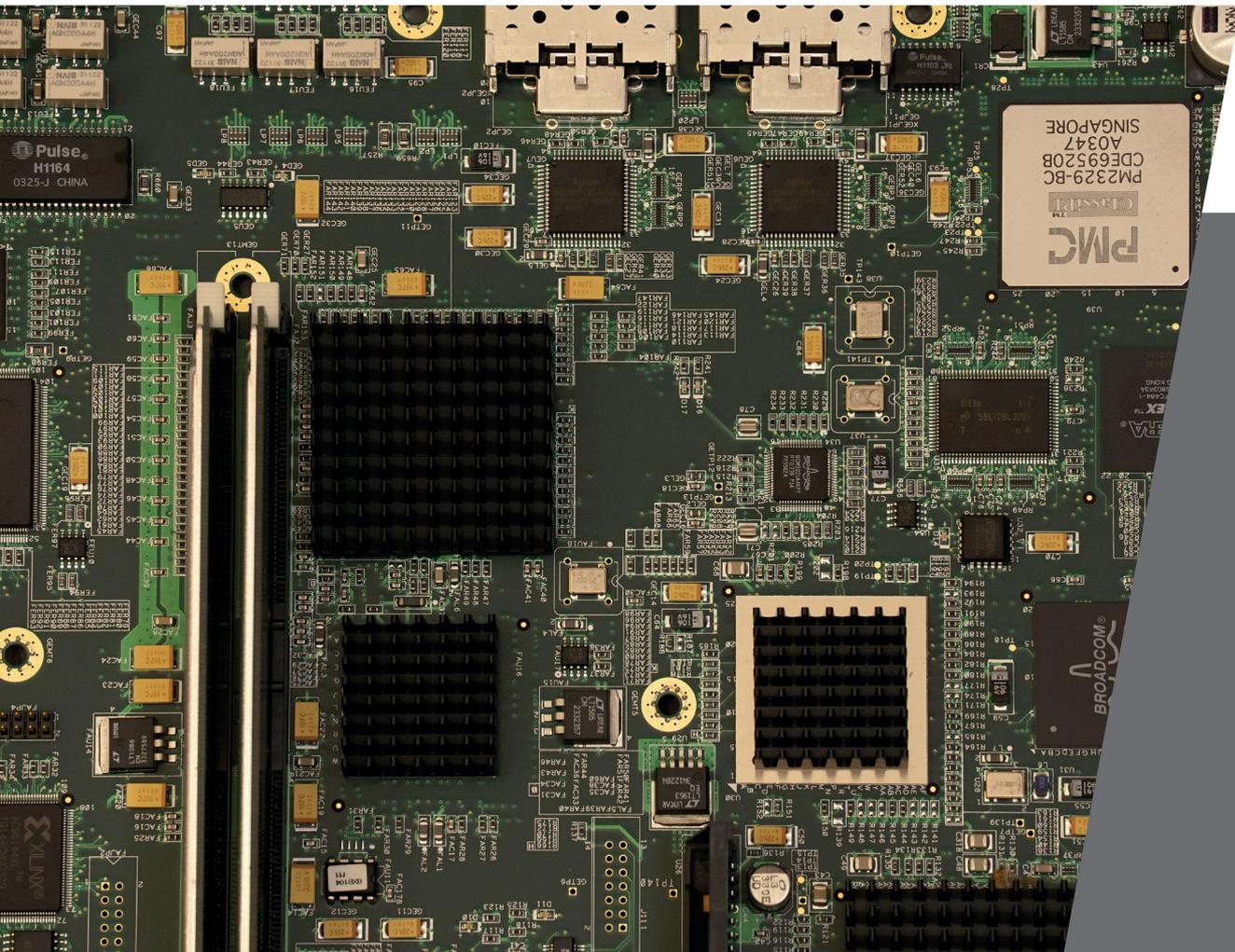


# 英透 中视

# UK-CHINA TRANSPARENCY



## Imagination Technologies and Asset Stripping by the Chinese Communist Party – Part One

December 2024

# About UK-China Transparency

UK-China Transparency (UKCT) was founded on the premise that the public deserve more and better information about ties between the UK and China, and that transparency should be a key pillar of our engagement with the country.

The UK and China have a wide-ranging relationship in trade, industry, education, and politics. Connections have grown steadily deeper in the last twenty years, especially since the governments of both countries heralded a 'golden era' of relations in 2015. China is now the UK's fourth largest economic partner.

