge 1 pursuant to Paragraph 12 of Resolution 2321 (2016), which prohibits states from offering flagging services to sanctioned vessels, and banned both ships from port entry under Paragraph 6 of UN Security Council Resolution 2371 (2017).

According to the UN Security Council designation, the Asia Bridge 1 had been instructed on 19 October 2017 ‘by Huaxin Shipping to make preparations for entry into Nampo, DPRK to receive a shipment of coal bound for Vietnam ... The master of the vessel was instructed to cover the ship’s name and other markings using canvas while in port at Nampo’. Less than 10 days later, the Xin Guang Hai had ‘loaded coal at Taean, DPRK’ and sailed to Port Klang in Malaysia after transmitting its destination as Cam Pha, Vietnam.

While the Xin Guang Hai and Asia Bridge 1 were not linked by the US Treasury or the UN Security Council, an analysis of corporate documents and other open-source evidence shows that the owners and managers of both ships form part of a closely interlinked network – hereafter referred to as the Weihai World Network – which has been actively involved in helping North Korea evade unilateral and multilateral sanctions. As in the case of Ma Xiaohong and DHID, some of this network is based in the UK.

North Korean Coal Exports

As noted within sanctions issued by the UN Security Council in 2016, North Korea ‘generates a significant share of the funds needed to finance its nuclear and ballistic missile programmes by mining natural resources and selling those resources abroad’.

Coal has typically made up the lion’s share of North Korea’s mineral exports and was among the first of North Korea’s natural resources to be subject to sectoral export sanctions in resolutions passed – following the country’s fourth nuclear test – by the UN Security Council in 2016.

In addition to providing funds needed to finance North Korea’s nuclear and ballistic missile activities, coal exporting activities have also been tied by the UN Security Council to North Korean entities heavily linked to its armed forces, intelligence agencies, munitions industry and Office 39.

25. Flag services are provided by a number of states that have ‘open registries’, which allow vessels to obtain the flag of that state and furthermore abide by its shipping laws. These registries are often known as ‘flags of convenience’.
27. Ibid.
28. Ibid.
Firms like Kangbong Trading Corporation, Singwang Economics and Trading General Corporation, Korea Foreign Technical Trade Center (KFTTC), and Songi Trading Company have been designated due to their export activities, which have included coal.

Kangbong, Singwang and Songi have been identified as subordinates of North Korea’s Ministry of People’s Armed Forces or Korean People’s Army (KPA), while the US tied KFTTC as supporting North Korea’s special weapons research entity ‘Pongwha Research Center’.

Additionally, the sanctioned Paeksol Trading Company also had coal exports in its revenue-generating portfolio and – according to the US Treasury – has links to North Korea’s primary spy agency, the Reconnaissance General Bureau, as well as possible links with its Munitions Industry Department and Office.

Vessels involved in the illicit export of North Korean coal have also been shown to be involved in delivering additional cargo on return trips to North Korea.

A complaint published by the US Department of Justice in May 2019 outlined how the aforementioned KPA-linked Songi Trading Company played a central role in a coal export scheme involving the Wise Honest – a vessel seized by the US in 2019.

According to the Department of Justice, from ‘at least November 2016 through April 2018, the Wise Honest was used by Korea Songi Shipping Company, an affiliate of Korea Songi General Trading Corporation (a.k.a. “Songi Trading Company”), to export coal from North Korea to foreign purchasers and import machinery to North Korea’.

As noted by the complaint, the machinery ordered for delivery to Songi was consistent with ‘mineral-extraction operations, including coal mining and processing’, further highlighting the significant role the military plays in North Korea’s resource-extraction industries.

Additionally, such machinery is currently prohibited for export to North Korea under UN Security Council Resolution 2397, which was adopted on 22 December 2017.

While figures for North Korea’s annual coal revenue vary, the US has typically estimated that it earns North Korea as much as $1 billion per year.

North Korea’s coal industry is not only a critical source of funds for the country’s WMD programme, KPA and intelligence agencies, but has also been shown to be closely connected to the country’s extensive system of concentration camps.

According to a 2016 report published by the Committee for Human Rights in North Korea, much of the labour used to mine coal and other natural resources is drawn from prison camps (kwan-li-so), prison labour camps (kyo-hwa-so) and the marginalised classes at the bottom of the Songbun system of social classification.

North Korean defectors – in testimony delivered to a 2014 UN Commission of Inquiry (COI) into North Korea’s human rights abuses – identified coal mines as locations where people would be subject to especially inhumane conditions and forced labour practices: ‘The type, duration and intensity of forced labour exacted from inmates in the ordinary prison camps (kyohwaso), especially in prison mines, does meet the enslavement threshold’, the COI concluded in 2014.

Historically, North Korean coal has been exported to several countries, with China ranked as one of the largest customers. Citing statistics from the Korea International Trade Association, a recent paper published

42. North Korea’s Songbun system classifies people into dozens of categories dependent on their family history, historical proximity to the Kim family and their actions.
by the Nautilus Institute also identified coal as North Korea’s most significant export to China between 2008 and 2017, dwarfing all other exports to its primary trading partner during that time period.44

The paper added that the Chinese province of Shandong was a key destination for coal exports and that in 2014, alone, as much as 44.6% of North Korea’s anthracite exports ended up in Shandong.45

The Weihai World Network, based in Shandong, therefore appears to have played a key role in North Korea’s sustained efforts to circumvent sanctions targeting coal exports and generate revenue from their sale to foreign buyers.

Down and Out in Pyongyang and London

The Weihai World Network centres on the UN-sanctioned Chinese company Weihai World-Shipping and its owners Tan Xiujun (谭秀军) and Tan Xinyue (谭信月).46 Surrounding this company are a number of other Chinese, Hong Kong and UK companies that often share identifiers such as directors, addresses, phone numbers, fax numbers and corporate secretaries.

Weihai World-Shipping is the oldest company yet identified in the network and was established in China’s coastal city of Weihai in June 2005 with a registered capital of CNY 6,600,000 (approximately $955,000).47 The company’s registration documents describe it as being involved in freight transportation, international freight forwarding and the wholesaling of coal, steel, iron ore and wood.48 Chinese-language adverts posted on crewing websites show the company claims to operate seven cargo vessels varying in tonnage between 5,000 and 10,000 tonnes.49

The majority shareholder of the company is a Chinese national named Tan Xinyue. The company’s second and minority shareholder is described in Chinese court documents as a 42-year-old male Chinese national named Tan Xiujun.50

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45. Ibid.
46. Corporate documentation states that Tan Xiujun (谭秀军) and Tan Xinyue (谭信月) are the directors of Weihai World-Shipping. See 天眼查 [Tianyancha], ‘威海世航海运有限公司’ [‘Weihai World-Shipping Freight Agency’], <https://www.tianyancha.com/company/3073075621>, accessed 12 August 2019.
50. See Annex 2, Entry A.
Chinese corporate documents show that Weihai World-Shipping remains open despite the UN Security Council resolutions. In addition, a number of court cases involving Weihai World-Shipping, Tan Xinyue and Tan Xiujun heard in regional Chinese courts as late as April 2019 confirm that the business is still active.\(^{51}\)

Network analysis using various corporate registries, shipping databases, ship certification documents, Chinese-language court records and online adverts confirm that the company’s shareholders, directors and their associated companies have owned and managed at least seven merchant vessels.\(^{52}\)

Of these ships, six have ostensible links to North Korea, of which four have listed UK companies as their registered owners on the International Maritime Organization’s (IMO) official Global Integrated Shipping Information System database.\(^{53}\)

