Treasury Identifies Eight Chinese Tech Firms as Part of The Chinese Military-Industrial Complex

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WASHINGTON – Today, the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) identified eight Chinese technology firms pursuant to Executive Order (E.O.) 13959, as amended by E.O. 14032. These eight entities actively support the biometric surveillance and tracking of ethnic and religious minorities in China, particularly the predominantly Muslim Uyghur minority in Xinjiang. As a result of today's action, U.S. persons will be prohibited from purchasing or selling certain publicly traded securities connected with these entities, as described in E.O. 13959, as amended.

"Today's action highlights how private firms in China's defense and surveillance technology sectors are actively cooperating with the government's efforts to repress members of ethnic and religious minority groups," said Under Secretary of the Treasury for Terrorism and Financial Intelligence Brian E. Nelson. "Treasury remains committed to ensuring that the U.S. financial system and American investors are not supporting these activities."

The entities identified today are **Cloudwalk Technology Co., Ltd.**; **Dawning Information Industry Co., Ltd.**; **Leon Technology Company Limited**; **Megvii Technology Limited**; **Netposa Technologies Limited**; **SZ DJI Technology Co., Ltd.**; **Xiamen Meiya Pico Information Co., Ltd.**; and **Yitu Limited**.

TECHNOLOGY USED FOR SURVEILLANCE OF RELIGIOUS OR ETHNIC MINORITY GROUPS

Beginning in 2016, Chen Quanguo, the then-newly appointed Communist Party Secretary of the Xinjiang Uyghur Autonomous Region, stepped up security and surveillance measures aimed at the Uyghur population in Xinjiang. Such actions included the installation of thousands of neighborhood police kiosks and ubiquitous placement of surveillance cameras, collection of biometric data for identification purposes, and more intrusive monitoring of internet use. By some estimates, since 2017, Xinjiang authorities have arbitrarily detained between 1 million and 1.8 million Uyghurs and members of other ethnic and religious minority groups, including ethnic Kazakhs and others, in "reeducation" centers. On July 9, 2020, Chen Quanguo was designated pursuant to E.O. 13818, which builds upon and implements the

Global Magnitsky Human Rights Accountability Act, for being a foreign person who is or has been a leader or official of an entity, including any government entity, that has engaged in, or whose members have engaged in serious human rights abuse relating to the leader's or official's tenure. The surveillance and tracking of ethnic and religious minorities in the People's Republic of China (PRC) continue to this day.

ACTORS INVOLVED IN THE SURVEILLANCE AND TRACKING OF RELIGIOUS AND ETHNIC MINORITIES IN THE PRC

Cloudwalk Technology Co., Ltd.

Cloudwalk Technology Co., Ltd. (Cloudwalk) operates or has operated in the surveillance technology sector of the economy of the PRC. Cloudwalk has developed facial recognition software designed to track and surveil members of ethnic minority groups, including Tibetans and Uyghurs, and alert authorities if too many individuals gather in specific locations. Cloudwalk's surveillance technology is also used outside of China. In 2018, Cloudwalk and the Zimbabwean government agreed to the installment of a mass surveillance network in Zimbabwe. The agreement included a requirement that the Zimbabwean government send images it acquires from the surveillance network back to Cloudwalk's offices in China, so that Cloudwalk could improve the ability of its facial recognition software to recognize individuals based on skin pigmentation.

Dawning Information Industry Co., Ltd

Dawning Information Industry Co., Ltd (Dawning) operates or has operated in the defense and related materiel sector of the economy of the PRC and owns or controls, directly or indirectly, Xinjiang Sugon Cloud Computing Co., Ltd. (Sugon), an entity that operates or has operated in the surveillance technology sector of the economy of the PRC. Dawning provides big data systems for national defense and security uses, including for the People's Liberation Army (PLA) development of nuclear and hypersonic weapons-testing and its joint combat command system. Moreover, Dawning's fully owned subsidiary, Sugon, built the Urumqi Cloud Computing Center, which is used to monitor individuals in Xinjiang and engage in predictive policing efforts.