UKCT aims to fill a vital gap in knowledge about ties between Chinese and British educational and research institutions, companies, NGOs, political groups and government bodies.

We will do so by conducting research on key case studies, curating a unique library of primary sources, running public events and outreach initiatives, championing freedom of information, and providing informational support to those in need of it.

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“IMAGINATION TECHNOLOGIES AND ASSET STRIPPING  
BY THE CHINESE COMMUNIST PARTY – PART ONE”

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# Executive Summary

**Imagination Technologies ('Imagination') is a British microchip design company that specialises in graphics processing unit (GPU) design. GPU design innovations are essential for the development of chips suitable for advanced artificial intelligence (AI) functions. At its stock market peak in 2012, the company was valued at over £2 billion. Imagination remains Britain's second-biggest chip company.**

In 2017, Canyon Bridge, a private equity firm, purchased Imagination for roughly £550m. At the time, Canyon Bridge had been blacklisted by the United States government for national security reasons. Canyon Bridge's main funder is a company controlled by China Reform, an arm of the Chinese government, meaning that Imagination is effectively owned by the Chinese government.

In 2020, a row broke out over China Reform's attempt to take over Imagination's board. The plan was ditched, but several of Imagination's senior executives left the company afterwards, citing fears about Chinese government control and the direction of the company.

UK-China Transparency (UKCT) has analysed a range of evidence to ascertain more about Imagination and China. We have conducted original open-source research in English and Mandarin, consulted Chinese corporate records, and interviewed an individual who worked in a senior role at Imagination after 2020. Key findings are as follows:

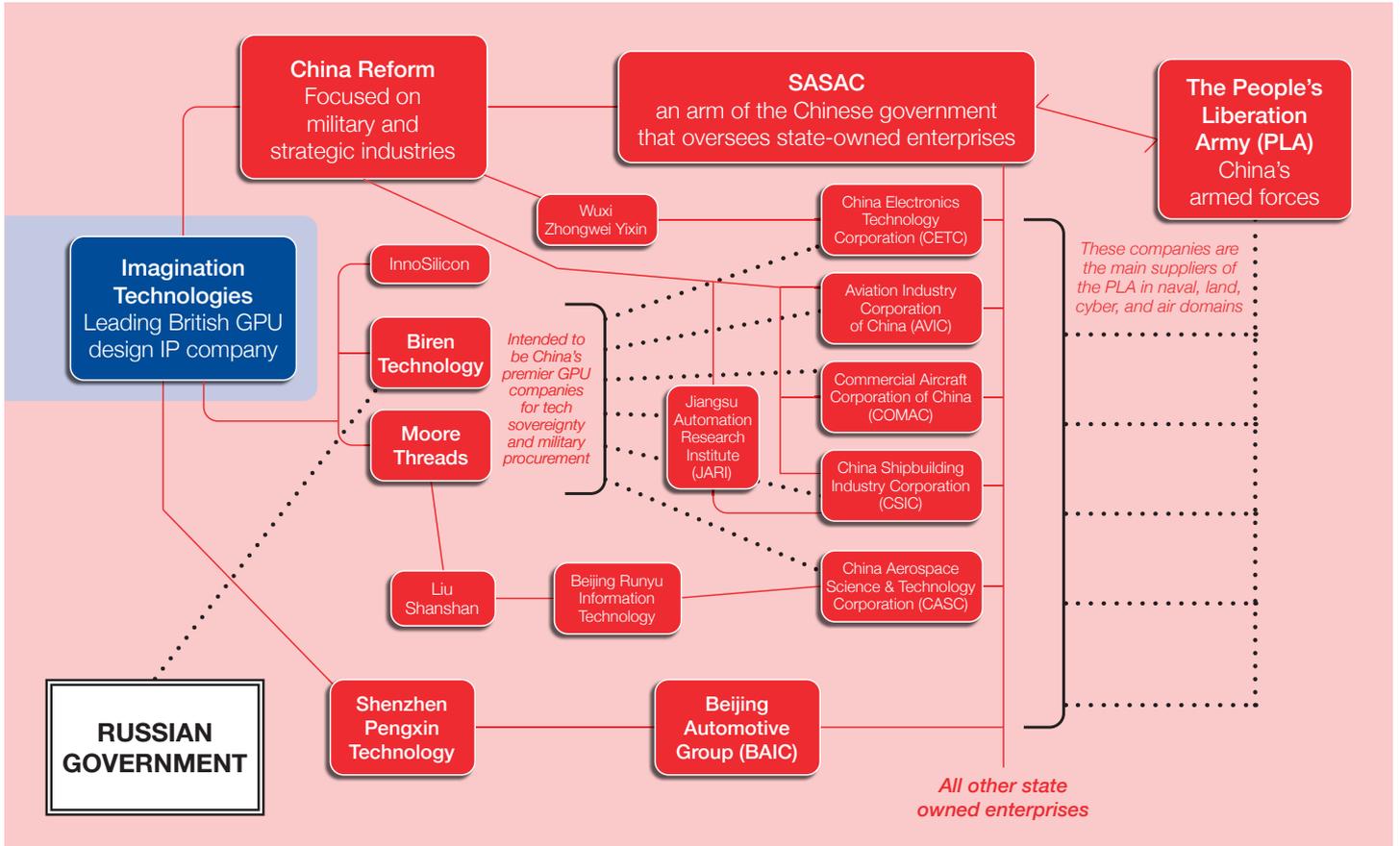
- **Transferal of core assets to Chinese companies:** UKCT has received testimony alleging that in 2020 Imagination began to transfer core assets to Chinese GPU companies through undisclosed and unusual knowledge and technology transfer deals. Of the three Chinese companies identified as having received Imagination's assets: one, Moore Threads, has links to a company that supplies GPU products to the Chinese military; another, Biren Technology, is part-owned by the Russian government. These two companies have been described as China's "premier AI chip designers" and both were sanctioned by the US government in October 2023.