One of these, the *Xin Guang Hai*, was owned by a UK-registered company named Ascending Enterprise when it exported North Korean coal in violation of UN Security Council Resolution 2371 in October 2017.\(^{54}\) Another, the *Lucky Star*, was owned by UK-registered Always Smooth when it loaded coal in North Korea in October 2018 and January 2019.\(^{55}\) A third ship, the *Asia Bridge*, was owned by UK-registered Good Siblings as it was being renovated in North Korea over the course of 2019 and when it loaded coal in Nampo in August 2019 (see Figure 17).\(^{56}\)

Two of the ships in the network are now both named the *Asia Bridge*. The ship that was sanctioned by the US Treasury and UN Security Council was previously named the *Asia Bridge 1* and has the IMO number 8916580.\(^{57}\) The second *Asia Bridge* has the IMO number 9010022 and was formerly named the *Asia Bridge 2*.\(^{58}\)

55. *Ibid.*
56. *Ibid.* This is the formerly named names Asia Bridge 2 with the IMO number 9010022.
Table 1: The Vessels of the Weihai World Network

<table>
<thead>
<tr>
<th>Ship Name</th>
<th>North Korea Ties</th>
<th>Registered Owners</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Xin Guang Hai</strong></td>
<td>1. UN Security Council-sanctioned for North Korean coal smuggling.</td>
<td>1. Ascending Enterprise Ltd</td>
</tr>
<tr>
<td></td>
<td>2. Operated by UN Security Council-sanctioned company.</td>
<td>(current)</td>
</tr>
<tr>
<td><strong>Asia Bridge</strong></td>
<td>1. Renovated in North Korea over summer 2019.</td>
<td>1. Good Siblings Ltd (current)</td>
</tr>
<tr>
<td>(formerly Asia Bridge 2)</td>
<td>2. De-flagged for North Korean links.</td>
<td></td>
</tr>
<tr>
<td>(formerly Asia Bridge 3)</td>
<td>2. Photographed loading coal in Songnim, October 2018, and in Nampo, 30 January 2019.</td>
<td>2. Sinonew Trade Ltd (former)</td>
</tr>
<tr>
<td><strong>Surplus Ocean 1</strong></td>
<td>1. De-flagged for North Korean links.</td>
<td>1. Surplus Ocean Co Ltd (former)</td>
</tr>
<tr>
<td>(now scrapped)</td>
<td>2. Linked to North Korea-registered company.</td>
<td>2. Mingzhu Shipping Co Ltd (former)</td>
</tr>
<tr>
<td><strong>Xin Yang 688</strong></td>
<td>1. Operated by UN Security Council-sanctioned company.</td>
<td>1. Tan XJ</td>
</tr>
<tr>
<td><strong>Asia Bridge</strong></td>
<td>1. UN Security Council-sanctioned for North Korean coal smuggling.</td>
<td>1. World-Shipping Marine Ltd</td>
</tr>
<tr>
<td>(formerly Asia Bridge 1)</td>
<td>2. Operated by UN Security Council-sanctioned company.</td>
<td></td>
</tr>
</tbody>
</table>

Note: Vessels owned by a UK company highlighted in red.

Sources:
- Imagery from DigitalGlobe shows the Asia Bridge in the dry dock of Nampo, North Korea on 2 June 2019.
According to HIS Seaweb this was previously owned by sanctioned entity Weihai World-Shipping Freight. See IHS Seaweb, <https://maritime.ihs.com>, accessed 12 August 2019.


All six of these UK entities are listed as dormant at Companies House – although two were dissolved in April and June 2019 – and appear never to have reported any financial activity.59 Neither do any of these companies appear to have a physical office in the UK, any UK-based employees, a website or any UK contact numbers. All these traits are characteristic of shell or front companies commonly used by North Korea-linked networks.60

**Corporate Links to the Weihai World Network**

While these UK-registered companies all link to the Weihai World Network through the above-listed ships, many also use the same addresses and contact details as UN-sanctioned Weihai World-Shipping and Huaxin Shipping.61 Tan Xinyue and Tan Xiujun also appear on UK company documents, while other Chinese nationals listed on Chinese corporate documents also show up on UK documents as directors or shareholders.62

For example, despite using the same London address for the purposes of registering with Companies House, Ascending Enterprise, Mingzhu Shipping and Always Smooth have all used the same Chinese address on shipping databases as that listed by the UN-sanctioned Weihai World-Shipping.63

Open-source imagery confirms that this location is the actual business address of Weihai World-Shipping. Baidu Panoramic shows a single entrance at this location with the company’s name above the door in Chinese characters.64 All three UK companies also use Weihai World-Shipping’s Weihai-based phone number on shipping databases.65

59. See, for example, the filing history of Ascending Enterprise. For further information, see UK Companies House, <https://beta.companieshouse.gov.uk/company/10140339/filing-history>, accessed 12 August 2019.


62. Ibid.

63. Ibid.


**Figure 3:** Network Graph Showing Connections Between UK-Registered Always Smooth, Ascending Enterprise, Mingzhu Shipping, UN-Sanctioned Entities and North Korea-Linked Ships

*Source: RUSI, Project SANDSTONE.*
While all three UK companies are addressed at the offices of Weihai World-Shipping and list the same contact number, one lists a Chinese national named Lin Xiude as its majority shareholder and another a Myanmar national named Htay Aung Kyaw, who uses the contact address of a backpacker hostel in Yangon on company documentation:

- Ascending Enterprise: Tan Xinyue (Director); Gu Yihua (Majority Shareholder).
- Mingzhu Shipping: Lin Xiude (Director and Majority Shareholder).
- Always Smooth: Htay Aung Kyaw (Director and Majority Shareholder).

Meanwhile, UK-registered Good Siblings gives a care of address to Weihai Huijang Trade – another Chinese-registered company which lists Tan Xiujun as a supervisor – along with the same address, phone and fax number as Weihai World-Shipping.

Similarly, UK-registered Sinonew Trade gives a care of address to the UN-sanctioned Huaxin Shipping – owned by Tan Xiujun – and uses a Hong Kong phone number also listed by Huaxin Shipping and two other Hong Kong companies owned by Tan Xiujun.

73. Ibid.
74. Ibid.
**Figure 4:** Network Graph Showing Connections Between UK-Registered Sinonew Trade, Good Siblings, UNSC-Sanctioned Entities and North Korea-Linked Ships

![Network Graph](image)

Key:
- UNSC sanctioned
- Manager
- Former manager
- Owner

Source: RUSI, Project SANDSTONE.
Good Siblings was registered by a Chinese national named Tan Xiuchen in March 2018 and control of the company was passed to a Bangladeshi national named Masum Billah on August 2018.\footnote{UK Companies House, Good Siblings Ltd, Company Number 11257095, <https://beta.companieshouse.gov.uk/company/11257095>, accessed 12 August 2019.} It is unclear whether Tan Xiuchen is a separate individual to Tan Xiujun. Both list their birthdays as 1976, albeit one in March\footnote{Ibid.} and the other in August.\footnote{See Annex 2, Entry A.} Meanwhile, the correspondence address used by Tan Xiuchen on UK corporate documentation is the same used by other entities of the Weihai World Network.\footnote{According to UK Companies House, Tan Xiuchen’s correspondence address is Room 602, No. 68 Huangguan [Crown] Garden Estate, Weihai EDA, Shandong, China. The International Maritime Organization – Global Integrated Shipping Information System lists the care of address for both Good Siblings and Always Smooth as Weihai Huijiang Trade Ltd, Room 602, 28 Crown Garden District, Weihai Economic and Technological Development Zone, Poyuzhen, Huancui Qu, Weihai, Shandong, 264200, China. It is possible that there was an input error with the building number as the addresses are a near match.}