Leon Technology Company Limited

Leon Technology Company Limited (Leon Technology) operates or has operated in the surveillance technology sector of the economy of the PRC. Leon Technology is one of the key companies that helped the PRC build the Integrated Joint Operations Platform, a surveillance

system in Xinjiang. Leon Technology has multiple surveillance project contracts with the PRC, particularly in parts of the country with sizeable ethnic minority populations.

Megvii Technology Limited

Megvii Technology Limited (Megvii) operates or has operated in the surveillance technology sector of the economy of the PRC and owns or controls, directly or indirectly, Beijing Kuangshi Technology Co., Ltd. (Kuangshi), an entity that operates or has operated in the surveillance technology sector of the economy of the PRC. Kuangshi has developed and created customized software designed to conduct surveillance activities of ethnic minorities, including Uyghurs. One such AI software could recognize persons as being part of the Uyghur ethnic minority and send automated alarms to government authorities. Megvii has exported its facial recognition software to third countries, including Thailand and Pakistan.

Netposa Technologies Limited

Netposa Technologies Limited (Netposa) owns or controls, directly or indirectly, SenseNets Technology Ltd. (SenseNets), an entity that operates or has operated in the surveillance technology sector of the economy of the PRC. Netposa's subsidiary, SenseNets, has created a facial recognition database that combines GPS tracking with sensitive personal information to track individuals including Uyghurs. At one point, SenseNets was tracking over 2.5 million individuals in Xinjiang.

Xiamen Meiya Pico Information Co., Ltd.

Xiamen Meiya Pico Information Co., Ltd. (Meiya Pico) operates or has operated in the surveillance technology sector of the economy of the PRC. Meiya Pico has developed a mobile application designed to track image and audio files, location data, and messages on ordinary citizens' cellphones. Meiya Pico has also collaborated with other entities to develop a transcription and translation tool for the Uyghur language to enable authorities to scan electronic devices for criminal content. In 2018, residents of Xinjiang were required to download a desktop version of Meiya Pico's surveillance software so authorities could monitor for illicit activity.

SZ DJI Technology Co., Ltd.

SZ DJI Technology Co., Ltd. (SZ DJI) operates or has operated in the surveillance technology sector of the economy of the PRC. SZ DJI has provided drones to the Xinjiang Public Security Bureau, which are used to surveil Uyghurs in Xinjiang. The Xinjiang Public Security Bureau was previously designated in July 2020, pursuant to E.O. 13818, for being a foreign person

responsible for, or complicit in, or that has directly or indirectly engaged in, serious human rights abuse.

Yitu Limited

Yitu Limited owns or controls, directly or indirectly, Shanghai Yitu Technology Co., Ltd. (Yitu), an entity that operates or has operated in the surveillance technology sector of the economy of the PRC. Yitu has been involved in developing facial recognition technology that looks exclusively for Uyghurs and has been integrated into China's rapidly expanding networks of surveillance cameras. In addition, Yitu has established an overseas office to export its surveillance technology to foreign law enforcement agencies.

As a result of today's actions, the purchase or sale by U.S. persons of any publicly traded securities, or any publicly traded securities that are derivative of such securities or are designed to provide investment exposure to such securities, of any person identified in today's action pursuant to E.O. 13959, as amended, is prohibited.

The eight entities identified in today's action are on the U.S. Commerce Department's Entity List. Today, the Commerce Department's Bureau of Industry and Security issued a final rule adding 37 new foreign entities to the Entity List for engaging in activities that are contrary to the national security or foreign policy interests of the United States. These additions include 25 PRC entities that contribute to Beijing's efforts to develop and deploy biotechnology and other technologies for military applications and human rights abuses, including four entities previously identified in E.O. 13959, as amended: Aerosun Corporation; Changsha Jingjia Microelectronics Company Limited; Fujian Torch Electron Technology Co., Ltd.; and Inner Mongolia First Machinery Group Co., Ltd.

For identifying information on the entities identified today, click here.

For information related to the Non-SDN Chinese Military-Industrial Complex List, click here.

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