- **Chinese owners closely tied to military:** Imagination's owner, China Reform, focuses on supporting China's strategic industries and has close links to China's military and national security establishment as well as investment in related industries and companies, including a chip company that has supplied a leading military company. UKCT assesses that China Reform has intended to instrumentalise Imagination in pursuit of the interests of the Chinese Communist Party (CCP).
- **UK staffing cuts:** Imagination has laid off hundreds of staff since 2017, according to its annual reports. Further planned cuts of up to 20% of staff were reported in the media late in 2023. Imagination has yet to publish its annual report for 2024.
- **Global Counsel's involvement:** Lord Peter Mandelson met with China Reform in late 2019. In early 2020, Global Counsel, an advisory firm founded and partly owned by Mandelson, provided strategic advice to Canyon Bridge in relation to the row about Chinese government control. In 2020, whilst Global Counsel worked to help Canyon Bridge "reassure UK stakeholders" about Imagination, Mandelson himself was simultaneously president of the Great Britain China Centre, a public body funded by the Foreign Office. It has been alleged in court that one of Global Counsel's staff working on Imagination had also worked on Imagination within government, whilst a special advisor to Prime Minister Theresa May in 2017. Global Counsel deny that the individual in question worked on their account for Imagination.

Imagination told UKCT in advance of publication that it rejects allegations that it has transferred its core assets to Chinese customers.

Global Counsel deny working for China Reform, stating that their client was Canyon Bridge. Global Counsel told UKCT that Mandelson has not worked on Imagination for Global Counsel and that his meeting with China Reform in 2019 was a coincidence.

Diagram 1: Imagination and the Chinese military-industrial complex



UKCT is calling for greater transparency regarding:

- Imagination’s business in China, including with Biren Technology, Moore Threads, and InnoSilicon.
- The regulation of Imagination’s business by the government’s Export Control Joint Unit.
- Whether the government has investigated if the Imagination case may require an intervention under the terms of the National Security & Investment Act.
- Global Counsel’s work on Imagination.

UKCT continues to investigate these matters and intends to publish the second part of this report as soon as possible, subject to the release of court documentation and responses to Freedom of Information (FOI) requests sent to the government.

Part Two will investigate matters related to export control and other legislation, as well as evidence that has come to light through an employment dispute between Imagination and Dr Ron Black, the company’s CEO in 2019-2020. UKCT will endeavour

to publish in its digital library as much original documentation from ‘Black vs Imagination’ as the court permits and calls on the court to release as much documentation as possible.

UKCT has already analysed parts of the transcript of the case’s public hearings. It appears that significant evidence of CCP influence over Imagination in the period 2019-2020 has come to light through the case. For example, evidence has emerged suggesting that an Imagination employee, hired after China Reform’s takeover of Imagination, planned to steer Imagination’s business strategy in concert with officials working for China Reform and other Chinese state-owned companies.