Meanwhile, Sinonew Trade lists a Chinese national named Chen Chunyan (陈春燕) as its sole director and shareholder on UK Companies House documents.\footnote{UK Companies House, Sinonew Trade Ltd, Company Number 09553677, <https://beta.companieshouse.gov.uk/company/09553677/filing-history>, accessed 12 August 2019.} Chen is also the sole shareholder in China-registered Weihai Huijiang Trade, where Tan Xiujun is the company supervisor.\footnote{See 启信宝 [Qixinbao], ‘威海市汇江贸易有限公司’ [‘Weihai Huijiang Trade’], <https://www.qixin.com/company/9cd559f2-0e89-4da3-a513-13866d285254>, accessed 14th August 2019; 水滴信用企业 [Shuidi Corporate Database], ‘威海市汇江贸易有限公司’ [‘Weihai Huijiang Trade’], <http://shuidi.cn/company-1f83327ae3e67e722f236c737254cd32.html?from_search=1>, accessed 14 August 2019.}

The remaining UK company, Surplus Ocean, was linked by an NK Pro investigation to a North Korean network and a company named Surplus Sea,\footnote{James Byrne and Leo Byrne, ‘London Calling: UK Shell Companies in North Korea’s Networks’, NK Pro, 21 December 2017.} itself registered on North Korea’s Maritime Administration Ship Registry under the Korean name 써플러스씨유한책임회사.\footnote{Sayari Analytics search, <http://www.ma.gov.kp/ship_detail.php?lang=kp&id=187>, accessed 12 August 2019.} Shortly after this investigation, the Surplus Ocean 1 was de-flagged by the Panamanian authorities for its links to North Korea and later reported as scrapped.\footnote{UN Security Council, ‘Annex to the Note Verbale Dated 1 March 2019 from the Permanent Mission of Panama to the United Nations Addressed to the Chair of the Committee’, S/AC.49/2019/2, 4 March 2019.}

The Management

All the vessels in the Weihai World Network have at one point been managed by the same three Hong Kong and Chinese entities: Huaxin Shipping, Weihai World-Shipping and Weihai Huijiang.\footnote{IHS Seaweb, <https://maritime.ihs.com>, accessed 1 August 2019.}

Maritime databases show that Huaxin Shipping and Weihai World-Shipping remain the registered managers of several of these vessels. Weihai World-Shipping remains the manager of the UN-sanctioned Xin Guang Hai, while Huaxin Shipping remains the manager of the Asia Bridge 1 and Xin Yang 688.\footnote{Ibid.}
Two other Hong Kong companies, South Pacific Trading (HK) Group\textsuperscript{86} and World Shipping Marine,\textsuperscript{87} also held ownership of the \textit{Asia Bridge 1} and \textit{Asia Bridge 2}, respectively.\textsuperscript{88}

Corporate documentation shows the director of Huaxin Shipping, former director of Weihai World-Shipping and the current supervisor of Weihai Huijiang is Tan Xiujun.\textsuperscript{89} Tan Xinyue is also named as the director of both Huaxin Shipping and Weihai World-Shipping.\textsuperscript{90} Similarly, Hong Kong corporate documentation shows the single director of both South Pacific Trading and World Shipping Marine is Tan Xiujun.\textsuperscript{91}

Several of these companies also share contact details and phone numbers. Weihai World-Shipping shares a phone number with Weihai Huijiang, while Huaxin Shipping, South Pacific Trading (HK) and World-Shipping Marine Ltd all share the same fax number.\textsuperscript{92}

Weihai Huijiang and Weihai World-Shipping also share a phone number with the UK company Ascending Enterprise.\textsuperscript{93} Another UK company, Always Smooth, also shares a care of address with UK company Good Siblings\textsuperscript{94} and Weihai Huijiang,\textsuperscript{95} highlighting the close proximity of the companies which own and manage vessels in the Weihai network.

For example, the \textit{Lucky Star} is owned by the UK company Always Smooth but managed by Weihai Huijiang Trading. The IHS Seaweb databases show the address for Always Smooth Ltd as ‘Care of Wehai Huijiang Trading’. They are registered at the same address,\textsuperscript{96} share a contact number\textsuperscript{97} and, according to the corporate documentation of Wehai Huijiang Trading, Tan Xiujun is involved in the company’s upper management.\textsuperscript{98}

\textsuperscript{86} Hong Kong Companies Registry, ‘South Pacific Trading (HK) Group Limited’, accessed 1 August 2019. See Annex 3.
\textsuperscript{87} Hong Kong Companies Registry, World Shipping Marine Ltd HK Docs, accessed 1 August 2019. See Annex 5.
\textsuperscript{92} Weihai World-Shipping Freight shares a phone number with Weihai Huijiang Trade Ltd, while Huaxin Shipping, South Pacific Trading (HK) and Word-Shipping Marine Ltd all share the same fax number according to IHS Seaweb, <https://maritime.ihs.com>, accessed 1 August 2019.
\textsuperscript{95} IHS Seaweb, <https://maritime.ihs.com>, accessed 1 August 2019. See also ibid.
\textsuperscript{97} Ibid.
\textsuperscript{98} See 启信宝 [Qixinbao], ‘威海市汇江贸易有限公司’ ['Weihai Huijiang Trade'], <https://www.qixin.com/company/9cd559f2-0e89-4da3-a513-13866d285254>, accessed 14 August 2019.
Timeline Analysis

As previously detailed by the UN Panel of Experts, North Korea-linked networks often adapt to the passage of sanctions by establishing new front companies while re-flagging and re-naming their vessels.99

An analysis of the Weihai World Network’s company registration documents shows high levels of coincident activity with the passage of unilateral and multilateral sanctions targeting North Korea’s coal exports in March 2016 to March 2018.

For instance, shortly after UN Security Council Resolution 2271 was passed in March 2016 – which limited the exports of coal from North Korea – Ascending Enterprise and Weihai Huijiang Trade were registered in different jurisdictions on the same day in April 2016.100

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Ascending Enterprise would take ownership of the *Xin Guang Hai* in 2017, while Weihai Huijiang Trade would eventually become the *Lucky Star*’s commercial manager.101

Another example occurred soon after the US Treasury designated the *Asia Bridge 1, Xin Guang Hai, Weihai World-Shipping and Huaxin Shipping* on 23 February 2018. Less than a month later, on 15 March 2018, Good

Siblings was established and took ownership of the *Asia Bridge* 2 which was simultaneously re-flagged to Togo from Tanzania and renamed the *Asia Bridge*.103

At the same time, Weihai Huijiang Trade became the vessel’s commercial manager. This moved the ship out of the management of now US- and UN-sanctioned Huaxin Shipping and into new UK- and China-registered companies still linked to Tan Xiujun.104

**Flag Changes and Inspection Records**

North Korea-linked ships have also often sailed under certain flags of convenience and sometimes been de-registered by flag states as a result of UN Security Council resolutions prohibiting the flagging of North Korean vessels.105

Circulars issued to the IMO by Tanzania show that both *Asia Bridge* vessels were de-registered for links to North Korea as early as 19 January 2016.107 Meanwhile, the *Surplus Ocean 1* was de-flagged by the Togolese authorities six months later on 29 June 2016,108 and then by the Panamanian authorities for links to North Korea in 2017. Additionally, the *Xin Guang Hai* was de-flagged by the Togolese authorities in 2017.109

An analysis of the fleet’s flag-use shows that six out of the seven ships have flown the Togolese flag.110 The second most common flag was Belizean and the third Tanzanian.

