

China's SenseTime postpones Hong Kong IPO after US blacklisting

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Chinese artificial intelligence start-up SenseTime postponed a \$767 million initial public offering in Hong Kong after it was blacklisted by the United States over accusations of genocide in Xinjiang.

Chinese artificial intelligence start-up SenseTime said Monday it was

postponing a \$767 million initial public offering in Hong Kong after it was blacklisted by the United States over accusations of genocide in Xinjiang.

The US Treasury announced the ban on Friday, saying SenseTime's facial recognition programmes were designed in part to be used against Uyghurs and other mostly Muslim minorities in Xinjiang, where UN experts and researchers estimate more than one million have been incarcerated in prison camps.

The blacklisting immediately cast a shadow over the company's upcoming IPO plans in Hong Kong, which had been due to take place a week later. It also illustrated the risks investors face from competing sanctions as relations between the world's two biggest economies sour.

On Monday, SenseTime filed a statement to the Hong Kong stock exchange saying it would postpone its listing "to safeguard the interests of the potential investors" as they weigh the impact of being placed on the blacklist.

SenseTime said it "remains committed" to listing in Hong Kong soon and would fully refund those who had already invested.

The US sanctions and blacklisting can prevent individuals from obtaining visas to the United States, block assets under US jurisdiction, and prevent the targets from doing business with US individuals or entities—effectively locking them out of the US banking system.

A blacklisting would make it all but impossible for US investment banks usually involved in Hong Kong listings to get involved, or for a US national to invest in the offering.

China on Monday decried the latest sanctions, which were also placed on

two government officials in Xinjiang.

"If the US insists on acting rashly, China will have to take effective measures to firmly fight back," foreign ministry spokesman Wang Wenbin told reporters.



Rights groups say China has detained around one million Uyghurs and other Muslims in re-education camps in the Xinjiang region.

'Caught in the middle'

Washington says SenseTime is part of China's "military-industrial complex". It had already placed the company on the US Department of

Commerce's blacklist in 2019 because its technology had been used for mass surveillance in Xinjiang.

It says SenseTime has developed and deployed facial recognition software that can determine a person's ethnicity, including whether someone looks Uyghur.

SenseTime criticised the latest blacklisting, saying in a statement over the weekend it was "caught in the middle of geopolitical tension".

"We strongly oppose the designation and accusations that have been made in connection with it. The accusations are unfounded and reflect a fundamental misperception of our Company," the firm said.

The plight of the Uyghurs has contributed to worsening diplomatic relations between Western powers and Beijing.

Human rights groups and foreign governments have found evidence of what they say are mass detentions, forced labour, political indoctrination, torture and forced sterilisation. Washington has described it as genocide.

After initially denying the existence of the Xinjiang camps, China later defended them as vocational training centres aimed at reducing the appeal of Islamic extremism.

Beijing's use of technology to keep track of its citizens, and the companies that pioneer that tech, have come under increased international scrutiny in recent years.

China maintains vast and sophisticated surveillance programmes, both online and on the streets, with artificial intelligence and facial recognition software playing key roles.

During the coronavirus pandemic, SenseTime's software has been used to check commuter temperatures, determine if they are wearing a facemask, and can identify people even when their mouths are covered.

Founded in 2014 by academic Tang Xiao'ou at the Chinese University of Hong Kong, the company has gone on to become one of China's most valuable start-ups in just a few years.

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