UKCT has identified one of these officials as Ma Jie 马杰, then head of a company supplying the Chinese military. Ma was shortly to join Poly Group, a Chinese state-owned company allegedly controlled directly by the Chinese military and linked to foreign espionage and arms smuggling. It is not known whether Ma remained involved with Imagination after this.

# 1. Introduction

Canyon Bridge Partners ('Canyon Bridge'), a private equity firm, was incorporated in Delaware in 2016. Canyon Bridge's funding derives from China Reform Holdings Group ('China Reform', more detail of the exact structure of this relationship is included in section 2). China Reform is a company owned by the government of the People's Republic of China (PRC). Its purpose is to advance strategic industries critical to the PRC's military modernisation, national security, and technological sovereignty.

In November 2017, after being blacklisted by the United States (US) government, which caused planned acquisitions in the US to collapse, Canyon Bridge acquired the British semiconductor and software design company, Imagination Technologies ('Imagination'), for £550 million. Imagination specialises in designing graphics processing units (GPUs), which are important for graphics applications (such as gaming, 3D rendering, and video editing) but also for artificial intelligence (AI), machine learning, and autonomous vehicle navigation.

Canyon Bridge gave assurances publicly and to the British government that China Reform was not in control of Canyon Bridge, and that Canyon Bridge would not seek to move Imagination's headquarters and operations to the PRC.

PRC corporate data reviewed by UK-China Transparency (UKCT) reveals that China Reform is substantially invested in the PRC's military-industrial complex and has stakes in the main contractors for the PRC's navy, air force, space programme, and army. These investments include minority stakes in PRC companies involved in the development of AI for military use and of autonomous weapons systems and combat drones, and in a chip design company that works with the Chinese military.

In 2019, Imagination hired Dr Ron Black to serve as its CEO. In 2020, a row erupted within Imagination over an attempt by China Reform to take over the company's board. This row attracted national attention in Britain – including an oral evidence session before the Foreign Affairs Select Committee – and ultimately led to the board takeover plan being dropped, but also to Black and other executives leaving the company. Black's exit from Imagination is now the subject of a

complex whistleblowing case being considered in a British court ('Black vs Imagination').

Global Counsel, founded and partly owned by Lord Peter Mandelson, provided advice to Canyon Bridge in 2020, when the firm was coming under scrutiny from politicians for its ties to the Chinese Communist Party (CCP) and due to China Reform's board takeover plan. Mandelson had met with China Reform in the PRC in September 2019, accompanied by Global Counsel's co-founder Benjamin Wegg-Prosser. According to China Reform, the two sides discussed cooperating. Global Counsel claim this meeting was nothing to do with their later work for Canyon Bridge.

It is alleged in a witness statement provided to the court in 'Black vs Imagination' that Alex Dawson, a former special advisor to Theresa May who examined the Imagination deal within the UK government in 2017 and gave assurances that the government would not intervene in the deal, worked for Global Counsel on the Imagination case in 2020. Dawson, an employee of Global Counsel, denies this, as does Global Counsel itself. No conclusive evidence has emerged to support the claims made in the witness statement. Global Counsel sent a threatening legal letter to the witness after seeing his statement.

Imagination's normal business is to license out an *inventory* of design IP (intellectual property) and software tools, without selling the *core assets* (institutional knowledge, expertise, technology) that it relies on to maintain and improve this *inventory*.

Following interviews with an individual, 'Howard', who worked in a senior role at Imagination after 2020, UKCT has received information to the effect that, following Black's exit in 2020, Imagination entered into unusual agreements to transfer its *core assets* to PRC companies. This included bespoke training and education provided by Imagination's leading technologists. Howard named three Chinese GPU companies as customers in this kind of deal: Biren Technology, Moore Threads, and InnoSilicon.

Imagination has not made its partnerships with Biren Technology and Moore Threads public. These companies are two of China's leading GPU companies.

Both were sanctioned by the US government in October 2023. Biren Technology is part-owned by Russia's sovereign wealth fund. Moore Threads' legal controller also controls a separate GPU company that supplies the Chinese military.

Both Biren Technologies and Moore Threads have boasted of developing their own GPU architectures in what would be major leaps forward for the Chinese GPU industry, whereas it has already been publicly alleged that Moore Threads' architecture is secretly just a version of Imagination's.