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104. *Ibid*.
Table 2: Flag History of Vessels in the Weihai World Network

<table>
<thead>
<tr>
<th>Ship</th>
<th>Flag Changes Over Time</th>
<th>Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia Bridge 2</td>
<td>Belize Tanzania (Zanzibar) Unknown Togo Unknown</td>
<td>5</td>
</tr>
<tr>
<td>Asia Bridge 1</td>
<td>Belize Tanzania (Zanzibar) Unknown Togo</td>
<td>4</td>
</tr>
<tr>
<td>Surplus Ocean 1</td>
<td>Cambodia Togo Panama Togo</td>
<td>4</td>
</tr>
<tr>
<td>Xin Guang Hai</td>
<td>Togo Unknown</td>
<td>2</td>
</tr>
<tr>
<td>Lucky Star</td>
<td>Belize Togo</td>
<td>2</td>
</tr>
<tr>
<td>Bao Ping</td>
<td>Togo</td>
<td>1</td>
</tr>
<tr>
<td>Xin Yang 688</td>
<td>Belize</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: IHS Seaweb.

Ship inspection records on Tokyo MOU (the Memorandum of Understanding on Port State Control in the Asia-Pacific Region) show that six of the seven ships are listed as ‘High Risk Ships, Priority I’ – a metric used to identify underperforming vessels and companies which combines data on the age, flag and class of vessels, including the number of times it has been detained and the recorded structural and safety deficiencies from when it was inspected.¹¹¹

The People’s Court

Chinese court records show that Tan Xiujun, Tan Xinyue, Weihai World-Shipping and Huaxian Shipping have often found themselves on the wrong side of the law. Since at least 2014, members of the Weihai World Network have been successfully sued for various issues, including failure to pay crew, and have seen their ships detained over unpaid debts on multiple occasions.¹¹²

The most recent cases, heard in April 2019, involved the failure to pay at least two crewmen of the Lucky Star their full salary. In both cases the plaintiffs identified UK-registered Always Smooth – the owner of the Lucky Star – as a co-defendant. As in the majority of the cases examined for this report, the court ruled against Tan Xiujun, Weihai World-Shipping and Tan’s associated companies.¹¹³

One ruling describes an incident in 2015 when Tan Xiujun was arrested for dangerous driving and found to be significantly over the drink-driving limit. Two years later, in 2017, Tan was sentenced to two months’ detention, two months’ probation and ordered to pay a CNY 3,000 fine.\textsuperscript{114}

In another case, an individual named Zhang Huaqiang successfully sued Weihai World-Shipping and had the \textit{Lucky Star} and \textit{Xin Yang 688} detained by the Qingdao Maritime Court until Weihai World-Shipping paid Zhang a total of CNY 270,000. In these documents the UK-registered Always Smooth was also identified as a co-defendant and owner of the \textit{Lucky Star}.\textsuperscript{115}

\section*{Patterns of Life}

AIS data, commercial satellite imagery and UN Panel of Experts reporting show that all four UK-owned ships identified in Table 1 – the \textit{Xin Guang Hai}, \textit{Asia Bridge 1}, \textit{Lucky Star} and \textit{Surplus Ocean 1} – have visited North Korea in recent years.\textsuperscript{116} Large gaps in their AIS transmissions also indicate there may have been additional, unrecorded visits to North Korea, such as that of the \textit{Lucky Star} in January 2019.\textsuperscript{117}

\begin{footnotesize}
\begin{enumerate}
\item[114.] See Annex 2, Entry A.
\item[115.] See Annex 2, Entries B and C.
\item[116.] AIS tracking data for all vessels taken from Polestar Space Applications, accessed 1 August 2019.
\item[117.] \textit{Ibid.}
\end{enumerate}
\end{footnotesize}
Figure 6: The UK-Owned *Lucky Star* Loading Coal in North Korea on 27 October 2018


All these ships have exhibited very similar patterns of life in recent years, including trips to North Korea, journeys through the Strait of Hainan, large gaps in AIS transmissions, possible decoy visits to Russia’s Far East, and occasional co-locations in small harbours or bulk-handling facilities in China’s Shandong province.118

118. AIS tracking data for all vessels taken from Polestar Space Applications, accessed 1 August 2019.
Historical Trips to North Korea

For example, in early July 2016, the Asia Bridge – formerly the Asia Bridge 2 – sailed towards the port of Chongjin, on the east coast of North Korea.\(^{119}\) Here it anchored outside the harbour on 6 July 2016, before losing AIS signal on 12 July 2016. Satellite imagery shows a ship at these coordinates on 6 July 2016.

**Figure 7:** The *Asia Bridge* (9010022) Outside Chongjin, North Korea on 6 July 2016

The *Asia Bridge*’s AIS was then off until 18 August 2016, when the ship transmitted roughly 6 kilometres from a coal berth in the Bohai Bay in China.\(^ {120}\)

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119. AIS data provided by Polestar Space Applications.
In early 2017, the *Asia Bridge* – formerly the *Asia Bridge 1* – sailed around the coast of South Korea and dropped its AIS signal on 6 February as it headed north.\(^{121}\) Four days later it was captured on commercial satellite imagery loading coal in North Korea’s port of Wonsan (see Figure 8).

**Figure 8:** The *Asia Bridge* (8916580) Loading Coal in Wonsan on 10 February 2017 After Switching off Its AIS Four Days Earlier

![Image of Asia Bridge loading coal](image)

*Source: TerraServer, Digital Globe.*

Apart from one transmission on 22 February, it did not transmit AIS until three months later in May as it headed back towards China and to a bulk-handling facility in Penglai.\(^{122}\)

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\(^{121}\) *Ibid.*

\(^{122}\) *Ibid.*
How I Wonder Where You Are: AIS Manipulation and Detours to North Korea

The UN Panel of Experts states that: ‘Route detours almost always involved manipulating Automatic Identification System transmissions while loading coal in ports of the Democratic People’s Republic of Korea before re-joining the original route and reactivating the Automatic Identification System in time for delivery’.123

In several of the cases examined for this report, ships in the Weihai World Network dropped AIS signals for long periods around the coast of North Korea, the Strait of Hainan and Vietnam.124 While there are several prosaic reasons why AIS signals may be dropped or lost,125 the duration and location of many of these dark periods are a possible indicator of illicit activity.126 The discovery that several of the Weihai World Network ships also loaded coal in North Korea without transmitting AIS shows this technique has been the modus operandi of the Weihai World Network’s fleet for a number of years.

Many of the journeys taken by the fleet were also highly convoluted and sometimes took months to complete. These included long periods of loitering at anchorages, seemingly pointless journeys and, in one instance, even re-flagging en-route out of North Korea.127

For example, when the Lucky Star loaded coal in Nampo, North Korea, on 30 January 2019, it did so with its AIS transponder switched off.128 It was not turned back on until six days later, on 5 February 2019, as it sailed into Rongcheng Bay in Shandong province.129

The Lucky Star then loitered at an anchorage in Rongcheng Bay, before embarking on an extended and convoluted three-month journey which saw the vessel travel around the Korean peninsula to the Russian Far East and then down again towards the Gulf of Tonkin in Vietnam where the ship’s signal was lost.130

124. AIS tracking data for all vessels taken from Polestar Space Applications, accessed 1 August 2019.
125. Equipment malfunction or transmissions in busy areas can often cause signals to be dropped, for example.
127. According to ship-tracking platform Polestar, the Asia Bridge adopted a new flag and Maritime Mobile Service Identity (MMSI) number as it exited Nampo, North Korea on 6 September 2016.
128. AIS data provided by Polestar Space Applications.
129. Ibid.
130. Ibid.
Figure 9: The UK-Owned Lucky Star Loading Coal in Nampo, 30 January 2019 and Sailing to the Strait of Hainan After a Detour to Russia

Source: Polestar Space Applications, Digitalglobe, RUSI, Project SANDSTONE.

