

09 June 2020

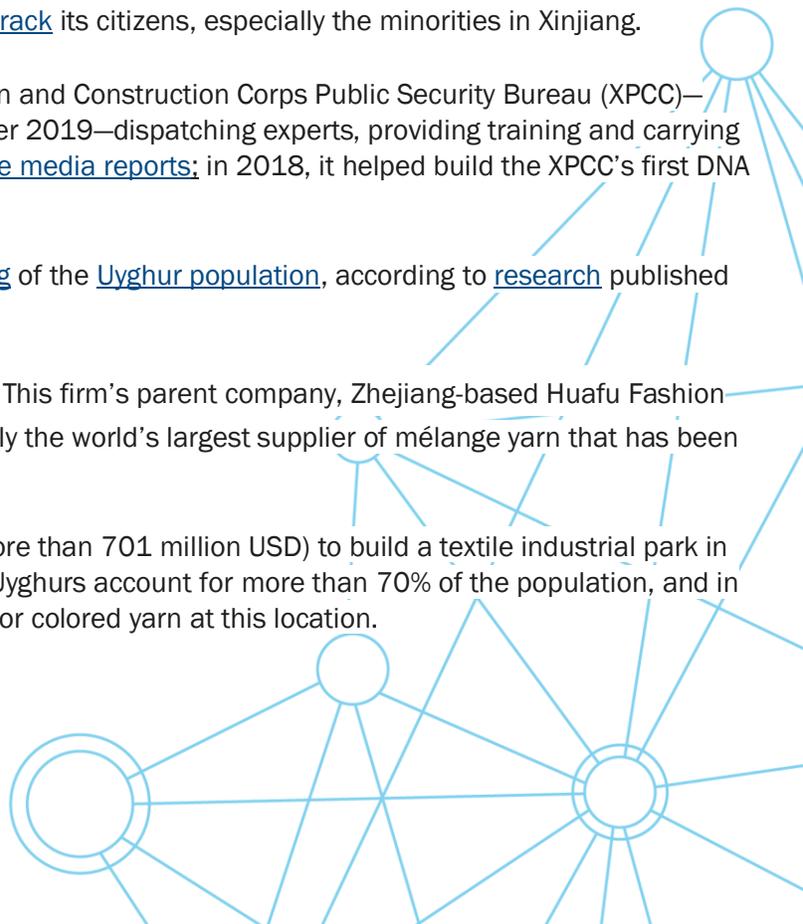
On June 5, 2020, the Bureau of Industry and Security (BIS) released details on 33 Chinese entities—including government agencies, state-sponsored research institutes, universities and affiliated firms, as well as private companies involved in the general supply chain—it is adding to its Entity List, imposing stricter regulations on exports, reexports, and transfers of certain items. [Nine entities](#) were listed for contributing to human rights violations in Xinjiang, and 24 were [designated](#) for having ties to weapons of mass destruction (WMD) and military activities.

Twelve of these entities are reportedly involved in nuclear research and development (R & D) and military programs. Others are developing technologies such as cloud, artificial intelligence (AI), and 5G technology that Beijing exploits to track, surveil, and control its populace.

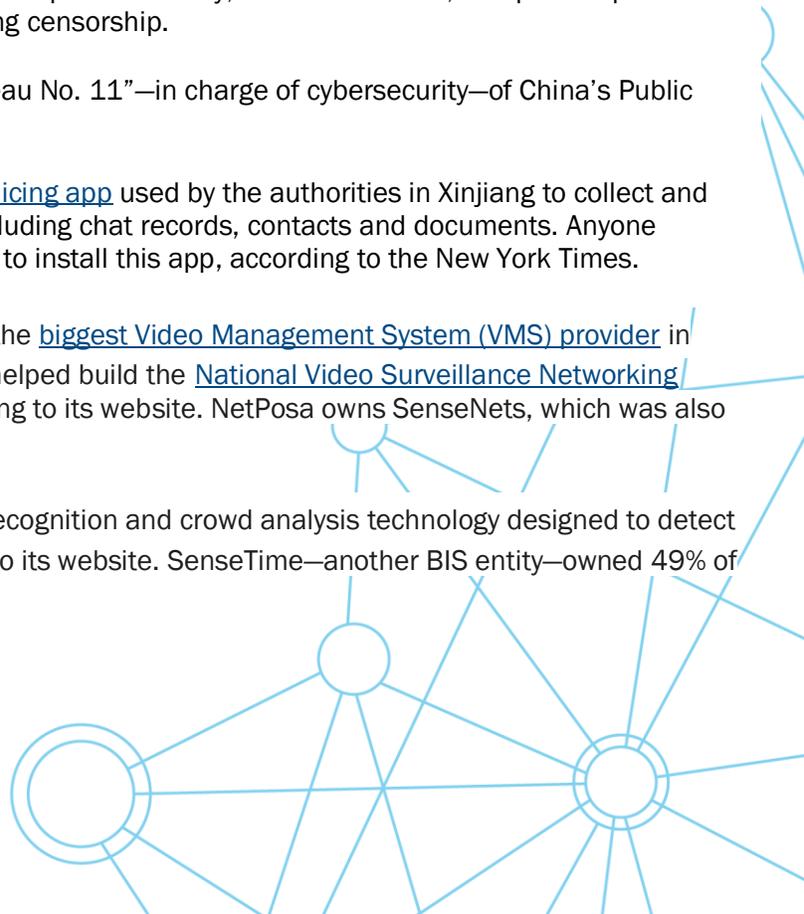
An examination of the nature of these 33 entities and their primary lines of business provides insight into why they may have been included on the Entity List, allowing US firms to more effectively assess their exposure to regulatory and reputational risks and be more proactive in identifying broader trends in the sanctions sphere amidst growing tension between the United States and China.