Since Canyon Bridge's takeover, Imagination has laid off hundreds of staff, according to its annual reports. Further cuts of up to 20% were reported in the media in late 2023 and have been referred to by messages left by Imagination employees online. However, Imagination's annual report for 2024 has yet to be released, leaving some uncertainty as to the actual reduction in the company's workforce.

In 2020, Imagination also set up HeXinDa, a joint venture in China with BAIC Group, one of the largest car manufacturers owned by the Chinese government. It was announced that the joint venture would focus on chips designed for autonomous driving, a dual-use technology. Imagination's temporary CEO, Canyon Bridge partner Ray Bingham, said at the time, "Our goal is to accelerate the formation of China's advanced automotive chip industry cluster." Imagination's stake in HeXinDa has been diluted by subsequent investment rounds to less than 10%.

Publicly available evidence in Mandarin suggests that the CCP's primary intent has been to use Imagination to support the development of the PRC's domestic GPU industry, including parts of China's GPU ecosystem that are intended to develop GPUs for military use, such as in autonomous combat drones.

## 2. Canyon Bridge and China Reform

### i. Canyon Bridge

At the time of Canyon Bridge's takeover of Imagination, in line with the UK's Takeover Code, <sup>1</sup> a scheme document was issued to Imagination's shareholders describing the takeover plan. It includes Canyon Bridge's description of itself from the time: <sup>2</sup>

*“Canyon Bridge is a global private equity investment fund which is headquartered in Palo Alto, California. It is focused on providing equity and strategic capital to enable technology companies, including those with a particular focus on the semiconductor industry, to reach their full growth potential. Canyon Bridge combines a deep knowledge of the global technology industry with experience in financial markets to provide high quality investment expertise in creating and maximising value. Acquisitions undertaken by Canyon Bridge comprise the proposed, but subsequently terminated, acquisition of Lattice Semiconductor Corporation, and a minority investment of approximately \$10 million in a US-based technology company.*

*“Canyon Bridge seeks to invest in growth companies with strong platforms led by experienced management where Canyon Bridge can provide the capital and expertise to expand into growth markets globally, including through additional investments and accretive acquisitions.*

*“Canyon Bridge currently has approximately US\$1.5 billion of committed capital which has been committed by Canyon Bridge's initial anchor limited partner, Yitai, a Chinese state-owned enterprise.”*

What follows is a description of the specific nature of Canyon Bridge's ownership of Imagination. Imagination Technologies Group Ltd <sup>3</sup> is owned by CBF Investments Ltd ('CBFI'), a UK company. <sup>4</sup> According to its 2018 accounts: CBFI's immediate parent was then Canyon Bridge International Holding Investment Limited (a Cayman Islands company, *note bene* it is still the immediate parent as of the 3rd of December 2024); CBFI's ultimate parent was China Venture Capital Fund Corporation Limited; and CBFI borrowed £550m from Canyon Bridge Fund I, LP (“a connected US entity”) to purchase the group. According to various US court records, Canyon Bridge Fund I was originally “organized in Delaware”, <sup>5</sup> however, in May 2019 the fund's domicile was changed to the Cayman Islands. <sup>6</sup>

In November 2016, Canyon Bridge announced a deal to purchase Lattice Semiconductor Corporation ('Lattice'). <sup>7</sup> For the next year or so it struggled to gain the assent of the bipartisan Committee on Foreign Investment in the United States (CFIUS) for the deal. <sup>8</sup> On the 13th of September 2017, the White House issued an administrative order prohibiting Canyon Bridge's planned acquisition of Lattice on the basis that it might threaten the US's national security. <sup>9</sup>

Ten days later, on the 23rd of September, Canyon Bridge agreed a deal to purchase Imagination. <sup>10</sup>

Because of Canyon Bridge's difficulties in the US, one condition of Canyon Bridge's acquisition of Imagination, as outlined in the Scheme Document, <sup>11</sup> was the sale by Imagination of its central processing

<sup>1</sup> <https://code.thetakeoverpanel.org.uk/tp/ps/ps-29.html>.

<sup>2</sup> <https://ukctransparency.org/wp-content/uploads/2024/12/SCHEME-DOCUMENT.pdf>.

<sup>3</sup> <https://find-and-update.company-information.service.gov.uk/company/02920061>.