However, Russian port records hold no information about a possible Lucky Star visit, indicating that the ship did not call into any Russian facilities.\textsuperscript{131} AIS data shows it loitered roughly 40 kilometres off the coast of Nakhodka before switching off its transponder. It did not transmit again until more than a month later, on 25 March 2019, when its positional signal put it roughly 80 kilometres off the coast of North Korea.\textsuperscript{132} It is unclear what the Lucky Star did in this interim period, but immediately afterwards it headed south, past the Korean peninsula, across the East China Sea and towards the Strait of Hainan where it switched off its transponder again on 5 April 2019.\textsuperscript{133}

On another occasion, AIS positional data placed the Lucky Star roughly 3 kilometres off the coast of Cam Pha in Vietnam on 20 September 2018, after another long and intricate journey involving large gaps in positional

\textsuperscript{131}. Russian Port Call System, accessed 1 August 2019.
\textsuperscript{132}. \textit{Ibid}.
\textsuperscript{133}. AIS data provided by Polestar Space Applications, accessed 12 August 2019.
transmissions. The *Lucky Star* did not then transmit AIS until 1 October 2018 as it began its journey to North Korea, where it was photographed loading coal at the end of the month.

Planet Labs imagery taken over the same September period shows a vessel of the correct length anchored at this exact location off the coast of Vietnam. From 26 to 30 September a number of smaller ships appear to come alongside what appears to be the *Lucky Star*. Information from IHS Seaweb confirms this is an anchorage for vessels under 25,000 DWT where dry cargo is transferred at sea to Vietnamese barges. High-resolution imagery taken of the area shows that a significant volume of this traffic is coal.

**Figure 10:** The UK-Owned *Lucky Star* Conducting a Ship-to-Ship Transfer in Vietnamese Waters, 29–30 September 2018

On 5 July 2017, the *Lucky Star* left the South Korean port of Pyeongtaek, dropping its AIS signal at 18:42 UTC. It did not switch its AIS back on until 21 July 2017 – 16 days after it exited Pyeongtaek. It then sailed to a Chinese coal berth where low-resolution imagery shows it with its cargo bays open.

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137. High-resolution imagery provided by Terraserver.
139. Imagery provided by Planet Labs.
The UN Panel of Experts has detailed a number of similar instances of detours to North Korea. There are several other examples of ships in the Weihai World Network dropping AIS for long periods of time and undertaking similar trips. Between May and August in 2017 alone the Asia Bridge 1, Asia Bridge 2 and Surplus Ocean 1 made five trips to the Russian Far East between them. Each of these trips included gaps in AIS

140. UN Security Council, ‘Report of the Panel of Experts Established Pursuant to Resolution 1874 (2009)’, S/2018/171, 5 March 2018, pp. 23–24. One example is the formerly Fijian-flagged cargo vessel, the Zhi Kun 7. According to the UN Panel of Experts, the Zhi Kun 7 switched off its AIS transponder while en-route to Russia in April 2017 and loaded coal in North Korea’s port of Wonsan for delivery to Russia. On its return journey the vessel once again called into Wonsan to load coal, using the same deceptive tactics to load and eventually deliver North Korean coal to Nanjing in China on 7 June 2017.
transmissions between five and nine days. On four of these trips, the ship undertaking the journey did not actually call at a berth, but anchored offshore before setting off again south.\textsuperscript{141}

While it remains unclear why these ships conducted long and circuitous journeys to the Russian Far East, evidence released by the US Department of Justice in March 2019 in relation to the seizure of the North Korean-flagged \textit{Wise Honest} shows the ship made a decoy visit to Russia to give the impression it had loaded coal there. The US Department of Justice filing shows that the contract for a March 2017 delivery of North Korean coal to a foreign client stipulated that ‘the shipowner shall take the ship through one safe port in Russia’, and that cargo documents for the coal would be prepared in Russia and not in North Korea before the ship set sail.\textsuperscript{142}

\textbf{Fancy Seeing You Here}

On 21 July 2017, the \textit{Asia Bridge 1} and the \textit{Asia Bridge 2} – both renamed the \textit{Asia Bridge} in 2018 – simultaneously called into a bulk-handling facility at the port of Weihai in China.\textsuperscript{143} Both ships arrived into port after nine- or ten-day gaps in their AIS transmissions, both having dropped AIS signals near the coast of Shandong province on 8 July 2017.\textsuperscript{144}

\begin{footnotesize}
\begin{itemize}
\item[141.] All vessels’ AIS transmissions tracked through Polestar Space Applications platform, accessed 12 August 2019.
\item[143.] AIS data provided by Polestar Space Applications.
\item[144.] \textit{Ibid.}
\end{itemize}
\end{footnotesize}
A year later, the Xin Yang 688 – another ship in the Weihai World Network – dropped its AIS signal on 12 July 2018 for 10 days before sailing to Pohang in South Korea. At the time, the Xin Yang 688 was managed by UN-sanctioned Huaxin Shipping and owned by a Chinese-registered company, Tan Xiu Jun. Planet Labs imagery shows it at a bulk-handling facility in Pohang on 29 July and 2 August, close to what appear to be piles of coal on the jetty. A Korean-language circular issued by the Ministry of Oceans and Fisheries in 2018 shows the Xin Yang 688 was banned from the port of Pohang on 30 July 2018, four days after the ship arrived there.

145. Ibid.
In 2018, statements by South Korea’s Foreign Ministry and UN Panel of Experts reporting showed that North Korean coal had been unloaded in Pohang after being transhipped in Russia.  

Rendezvous in Rongcheng

In a number of cases, ships in the Weihai World Network were anchored in close proximity before undertaking journeys at similar times. For example, on 3 June 2017, the *Asia Bridge 2*, *Xin Guang Hai* and *Surplus Ocean 1* were anchored in a small harbour on the southern end of Shandong province named Wangjia Bay before undertaking very similar journeys. 

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149. AIS data provided by Polestar Space Applications.
Soon after this rendezvous, all three ships visited the Russian Far East. The Asia Bridge and the Xin Guang Hai anchored off Vladivostok on 15 June and 4 August 2017, respectively, without calling into port, where they might have loaded and unloaded cargo.150 Meanwhile, the Surplus Ocean 1 sailed within 100 kilometres of the coast at Nakhodka and then switched off AIS for seven days before sailing into Vladivostok and calling at a berth at the port.151

Following its visit to the Vladivostok anchorage, the Asia Bridge called into a bulk-handling facility in Penglai on the north coast of Shandong province on 7 July 2017 after disappearing off AIS for more than two weeks.152

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150. AIS data from Polestar Space Applications show no calls were made to Russian ports on these voyages.
151. AIS data provided by Polestar Space Applications.
152. Ibid.
Meanwhile, the *Xin Guang Hai* exhibited a similar pattern of behaviour after its visit to Russia. The ship subsequently sailed to Posynet, close to the North Korean border. As it then sailed down the east coast of the Korean peninsula, it lost AIS signal for more than two weeks, before reappearing along the southern coast of South Korea on 31 August 2017. The *Xin Guang Hai* then made its way down to the Strait of Hainan where it dropped AIS signals on 20 September 2017.

**Obfuscate and Evade**

Other ships in the Weihai World Network, such as the UN-sanctioned *Asia Bridge 1* – renamed the *Asia Bridge* in 2018 – appear to have engaged in other types of suspicious AIS behaviour.

Positional data shows that the *Asia Bridge 1* was in North Korea’s port of Nampo on 6 September 2016, six months after the UN Security Council passed Resolution 2270 restricting North Korean coal exports.

At the time, the *Asia Bridge 1* was sailing on a course out of Nampo and reported its destination as Russia’s port city of Nakhodka. However, the ship sailed instead to Tangshan Caofeidian, a coal port in China where it called at a berth designed to handle dry cargo, including steel products and containers.