Human rights abuses

- 1. Institute of Forensic Science of China 公安部物证鉴定中心** belongs to China's [Ministry of Public Security](#). The organization oversees crime scene investigations and forensics in cases that often include Uyghur “terrorist attacks.”
 - The institute allegedly helps China [use DNA to track](#) its citizens, especially the minorities in Xinjiang.
 - It also works closely with the Xinjiang Production and Construction Corps Public Security Bureau (XPCC)—which was [added to the BIS](#) Entity List in October 2019—dispatching experts, providing training and carrying out joint research projects, according to [Chinese media reports](#); in 2018, it helped build the XPCC's first DNA laboratory.
 - The institute may be involved in [genetic profiling](#) of the [Uyghur population](#), according to [research](#) published in Chinese academic journals.
- 2. Aksu Huafu Textiles Co. 阿克苏华孚色纺有限公司.** This firm's parent company, Zhejiang-based Huafu Fashion Co., is a publicly-traded conglomerate and reportedly the world's largest supplier of mélangé yarn that has been [investing in Xinjiang](#) since 2006
 - In 2015, Aksu Huafu pledged 5 billion yuan (more than 701 million USD) to build a textile industrial park in Aksu—a prefecture in southern Xinjiang where Uyghurs account for more than 70% of the population, and in 2018, it opened the world's [largest textile mill](#) for colored yarn at this location.



- More than 90% of the company's workers in Aksu are from ethnic minority groups, according to [state media reports](#), who all had to receive Mandarin and vocational training. Although Beijing claims its training facilities are aimed at [vocational training and deradicalization](#), numerous reports by [media](#) and [independent groups](#) exposed them to be incarceration centers and forced labor camps.
3. [CloudWalk Technology](#) 云从科技 is an AI facial recognition firm founded in 2015 with locations in eight cities across China, which is now the [fourth biggest](#) facial recognition tech company behind SenseTime, Megvii, and Yitu, all of which were added to the BIS entity list in 2019.
 - CloudWalk's technology is widely used in the financial, public security, and aviation sectors, and it helped create surveillance software that [targets Uyghur faces](#), according to the New York Times.
 - The company reportedly helped police in China arrest [more than 10,000 individuals](#) in four years, and its technology has been deployed in almost every province in the country.
 4. [FiberHome Technologies Group](#) 烽火通信科技股份有限公司 is a [major optical communication](#) and ICT solutions provider in Hubei province, which is a major developer of [5G technology](#) in China and wholly owned by state company China Information Telecom Technology Group Co., Ltd. FiberHome Technologies is the parent company of Nanjing FiberHome Starrysky Communication Development, which is also included on the Entity List.
 5. [Nanjing FiberHome Starrysky Communication Development](#) 南京烽火星空通信发展有限公司 provides cybersecurity services and data analytics and supports public security, law enforcement, and public opinion monitoring, according to its website, likely facilitating censorship.
 - The company is a designated supplier for "Bureau No. 11"—in charge of cybersecurity—of China's Public Security Ministry.
 - The company also developed the Fengcai, a [policing app](#) used by the authorities in Xinjiang to collect and monitor data stored on individuals' phones, including chat records, contacts and documents. Anyone entering Xinjiang, including tourists, is required to install this app, according to the New York Times.
 6. [NetPosa](#) 东方网力科技股份有限公司 bills itself as the [biggest Video Management System \(VMS\) provider](#) in China and the third largest in the world. The company helped build the [National Video Surveillance Networking Platform](#) for China's Ministry of Public Security, according to its website. NetPosa owns SenseNets, which was also included on the Entity List.
 7. [SenseNets](#) 深网视界科技有限公司 provides facial recognition and crowd analysis technology designed to detect unusual behavior in large groups of people, according to its website. SenseTime—another BIS entity—owned 49% of SenseNets until 2018.