<sup>4</sup> <https://find-and-update.company-information.service.gov.uk/company/10968614>.

<sup>5</sup> <https://www.sec.gov/files/litigation/admin/2022/ia-6109.pdf>.

<sup>6</sup> <https://casetext.com/case/chow-v-canyon-bridge-capital-partners-llc> – UKCT also accessed the relevant Cayman Islands registration document for the Fund, however, we were unable to establish in time for this report whether copyright laws prevent us from republishing the document. Should we receive assurances from the Cayman Islands that republishing the document is permissible, then we will upload it to the Imagination Technologies folder at [www.ukctransparency.org/library](http://www.ukctransparency.org/library). Otherwise, anyone interested can email [info@ukctransparency.org](mailto:info@ukctransparency.org).

<sup>7</sup> [https://web.archive.org/web/20170914034838/http://canyonbridge.com/wp-content/uploads/2016/11/11-03-16\\_Press-Release.pdf](https://web.archive.org/web/20170914034838/http://canyonbridge.com/wp-content/uploads/2016/11/11-03-16_Press-Release.pdf).

<sup>8</sup> <https://www.reuters.com/article/lattice-ma-canyonbridge/timeline-canyon-bridges-bid-for-lattice-semiconductor-idUSL1N1J90ZK/>.

<sup>9</sup> <https://trumpwhitehouse.archives.gov/presidential-actions/order-regarding-proposed-acquisition-lattice-semiconductor-corporation-china-venture-capital-fund-corporation-limited/>.

<sup>10</sup> <https://www.wsj.com/articles/china-backed-firm-reaches-deal-to-buy-apple-supplier-imagination-technologies-1506154949>.

<sup>11</sup> <https://ukctransparency.org/wp-content/uploads/2024/12/SCHEME-DOCUMENT.pdf>.

unit (CPU) business, MIPS Technologies, a US-based subsidiary. Imagination had acquired MIPS Technologies in 2013.<sup>12</sup> The sale of MIPS was completed at the same time as Canyon Bridge's takeover of Imagination.

## ii. Takeover assurances

At the time of its acquisition of Imagination, Canyon Bridge had given assurances publicly and to the British government that China Reform were not in control of Canyon Bridge,<sup>13</sup> with partner Ray Bingham telling the Financial Times that China Reform “have no decision-making authority over what we invest in, how we manage it or the disposition of those assets ultimately... This investment [in Imagination] is managed entirely by an American private equity fund.”

Canyon Bridge also stated that it would not seek to move Imagination's headquarters and operations to China.<sup>14</sup> The scheme document published in 2017 twice stated that Canyon Bridge “intends to invest in Imagination's research and development capabilities in the United Kingdom”. It further specified that “[Canyon Bridge] does not intend to change the principal locations of Imagination's places of business, or redeploy any fixed assets of Imagination. [Canyon Bridge] intends to maintain Imagination's current UK headquarters.”<sup>15</sup>

## iii. China Reform

In 2022, brokerage and analysis company Datenna conducted an investigation of the corporate structure of China Venture Capital Fund Corporation (the “ultimate parent” of Imagination), according to which:<sup>16</sup>

*“CVC's largest shareholder (35%) is China Reform (China Guoxin Investment) which is owned by the Chinese State Council. Other investors in CVC are China Construction Bank (CCB) and Shenzhen Investment Holdings. Through various layers of ownership, the CCB is ultimately owned by the State Council, while Shenzhen Investment is*

*owned by the Shenzhen local government. Thus, this financing and ownership structure indicates that Imagination Technologies is in essence under the control of the Chinese government.”*

China Reform is a part of the PRC government. One of, if not the key goal, of the PRC government is to achieve a “great rejuvenation of the Chinese nation” (中华民族伟大复兴) by turning China into a strong country through military and economic modernisation, and thereby to “realise the complete re-unification of the ancestor-land” (实现祖国完全统一) by annexing or otherwise absorbing the Republic of China (Taiwan), along with various maritime areas.

In as much as it involves the development of China's strategic industries (战略产业) and civil-military fusion (军民融合) to integrate improved dual-use technologies from civilian industries into the military-industrial complex, economic modernisation is expected to complement direct investment into the military-industrial complex and reform of the People's Liberation Army (PLA, the armed wing of the CCP which serves as China's military) in bringing about military modernisation of the kind that is seen as necessary for “re-unification”.