In fact, the positional data broadcast by the *Asia Bridge 1* on 6 September 2016 was the first broadcast on that particular Maritime Mobile Service Identity (MMSI) number. Before September, the *Asia Bridge 1* had been sailing under a Belizean flag and had, as a result, a different MMSI number.

Port inspection records confirm that the *Asia Bridge 1* switched from a Belizean to a Tanzanian flag some time between July and August 2016, the most likely date being 13 August 2016, when the vessel was issued with its Minimum Safe Manning Document by the Tanzanian authorities. This switching of flags and MMSI numbers, and the subsequent first broadcast while exiting Nampo transmitting a false destination, are similar to other deceptive AIS practices detailed by the UN Panel of Experts designed to disguise sanctions-busting activity.

Shortly after its trip out of Nampo, the *Asia Bridge 1* was de-flagged by the Tanzanian authorities in October 2016 for its links to North Korea.

156. AIS data provided by Polestar Space Applications indicates the destination of the *Asia Bridge 1* while it was sailing out of Nampo was ‘RU NJK’, the call sign for the Russian port of Nakhodka.
158. A search of maritime databases shows the MMSI (677092100) has not been used by another vessel.
In Search of Missing Ships

While several strands of commercial and open-source evidence show that the Weihai World Network’s ships have regularly visited North Korea and shipped coal in violation of UN Resolutions, another of its vessels appears to have recently undergone renovations in Nampo shipyard.

Commercial satellite images shown in Figure 15, taken over the course of 2018 and 2019, show the UK-owned Asia Bridge – formerly the Asia Bridge 2 – moored at the Nampo shipyard as it underwent repairs. One image taken on 14 October 2018 shows the vessel in poor condition berthed at the shipyard. Imagery taken on 24 May 2019 shows the vessel had been repainted and later taken into the shipyard’s dry dock on 2 June 2016 – where vessels undergo maintenance and repairs. Two weeks later, on 16 June, imagery shows the vessel once again out of the dry dock and berthed at the same position with its cargo hatches open.

Figure 15: The Asia Bridge Undergoing Repairs at Nampo Shipyard over the Course of 2018 and 2019

Source: Terraserver, DigitalGlobe, RUSI, Project SANDSTONE.
On 26 June, the ship’s AIS transponder broadcast this exact location after not transmitting for over a year.\textsuperscript{164}

Less than a month later, on 19 July 2019, the Asia Bridge was in another dry dock upriver from the Nampo shipyard.

\textbf{Figure 16:} The Asia Bridge in a second dry dock in Nampo on 19 July 2019.

\begin{center}
\includegraphics[width=\textwidth]{asia_bridge2.jpg}
\end{center}

\textit{Source: Terraserver, DigitalGlobe.}

A few weeks later on 9 August 2019, commercial satellite imagery shows the Asia Bridge less than 2 kilometres upriver from this second dry dock, loading coal at the Nampo coal berth. It is unclear where the ship went after loading North Korean coal, however, the ship did not appear to transmit on its assigned MMSI and IMO number if it did leave North Korean waters.\textsuperscript{165}

\begin{flushright}
\textsuperscript{164} AIS data provided by Polestar Space Applications. \\
\textsuperscript{165} \textit{Ibid.}
\end{flushright}
Conclusion and Recommendations

North Korea continues to export coal in violation of unilateral and multilateral sanctions targeting its nuclear and ballistic missile programme. To do so, the country often relies on foreign-flagged vessels and networks of front companies registered in a range of jurisdictions.

This research has shown that a number of companies and ships targeted by the US Treasury and the UN Security Council connect to a large network of corporate entities and ships still involved in North Korea’s illicit coal trade.

Some of these companies, registered in the UK, are actively being used to own ships exporting North Korean coal. Given the centrality of North Korea’s coal exports to the country’s nuclear and ballistic missile programme, this discovery raises significant questions about the mechanisms by which UN Security Council resolutions are implemented even in low-risk jurisdictions such as the UK.
The fact that ships in the Weihai World Network also regularly sailed without AIS and exhibited several other risk factors highlighted by previous work on deceptive North Korean shipping practices also shows that these networks can be identified using open-source methods.

National governments – including the US and the UK – need to act more quickly on credible evidence of sanctions violations to meet obligations laid out by the UN Security Council since Resolution 1718 and subsequent resolutions.

On 27 March 2019, Hugh Griffiths – the former head of the UN Panel of Experts – made a number of further recommendations to help improve the implementation of UN Security Council resolutions in the maritime sector. These included recommendations that Flag States should share information on ships they have de-registered for links to North Korea’s sanctions-busting activity and more actively monitor ships in their fleets. Additional recommendations included screening AIS signals for suspect activity and dark periods and the inclusion of clauses in insurance contracts that remove insurance for vessels that intentionally sailed for large periods without AIS.

These measures, and several others suggested by the UN Panel of Experts, could help improve the implementation of UN Security Council Resolutions. However, the analysis conducted here also demonstrates the ease with which Companies House and other corporate registries can be exploited to register companies used for sanctions-evading activities. A recent British government consultation on corporate transparency and register reform raised several of these concerns. Reform to the company formation process to include ID verification and the requirements to have an associated UK bank account may also help to both deter North Korea-linked actors from exploiting Companies House and also assist with investigations designed to uncover illicit activity.

While UN Security Council resolutions have already led to greater checks on the registration of some corporate entities in the UK, greater investigatory powers for Companies House could help prevent networks linked to designated entities from exploiting the system. Given the number of ships now designated by the UN Security Council, basic cross-referencing with IMO and shipping data could also help prevent UK companies being used to own or operate designated vessels.

About the Authors

James Byrne is a Research Fellow in 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.

Joe Byrne is a Research Analyst in RUSI’s Proliferation and Nuclear Policy programme. Prior to joining RUSI in 2019, Joe worked at King’s College London research department Project Alpha and also at the European Council on Foreign Relations. Joe holds an MA in Intelligence and International Security from King’s College London.

Hamish Macdonald is an Associate Fellow at RUSI and an independent journalist who has focused uniquely on North Korean affairs for several years. He previously served as the Chief Operating Officer for the Korea Risk Group (KRG), which produced the North Korea-focused platforms, NK News and NK Pro.

Gary Somerville is a Research Analyst in RUSI’s Proliferation and Nuclear Policy programme. His research interests include open-source intelligence collection and the analysis of illicit shipping networks. Gary previously worked in business intelligence.
### Annex 1