- In 2019, a [data leak](#) from SenseNets revealed that the company was tracking the movements of more than 2.5 million people in Xinjiang.

8. **Intellifusion 深圳云天励飞技术有限公司** in 2017 was recognized as an “[outstanding company](#)” for supporting security in Xinjiang.

- Police departments across China use Intellifusion’s [facial recognition technology](#) to track people moving through crowds.
- Chinese authorities use the company’s technology to [trace and track](#) the spread of COVID-19. More specifically, it helps authorities detect people who try to hide a fever from the government.

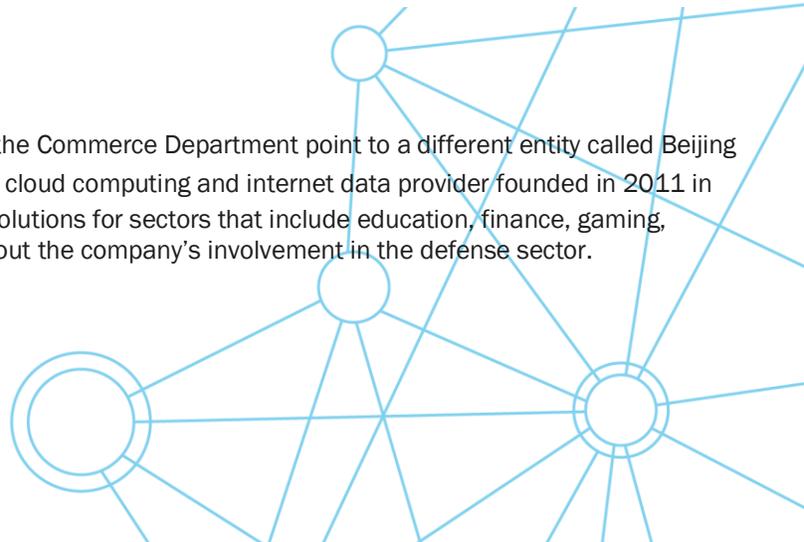
9. **IS’Vision 上海银晨智能识别科技有限公司** develops facial recognition technology, and its products are widely used in China’s public and military sectors. The company helped build facial recognition and comparison systems for public security bureaus across China, including in Kashgar and Hotan—regions in southern Xinjiang where Uyghurs represent the majority of the population—XPCC, and Tibet.

Ties to WMD and Military Activities

I. *Cloud, 5G, AI technology with potential military application:*

1. **Cloudminds Inc.** is a holding company registered in the Cayman Islands in 2015 and the parent company of Cloudminds (Hong Kong) Limited, which is also included on the Entity List and through which it owns subsidiaries in mainland China. Cloudminds also has subsidiaries in the United States and Japan.
2. **Cloudminds (Hong Kong) Limited** is a holding company registered in Hong Kong. Most of its business operations are carried out at its offices in the United States, mainland China, and Japan.
3. **Cloudminds Technologies Co., Ltd. 达闼科技 (北京) 有限公司** (aka Beijing Cloudmind Technology Co., Ltd.)¹ is hailed as a leading company in [cloud AI architecture and robotics](#) and is involved in the development and application of [5G technology](#)—an area with [potential military applications](#). An [archived version](#) of the company’s website advertises MCS cloud solutions for government agencies, offering to meet the needs of “public security, prisons and military.”

¹ Our research shows that the name and addresses provided by the Commerce Department point to a different entity called Beijing Cloudmind Technology Co., Ltd. (北京中云融信科技有限公司)—a cloud computing and internet data provider founded in 2011 in Beijing. It provides customized public, private, and hybrid cloud solutions for sectors that include education, finance, gaming, security, and government, but limited information is available about the company’s involvement in the defense sector.