Furthermore, the CCP's conception of economic modernisation includes onshoring strategic industries to reduce dependence on foreign powers and a resulting vulnerability to sanctions that could block key technological bottlenecks. This onshoring strategy is embedded in the ‘Made in China 2025’ plan (中国制造2025), which was announced in 2015.

Because semiconductor chips are crucial to advances in a whole range of scientific and industrial fields, China's semiconductor industry is in turn a key part of Made in China 2025. The CCP's goal is broadly twofold: to achieve world-leading excellence in as many parts of the semiconductor chip supply chain as possible; and to achieve national technological sovereignty by ensuring there are providers that are based in China in every part of the supply chain.

<sup>12</sup> <https://www.anandtech.com/show/6436/imagination-technologies-acquires-mips-technologies>.

<sup>13</sup> For ‘publicly’, see <https://www.ft.com/content/0e27c376-a20f-11e7-9e4f-7f5e6a7c98a2>. For ‘to the British government’, this is referred to in a witness statement provided to the court in ‘Black vs Imagination’, Simon Gentry, a public relations professional then contracted to work for Canyon Bridge, stated that “a large part of our work was convincing the UK government that China Reform did not control Canyon Bridge.” UKCT intends to publish Mr Gentry's statement in our online library of documents in due course, once Part Two of this report is published – see [www.ukctransparency.org/library](http://www.ukctransparency.org/library).

<sup>14</sup> See above and also <https://www.ft.com/content/931719d6-9fdc-11e7-9a86-4d5a475ba4c5>.

<sup>15</sup> <https://ukctransparency.org/wp-content/uploads/2024/12/SCHEME-DOCUMENT.pdf>.

<sup>16</sup> <https://www.datenna.com/resources/the-acquisition-of-imagination-technologies/>.

It is well documented that the Chinese government seeks to pursue these goals by various means, including acquisitions of foreign technology companies and subsequent knowledge transfer to China, as well as direct talent poaching.<sup>17</sup> It should be noted that, at the time of Imagination's sale in 2017, there were no major Chinese companies involved at the cutting edge of the semiconductor design IP industry in which Imagination is a major player (see section 3).

According to China Reform (中国国新控股有限责任公司) itself, the company was founded in December 2010. Its name includes a neologism, 国新 *guoxin*, which does not mean 'reform' and is made up of the character meaning 'nation' or 'state', and that meaning 'new'. China Reform is run directly by the State-owned Assets Supervision and Administration Commission (SASAC) of the PRC's central government, the State Council. China Reform was conceived, and in 2016 was formally recognised, as a "state owned capital operations company pilot" (国有资本运营公司试点), suggesting that China Reform deploys novel approaches in its pursuit of the Chinese government's goals. China Reform runs several special funds focused on investment in "forward-looking strategic industries" (前瞻性战略性产业).<sup>18</sup>

In November 2016, when Canyon Bridge was angling to buy Lattice, Reuters reported that China Reform's then most recent annual report stated that the company aimed to "invest in strategic emerging industries related to national security". The Reuters report also noted that China Reform has made investments in the investment management arm of China Aerospace Science and Technology Corporation (CASC), which is one of the PRC's most important military companies, being a state-owned leading arms manufacturer responsible for developing rockets and missiles for

the PLA and spacecraft and satellites for the PRC's space programme.<sup>19</sup>

Since 2017, China Reform's activities in industries related to national security and the military-industrial complex have continued to be reported in the Western press. In late 2019 it was reported by Nikkei Asia that "State-owned China Reform Holdings Corporation has teamed up with the country's ministry of industry and information technology to set up a 50 billion yuan (\$7 billion) investment fund to facilitate the development of the security industry."<sup>20</sup>

Chinese company data reviewed by UKCT reveals that China Reform has invested in dozens of other military companies, including other state-owned defence contractors and their subsidiaries, subsidiaries of the main design institute for China's automated marine combat drones, and two semiconductor chip companies, one of which is a chip design company that is a subsidiary of China Electronics Technology Corporation (中国电子科技集团有限公司), one of China's main state-owned arms manufacturers.<sup>21</sup>

It is apparent that China Reform is a tool of CCP statecraft with deep connections to China's military-industrial complex and national security establishment, and especially companies desperate to improve their access to advanced microchips for military use. It is apparent also that the CCP was intent, when it engineered the purchase of Imagination, to advance China's domestic capabilities in the specific area – GPU design – that Imagination specialises in. It is reasonable to deduce that the CCP, acting through China Reform, intended through the purchase of Imagination in 2017 to instrumentalise the company and its assets in pursuit of the advancement of China's national semiconductor industry, the domestic development of which the CCP views as crucial to the goals of "rejuvenation" and "re-unification".