<table>
<thead>
<tr>
<th>Ship</th>
<th>Time in Network</th>
<th>Links to North Korea</th>
<th>Registered Owner</th>
<th>Director</th>
<th>Supervisor</th>
<th>Link to WW Network</th>
<th>Commercial Operator</th>
<th>Director</th>
<th>Supervisor</th>
<th>Link to WW Network</th>
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</thead>
<tbody>
<tr>
<td>8657809 (Xin Yang 688)</td>
<td>2012-08 to present (WW)</td>
<td>De-flagged for North Korea links; linked to North Korea-registered company.</td>
<td>T&amp;G Shipping</td>
<td>Cui Lufang</td>
<td>N/A</td>
<td>Director is Cui Lufang from Weihai (linked to Weihai World-Shipping Freight Agency in Chinese court rulings document)</td>
<td>Huaxin Shipping (Hong Kong)</td>
<td>Tan Xiujun</td>
<td>N/A</td>
<td>Director is Tan Xiujun from Weihai</td>
</tr>
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<td>Huaxin Shipping (Hong Kong)</td>
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<td>Huaxin Shipping (Hong Kong)</td>
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<tr>
<td>8916580 (Asia Bridge 1)</td>
<td>2014-06 to present (WW)</td>
<td>UNSC sanctioned for North Korea coal smuggling; operated by UNSC-sanctioned company.</td>
<td>World-Shipping Marine</td>
<td>Tan Xiujun</td>
<td>N/A</td>
<td>Same registered address as Huaxin Shipping (Hong Kong); director is Tan Xiujun from Weihai</td>
<td>Huaxin Shipping (Hong Kong)</td>
<td>Tan Xiujun</td>
<td>N/A</td>
<td>Same registered address as World-Shipping Marine; director is Tan Xiujun from Weihai</td>
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<td>9004700 (Xin Guang Hai)</td>
<td>2017-01 to present (WW)</td>
<td>UNSC sanctioned for North Korea coal smuggling; operated by UNSC-sanctioned company.</td>
<td>Ascending Enterprise</td>
<td>Liu Guifang</td>
<td>N/A</td>
<td>Current director is Tan Xinyue from Weihai; Liu Guifang has been linked to Tan Xiujun in Chinese court documents (birthday is 10/1988)</td>
<td>Weihai World-Shipping Freight Agency</td>
<td>Tan Xiujun</td>
<td>Tan Xinyue</td>
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<tr>
<td>9015278 (Lucky Star)</td>
<td>2015-12 to present (WW)</td>
<td>North Korea coal smuggler; photographed loading coal in Songnim, Oct 2018, and in Nampo, 30 Jan 2019.</td>
<td>Sinow Trade</td>
<td>Chen Chunyan</td>
<td>N/A</td>
<td>Identified as ship owner in Chinese court ruling documents</td>
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<td>Tan Xiujun</td>
<td>N/A</td>
<td>Director is Tan Xiujun from Weihai</td>
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<td>Huaxin Shipping (Hong Kong)</td>
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<td>9010022 (Asia Bridge 2)</td>
<td>2015-09 to present (WW)</td>
<td>Currently in North Korea; de-flagged for North Korea links.</td>
<td>South Pacific Trading (HK) Group</td>
<td>Tan Xiujun</td>
<td>N/A</td>
<td>Same registered address as Huaxin Shipping (Hong Kong); director is Tan Xiujun from Weihai</td>
<td>Huaxin Shipping (Hong Kong)</td>
<td>Tan Xiujun</td>
<td>N/A</td>
<td>Same registered address as South Pacific Trading (HK) Group; director is Tan Xiujun from Weihai</td>
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<td>9073165 (Surplus Ocean 1)</td>
<td>2014-08 to present (WW &amp; SO)</td>
<td>De-flagged for North Korea links; linked to North Korea-registered company.</td>
<td>Mingchu Shipping</td>
<td>Lin Xiude</td>
<td>N/A</td>
<td>Director is Lin Xiude from Weihai</td>
<td>Weihai World-Shipping Freight Agency</td>
<td>Tan Xiujun</td>
<td>Tan Xinyue</td>
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*Huaxin Shipping (Hong Kong) is linked to North Korea-registered company.*
<table>
<thead>
<tr>
<th>Entry</th>
<th>Date</th>
<th>Case Name (Chinese)</th>
<th>Case Name (English)</th>
<th>Case Number</th>
<th>Plaintiffs</th>
<th>Defendants</th>
<th>Details of the Case</th>
<th>Verdict</th>
<th>Notes of Interest</th>
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<tbody>
<tr>
<td>A</td>
<td>26/04/2017</td>
<td>张华强与威海世航海运有限公司其他民事案件裁定书</td>
<td>First Instance Criminal Judgment: Tan Xiujun</td>
<td>(2017)鲁1002民初187号</td>
<td>Weihai City People's Intermediate Court</td>
<td>Tan Xiujun</td>
<td>On 18/10/2015 at 18:10 Tan Xiujun was arrested for dangerous driving in Weihai and found to be over the drink drive limit.</td>
<td>Tan Xiujun pleaded guilty to dangerous driving and was sentenced to two months' detention, two months' probation, and ordered to pay a CNY 3,000 fine.</td>
<td>Almost certain to be the same Tan Xiujun in the report as the date of birth in the document is the same and it identifies him as an employee of Weihai World-Shipping Freight Agency.</td>
</tr>
<tr>
<td>B</td>
<td>11/09/2018</td>
<td>张华强与威海世航海运有限公司其他民事案件裁定书</td>
<td>Other Civil Ruling: Zou Meng vs Weihai World-Shipping Freight Agency</td>
<td>(2018)鲁72财保567号</td>
<td>Zhang Huaqiang</td>
<td>Weihai World-Shipping Freight Agency</td>
<td>Zhang Huaqiang applied for pre-litigation asset preservation request. 1) The plaintiff's application to detain the Xin Yong 688 was accepted. 2) The defendants were ordered to pay an executable guarantee of 170,000 RMB.</td>
<td>1) The court accepted the plaintiff's pre-litigation asset preservation request. 2) The plaintiff's application to detain the Xin Yong 688 was accepted. 3) The defendants were ordered to pay an executable guarantee of 170,000.</td>
<td>UK-registered Always Smooth identified as a co-defendant.</td>
</tr>
<tr>
<td>C</td>
<td>11/09/2018</td>
<td>张华强与威海世航海运有限公司其他民事案件裁定书</td>
<td>Other Civil Ruling: Booms International Trading Ltd vs Weihai World-Shipping Freight Agency</td>
<td>(2018)鲁72财保568号</td>
<td>Zhang Huaqiang</td>
<td>Booms International Trading</td>
<td>Zhang Huaqiang applied for pre-litigation asset preservation request and requested that the Lucky Star, owned by the defendants, be detained, and that the defendants pay an executable guarantee of 100,000 RMB.</td>
<td>1) The court accepted the plaintiff's pre-litigation asset preservation request. 2) The plaintiff's application to detain the Lucky Star was accepted. 3) The defendants were ordered to pay an executable guarantee of 170,000.</td>
<td>UK-registered Always Smooth identified as a co-defendant.</td>
</tr>
<tr>
<td>D</td>
<td>11/09/2018</td>
<td>张华强与威海世航海运有限公司其他民事案件裁定书</td>
<td>Other Civil Ruling: Booms International Trading Ltd vs Weihai World-Shipping Freight Agency</td>
<td>(2018)鲁72财保569号</td>
<td>Booms International Trading</td>
<td>Booms International Trading</td>
<td>Booms International Trading applied for pre-litigation asset preservation and requested that the Xin Yong 688, owned by the defendants, be detained, and that the defendants pay an executable guarantee of 150,000 RMB.</td>
<td>1) The court accepted the plaintiff's pre-litigation asset preservation request. 2) The plaintiff's application to detain the Xin Yong 688 was accepted. 3) The defendants were ordered to pay an executable guarantee of 170,000.</td>
<td>UK-registered Always Smooth identified as a co-defendant.</td>
</tr>
<tr>
<td>E</td>
<td>11/09/2018</td>
<td>张华强与威海世航海运有限公司其他民事案件裁定书</td>
<td>Other Civil Ruling: Booms International Trading Ltd vs Weihai World-Shipping Freight Agency</td>
<td>(2018)鲁72财保570号</td>
<td>Booms International Trading</td>
<td>Booms International Trading</td>
<td>Booms International Trading applied for pre-litigation asset preservation and requested that the Lucky Star, owned by the defendants, be detained, and that the defendants pay an executable guarantee of 170,000 RMB.</td>
<td>1) The court accepted the plaintiff's pre-litigation asset preservation request. 2) The plaintiff's application to detain the Lucky Star was accepted. 3) The defendants were ordered to pay an executable guarantee of 170,000.</td>
<td>UK-registered Always Smooth identified as a co-defendant.</td>
</tr>
<tr>
<td>F</td>
<td>18/12/2018</td>
<td>金武与威海世航海运有限公司其他民事案件裁定书</td>
<td>First Instance Civil Judgment: Jin Wu vs Weihai World-Shipping Freight Agency</td>
<td>(2018)鲁1207民初1216号</td>
<td>Jin Wu</td>
<td>Jin Wu</td>
<td>Jin Wu sued the defendants for failure to pay the full amount of his agreed salary for his work as a crewman on the Asia Bridge 1. Jin requested that the defendants pay him 32,500 RMB and deferred interest.</td>
<td>The court accepted Jin Wu's application and ordered the defendants to pay him CNY 25,458 as well as interest calculated from 28/04/2018.</td>
<td>Chen Chunyan and Cui Liuman are identified as intermediaries making payments to Jin Wu.</td>
</tr>
<tr>
<td>G</td>
<td>18/12/2018</td>
<td>金武与威海世航海运有限公司其他民事案件裁定书</td>
<td>First Instance Civil Judgment: Jin Wu vs Weihai World-Shipping Freight Agency and World Shipping Marine Labour Contract Dispute</td>
<td>(2018)鲁1207民初1428号</td>
<td>Jin Wu</td>
<td>Jin Wu</td>
<td>Jin Wu sued the defendants for failure to pay the full amount of his agreed salary for his work as a crewman on the Asia Bridge 1. Jin requested that the defendants pay him 230,750 RMB and deferred interest.</td>
<td>The court accepted Jin Wu's application and ordered the defendants to pay him CNY 230,750 as well as interest calculated from 28/04/2018.</td>
<td>Chen Chunyan is identified as an intermediary making payments to Jin Wu.</td>
</tr>
<tr>
<td>H</td>
<td>26/12/2018</td>
<td>丛晓柏、华联船务香港有限公司有限公司等其他民事案件裁定书</td>
<td>Other Civil Ruling: Cong Peichao &amp; Haoli Shipping (Hong Kong)</td>
<td>(2018)鲁1207民初1619号</td>
<td>Cong Peichao</td>
<td>Huaxin Shipping (Hong Kong)</td>
<td>Cong Peichao applied for pre-litigation asset preservation request and requested that the Asia Bridge 2, owned by the defendants, be detained, and that the defendants pay an executable guarantee of 320,000 RMB.</td>
<td>1) The court accepted the plaintiff's pre-litigation asset preservation request. 2) The plaintiff's application to detain the Asia Bridge 2 was accepted. 3) The defendants were ordered to pay an executable guarantee of CNY 320,000.</td>
<td>Chen Chunyan and Cui Liuman are identified as intermediaries making payments to Cong Peichao.</td>
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<tr>
<td>I</td>
<td>03/07/2019</td>
<td>刘国、谭秀军合伙协议纠纷、买卖合同纠纷其他民事案件裁定书</td>
<td>Other Civil Ruling: Liu Qiang &amp; Tan Xiujun Partnership Agreement and Sale Contract Dispute</td>
<td>(2019)鲁1207民初448号</td>
<td>Liu Qiang</td>
<td>Tan Xiujun</td>
<td>Liu Qiang requested that the Lucky Star be detained or other assets of equivalent value be seized.</td>
<td>The court accepted Liu Qiang's request ordering that either the Lucky Star be detained or other assets of equivalent value be seized.</td>
<td>Chen Chunyan and Cui Liuman are identified as intermediaries making payments to Liu Qiang.</td>
</tr>
<tr>
<td>J</td>
<td>24/04/2019</td>
<td>张雷与威海世航海运有限公司其他民事案件裁定书</td>
<td>First Instance Civil Judgment: Zou Meng vs Weihai World-Shipping Freight Agency Labour Contract Dispute</td>
<td>(2019)鲁1207民初254号</td>
<td>Zou Meng</td>
<td>Weihai World-Shipping Freight Agency</td>
<td>Zou Meng sued the defendants for failure to pay the full amount of his agreed salary for his work as a crewman on the Lucky Star. Zou requested that the defendants pay him 12,750 RMB and deferred interest.</td>
<td>The court accepted Zou Meng's application and ordered the defendants to pay him CNY 12,750 as well as interest calculated from 10/07/2018 to the date when the payment will be made.</td>
<td>1) In the plaintiff's application Always Smooth was designated as a co-defendant, but it was not included as a defendant by the court as they were unable to establish the company's continued existence. 2) Chen Chunyan and Cui Liuman are identified as intermediaries making payments to Zou Meng.</td>
</tr>
<tr>
<td>K</td>
<td>24/04/2019</td>
<td>张雷与威海世航海运有限公司其他民事案件裁定书</td>
<td>First Instance Civil Judgment: Wang Dayang vs Weihai World-Shipping Freight Agency Labour Contract Dispute</td>
<td>(2019)鲁1207民初274号</td>
<td>Wang Dayang</td>
<td>Weihai World-Shipping Freight Agency</td>
<td>Wang Dayang sued the defendants for failure to pay the full amount of his agreed salary for his work as a crewman on the Lucky Star. Wang requested that the defendants pay him 12,000 RMB and deferred interest.</td>
<td>The court accepted Wang Dayang's application and ordered the defendants to pay him CNY 12,000 as well as interest calculated from 10/07/2018 to the date when the payment will be made.</td>
<td>1) In the plaintiff's application Always Smooth was designated as a co-defendant, but it was not included as a defendant by the court as they were unable to establish the company's continued existence. 2) Chen Chunyan and Cui Liuman are identified as intermediaries making payments to Wang Dayang.</td>
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**Annex 3**