4. **Kunhai (Yanjiao) Innovation Research Institute 鲲海 (燕郊) 创新研究院** (aka Kunhai Academy for Innovative Research and Data Technologies Co.; aka Kunhai Innovation Engineering Research Institute) mainly focuses on the “[research and conversion of military/civilian dual-use technologies](#).” The entity is [registered](#) at the “National Defense Science Park” in Beijing. The director of the institute, [Bill Huang](#) (William Huang Xiaoqing, 黄晓庆), is also the founder and CEO of Cloudminds.

II. Cybersecurity, defense sector involvement:

5. **Qihoo 360 Technology Co. Ltd.** is a holding company registered in the Cayman Islands and was listed on the New York Stock Exchange (NYSE) from 2011 to 2016. It used to be the parent company of the Qihoo 360 Technology Company, which has also been placed on the Entity List. After the delisting from NYSE and corporate restructuring in 2018, they are now both wholly-owned subsidiaries of 360 Security Technology Inc.
6. **Qihoo 360 Technology Company 北京奇虎 360 科技有限公司** is one of the biggest anti-virus and cybersecurity companies in China, which works to shape the [5G security standards](#), cooperates extensively with [government agencies](#), and is deeply [involved](#) in helping Beijing fight the “[war in the fifth domain](#)” (i.e. cyber warfare).
- In 2018, Qihoo 360 signed a [strategic cooperation agreement](#) with the State Administration for Science, Technology and Industry for National Defense in an effort to promote the development of a military-civilian integration industry and provide talents for the military industry.
 - In 2018, it launched a “[360 Cyber Security Brain](#)” for government and national defense, [boasting](#) that it was the “world's largest distributed intelligent security system”
 - The company also regularly publishes cybersecurity information often used by Beijing as propaganda against the United States. In March 2020, it [accused](#) the CIA of running a 11-year hacking campaign against China.

III. Research and development of nuclear weapons

The following 10 entities are research institutes, universities, and companies directly or indirectly owned by or affiliated with the [China Academy of Engineering Physics](#) (CAEP), which has been on the BIS Entity List [since 1997](#). Described by some as the [equivalent](#) of Los Alamos National Laboratory of the US, the CAEP is dedicated to the research, development, and testing of nuclear weapons and related science.

7. **[Beijing Computational Science Research Center 北京计算科学研究中心](#)** positions itself as a “center of excellence in computational science research addressing current and critical issues in... Mathematics, Mechanics, Physics, Chemistry, Materials Science, and Computational Science.” The company was established in 2009 in Beijing to help the CAEP strengthen defense science and research, while also developing dual-use technologies.



8. **Center for High Pressure Science and Technology Advanced Research 北京高压科学研究中心** is funded directly by China's Finance Ministry, with campuses in Beijing, Shanghai and Changchun. The institute is focused on research that has potential [military applications](#), such as high pressure physics, high pressure chemistry, high pressure energy, and high pressure nanoscience.
9. **Chengdu Fine Optical Engineering Research Center 成都精密光学工程研究中心** was founded in 1995 in Chengdu, Sichuan Province to [participate](#) in research and application of inertial confinement fusion technology. It focuses on research and production of dual-use [laser and optical technology](#) devices.
10. **Peace Institute of Multiscale Science 顶峰多尺度科学研究所** was founded in 2008 as part of the "[Thousand Talents Plan](#)," a Chinese government initiative to attract international experts in scientific research and innovation. Before returning to China, Sheng-Nian Luo, the director of the institute, was a physicist at Los Alamos National Laboratory in the United States. Located in Chengdu, Sichuan province, under the auspices of the [School of Materials Science and Engineering](#), Southwest Jiaotong University, it was probably [jointly founded](#) by the university and the CAEP. The institute's main fields of study include materials science, mechanics, condensed matter and plasma physics, chemistry, and optics, including THz and X-ray sciences.
11. **Sichuan Haitian New Technology Group Co. Ltd. 四川海天新技术集团有限公司** is an import and export company 100% owned by the CAEP. It owns the Sichuan Zhonghe Import and Export Trade Co., Ltd.
12. **Sichuan Zhonghe Import and Export Trade Co., Ltd. 四川中和进出口贸易有限公司** owns the Beijing Jincheng Huanyu Electronics Co., Ltd.
13. **Beijing Jincheng Huanyu Electronics Co., Ltd. 北京锦程环宇科贸有限公司**
14. **Sichuan Dingcheng Material Trade Co., Ltd. 四川鼎澄物资贸易有限公司** trades in electronics and chemical materials and provides nuclear technology services and consultation, according to the Chinese corporate registry.
15. **Skyeeye Laser Technology Limited 深圳砺剑天眼科技有限公司** is engaged in research and development, production, and sales of laser radar and electronics and development, sales, and import and export of drone technologies, according to China's corporate register.
 - The entity is 52.12% owned by Lijian Defense Technology Group Co., Ltd. [砺剑防务技术集团有限公司, which consults, tests, and conducts R & D of new defense technologies.
 - It is 25% owned by Jiuli Technology Industry Co., Ltd. [四川省科学城久利科技实业有限责任公司], which is wholly owned by the Institute of Applied Electronics, which in turn is owned by the CAEP, and mainly



