

Beijing Aerospace Times Optical-electronic Co. Ltd. (ATOE)

Due Diligence Report for CAPE Steering Committee

With the help of the University of Cambridge International Strategy Office, appropriate due diligence has been conducted for ATOE through the UK Trade and Industry office (UKTI) in the British Embassy in Beijing, following ATOE's recent application to join the CAPE Partnership.

On 10 May 2013 the Head of the University International Strategy Office confirmed the CAPE Office's original statement that ATOE is an R&D subsidiary arm of China Aerospace Science and Technology Corporation (CASC), and provided a preliminary report from the UKTI in Beijing which stated that:

"CASC is one of the major Chinese contractors in the space sector. It is a large State Owned Enterprise with a number of R&D facilities and subsidiaries. CASC have been involved in the UK-China Aerospace Working Group, which is organised by UKTI and the Chinese Ministry of Commerce (MofCOM), for a number of years and is expected to be major participant in the recently established Space sub-group which will meet in the UK for the first time this July. (Around the UK Space Conference in Glasgow.)

On CASC clearly they have both civil and defence interests, as do other parts of the Chinese space sector. When agreeing to take forward cooperation in this area we have been very clear that we need to ensure there is no conflict. As such we are looking at the areas of technology we should avoid to ensure this doesn't happen and are keeping colleagues in Export Controls in the loop to ensure they are content with our plans."

A few days later on 14 May 2013, a second report was received from the UKTI in Beijing via the International Strategy Office, stating that:

"We've now talked to both CASC, about ATOE, and ATOE themselves. ATOE have confirmed they have both military and civil interests. They suggest that the split is roughly 60% military and 40% civil. However, they suggest that the military and civil businesses are completely independent with different technical and management teams. Although currently the smaller part of their activities the civil business, it has great potential to expand rapidly.

ATOE advised that the Chinese government has strict control on the military part of their business and everything has to be reported and monitored closely if it involves these interests. They confirmed the business they wish to discuss with Cambridge University is purely civil."

CAPE Office

June 2013