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**Annual Return**

<table>
<thead>
<tr>
<th>Field</th>
<th>Details</th>
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<tr>
<td>Company Name</td>
<td>South Pacific Trading (HK) Group Limited</td>
</tr>
<tr>
<td>Type of Company</td>
<td>Private company</td>
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<td>Date to which this Return is Made Up</td>
<td>07/11/2017</td>
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**Directors**

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<tr>
<th>Capacity</th>
<th>Name in Chinese</th>
<th>Name in English</th>
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<tr>
<td>Director</td>
<td>TAN</td>
<td>Xigen</td>
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</table>

**Address**

- Residential Address: Room 2105, QD209, Trend Centre, 29-31 Cheung Lee Street, Cln. Wn, Hong Kong
- China ID: 370632197608149180

---

Source: RUSI, Project SANDSTONE.
Annex 4

Annual Return

Company Name: HUAXIN SHIPPING (HONGKONG) LIMITED

Date of Return: 10.48.2017

Directors:

Name: TAN Xijia
Residential Address: Room 2105, Q03867, Trend Centre, 20-31 Cheung Lee Street, Chat Wan, Hong Kong

Signature:

Source: RUSI, Project SANDSTONE.
Annex 5

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<td>Company Name</td>
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<td>Business Name (If any)</td>
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<td>Type of Company</td>
<td>Private company</td>
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<td>Date to which this Return is Made Up</td>
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<th>Name in Chinese</th>
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<td>Name in English</td>
<td>Simon Chou</td>
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<tr>
<td>Previous Name</td>
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<tr>
<td>Alias</td>
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<td>Residential Address</td>
<td>Room 1603, Q5303, Golden Plaza, 20 HongKong Midlevel Rd, Shama District, Qingdao, Shandong, China</td>
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<td>Identification</td>
<td>China ID: 370532197908149110</td>
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Source: RUSI, Project SANDSTONE.
### Annex 6

#### Summary of Changes to Vessels Linked to North Korea Over Time

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<td><strong>Xin Yang 688</strong></td>
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<td>Senior Master Int Ship Mgmt</td>
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<td>Weihai World Shipping Freight</td>
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</table>

- **UNSC sanctioned**
- **Owner**
- **Manager**

Source: RUSI, Project SANDSTONE