

## Nuctech Company, Ltd and Tsinghua Tongfang Co., Ltd.

### 1. BACKGROUND AND RISK ASSESSMENT

Nuctech, a partially state-owned Chinese security manufacturer, was [raided](#) by EU authorities on the 24th of April, 2024 over accusations of receiving “distortive foreign subsidies.” The raids are also likely linked, at least in part, to an ongoing effort by Europe to decouple from Chinese corporate bad actors. Although its scanners for cargo, baggage, and humans are [extensively used throughout Europe](#), including at major airports, seaports and border checkpoints, Nuctech has been criticized for its [ties to the Chinese Communist Party](#) and repeatedly flagged by [U.S.](#), [Canadian](#), and [EU](#) policymakers and NGO experts as a national security threat. Despite Nuctech’s [claims](#) that it complies with European data protection laws, the company is bound by the 2017 Chinese National Intelligence Law to hand over data to the Chinese government and/or conduct espionage on demand of the CCP. Nuctech also [claims](#) to contribute to China’s “national security” as well as its “national military strategy of border construction.” The fact that Nuctech was [formerly run](#) by the son of China’s former premier Hu Jintao, Hu Haifeng, is further evidence of its deep entanglement with the CCP.

Nuctech is a wholly owned [subsidiary](#) of Tsinghua Tongfang Co. Ltd., a publicly traded technology giant and key contractor for the PLA, for whom it produces [wireless communications, satellite navigation and electronic countermeasure equipment](#), alongside other [technology](#) and [maintenance](#) services.

Tsinghua Tongfang is, in turn, [owned](#) by the China National Nuclear Corporation (CNNC), which became its controlling stockholder in 2019. The state-owned CNNC is China’s [leading enterprise for the entire country’s civilian and military nuclear programs](#), and is [subject to a U.S. investment ban](#) due to its ties to the PLA and central role within China’s defense industry.

### 2. SANCTIONED STATUS

- [Nuctech](#) - Nuctech is on the U.S. Department of Commerce’s BIS Entity List for contravening “U.S. efforts to counter illicit international trafficking in nuclear and other radioactive materials.”
- [CNNC](#) - CNNC is on the U.S. Department of the Treasury’s OFAC Non-SDN Chinese Military-Industrial Complex Companies List.

### 3. PUBLICLY TRADED STATUS AND SELECT OWNERSHIP DATA

Tsinghua Tongfang is listed in Shanghai under ticker number [600100](#).

- The Swedish national pension system equity fund, AP7 Aktiefond, holds 0.02% of outstanding shares, valued at \$0.4 million.
- The Vanguard Group holds 0.20% of outstanding shares, valued at \$5.4 million.
  - Vanguard Emerging Markets Stock Index Fund accounts for half of Vanguard’s ownership, holding 0.10% of Tsinghua Tongfang’s outstanding shares.
- Boston-based Arrowstreet Capital holds 0.09% of outstanding shares, valued at \$2.4 million.
- BlackRock Institutional Trust Company, N.A. holds 0.05% of outstanding shares, with BlackRock Advisors (UK) Limited holding another 0.05%, cumulatively valued at \$2.8 million.

### 4. RECOMMENDATION

The national security risks posed by Nuctech – and the abuses of its parent companies – should be remedied through the imposition of capital markets sanctions against Tsinghua Tongfang. Specifically, PSSI recommends immediate regulatory action to prohibit all European and American retail and institutional investors from buying, selling, and holding the securities of this company.