conducts defense technology research and dual-use R & D.

- It is 22.88% owned by the Architectural Design Institute, which is wholly owned by the CAEP.

16. China Jiuyuan Trading Corporation 中国久远高新技术装备公司 (aka China Long Term Material Trading Company; aka China Long-Standing Material Trading Company; aka China Jiuyuan High-Tech Equipment Company) is 100% owned by the CAEP, according to the Chinese corporate registry.

IV. *Military programs and/or nuclear research and development:*

17. Harbin Engineering University 哈尔滨工程大学 is [listed](#) for “acquiring and attempting to acquire US-origin items in support of programs for the People’s Liberation Army (PLA).” Formerly named “The People’s Liberation Army Military Institute of Engineering,” its main disciplines include maritime equipment and information, advanced nuclear energy, and nuclear security.

18. Harbin Institute of Technology 哈尔滨工业大学 has sought to use US technology for Chinese missile programs,” according to the BIS designation notes. It and Harbin Engineering University are controlled by the Ministry of Industry and Information Technology. The institute’s key discipline is astronautics, with the goal of serving China’s national defense and economy, according to its website.

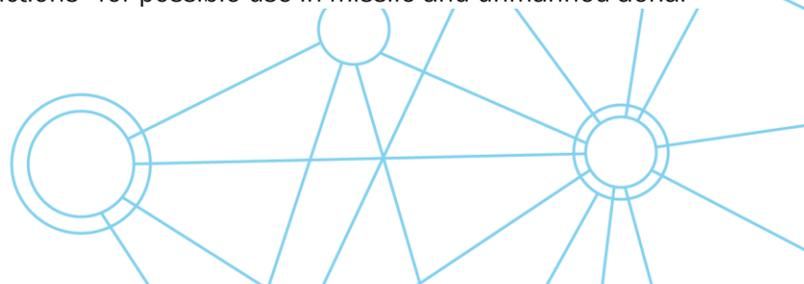
V. *Procurement and logistics companies involved in the supply chain for defense industry use*

19. Harbin Chuangyue Technology Co., Ltd. 哈尔滨创越科技有限公司 [Harbin Chuangyue](#) and [Harbin Yun Li Da](#), [which has also been included on the Entity List](#), supply lab equipment, such as fully automated chemisorption analyzers, to the Harbin Institute of Technology, according to procurement documents on the university’s website. Both companies also work to acquire US-origin items in support of programs for the PLA.

20. Harbin Yun Li Da Technology and Development Co., Ltd. 哈尔滨蕴力达科技开发有限公司 is involved in consultation, development and sales of mechanical equipment, and sales and import and export of electronic devices.

21. JCN (HK) Technology Co. Ltd. 精纳科技有限公司 produces and sells accelerometers and gyroscopes, sensors, and other devices for oil drilling, marine engineering, safety supervision, dam bridge automation control, and other related fields, according to an [archived version](#) of its website. The company shares an address with Reekay Technologies, which was added to the Entity List in 2015 “for supplying US-origin items to Iran’s defense industry, according to the BIS designation notes.

22. K Logistics (China) Limited 快急送物流(中国)有限公司, Zhu Jiejin, and Shanghai Nova Instruments been involved in purchasing items subject to export restrictions “for possible use in missile and unmanned aerial



vehicle applications in China” without licenses, according to the BIS designation notes.

23. Zhu Jiejin 朱洁瑾 (aka Anna Zhu) is an individual who owns Shanghai Nova Instruments Co. Ltd.

24. Shanghai Nova Instruments Co., Ltd. 上海维逸测控技术有限公司 supplies sensors, such as inclinometers and accelerometers and services clients in sectors that include road and bridge monitoring, petrochemical, aerospace and aviation, and defense and military industry, according to China’s corporate registry.