<sup>17</sup> There are ample online resources relating to Made in China 2025. See, for example, <https://merics.org/sites/default/files/2020-04/Made%20in%20China%202025.pdf>; <https://www.isdp.eu/wp-content/uploads/2018/06/Made-in-China-Backgrounder.pdf>; <https://www.cfr.org/backgrounder/made-china-2025-threat-global-trade>; etc. On talent poaching in the semiconductor industry, see, for example, <https://asia.nikkei.com/Business/China-tech/Taiwan-loses-3-000-chip-engineers-to-Made-in-China-2025>.

<sup>18</sup> [https://crhc.cn/gyxx/gsgk/A001001001index\\_1.html](https://crhc.cn/gyxx/gsgk/A001001001index_1.html).

<sup>19</sup> <https://www.reuters.com/article/us-lattice-m-a-canyonbridge-idUSKBN13N1D5/>.

<sup>20</sup> See <https://asia.nikkei.com/Business/China-tech/China-invests-in-security-industry-with-7bn-fund>; and <https://web.archive.org/web/20230603041853/https://www.avcj.com/avcj/news/3017363/china-targets-usd7b-security-industry-fund>.

<sup>21</sup> Data analysed by UKCT included corporate records shared with us by Datenna, a data intelligence company on China. The state-owned defence contractors include China Shipbuilding Industry Corporation (中国船舶集团有限公司), the Commercial Aircraft Corporation of China (中国商用飞机有限责任公司), and the Aviation Industry Corporation of China (中国航空工业集团公司). The combat drone designer is Jiangsu Automation Research Institute (JARI, 江苏自动化研究所). The semiconductor chip companies are Hebei Sinopack (Hebei Zhongci Electronic Technology Co., Ltd., 河北中瓷电子科技股份有限公司) and Wuxi Zhongwei Yixin Co. Ltd. (无锡中微亿芯有限公), which is a subsidiary of a major defence contractor, China Electronics Technology Corporation (中国电子科技集团有限公司).

### 3. Imagination's core assets and business model

The Scheme Document issued by Imagination to its shareholders at the time of Canyon Bridge's takeover offered a succinct description of Imagination's business at the time. It reads as follows:<sup>22</sup>

*"Imagination creates and licenses semiconductor processor IP (intellectual property) for graphics, video and vision processing, general purpose and embedded processing (CPU & MCU). Imagination's customers use Imagination's silicon IP to create the Systems on Chips (SoC) that power electronic devices. Imagination has built three strong brands around these processing blocks: PowerVR in graphics and multimedia; MIPS in processors; and Enigma in connectivity.*

*"PowerVR develops and licenses a range of multimedia IP, from graphics processing units (GPUs) to GPU compute for imaging and vision processing. Imagination's PowerVR graphics technologies are licensed for use in various applications including smartphones, tablets, TV and console apps."*

*"The MIPS family of CPU IP is a portfolio of low-power, high-performance 32/64-bit processor architectures and cores, ranging from the high-performance cores for high-end applications processors down to extremely small cores for deeply embedded microcontrollers."*

*"Enigma develops and licenses programmable and fixed function blocks to deliver a family of multi-standard connectivity platforms, offering performance as well as silicon efficiency."*

(Imagination sold MIPS as part of Canyon Bridge's takeover in 2017. It sold Enigma in 2020.)

Imagination's normal business is to license out an *inventory* of semiconductor processor IP, plus complementary tools and services, to customers who combine this IP with other elements to create systems on chips (SoCs).

Imagination's best-known IP is for GPUs, a component of many SoCs which are especially important for

graphics applications proper (for example, gaming, video editing, 3D rendering). GPUs are also especially important for artificial intelligence (AI) and machine learning uses because the mathematical functions required for AI and machine learning are similar to those required for graphics. Imagination typically delivers its design IP in what is known as RTL (register-transfer level) form, along with complementary documentation, software, and services.

Overleaf is an illustration (see Diagram 2) of the semiconductor supply chain that shows where Imagination's business fits in the chain.

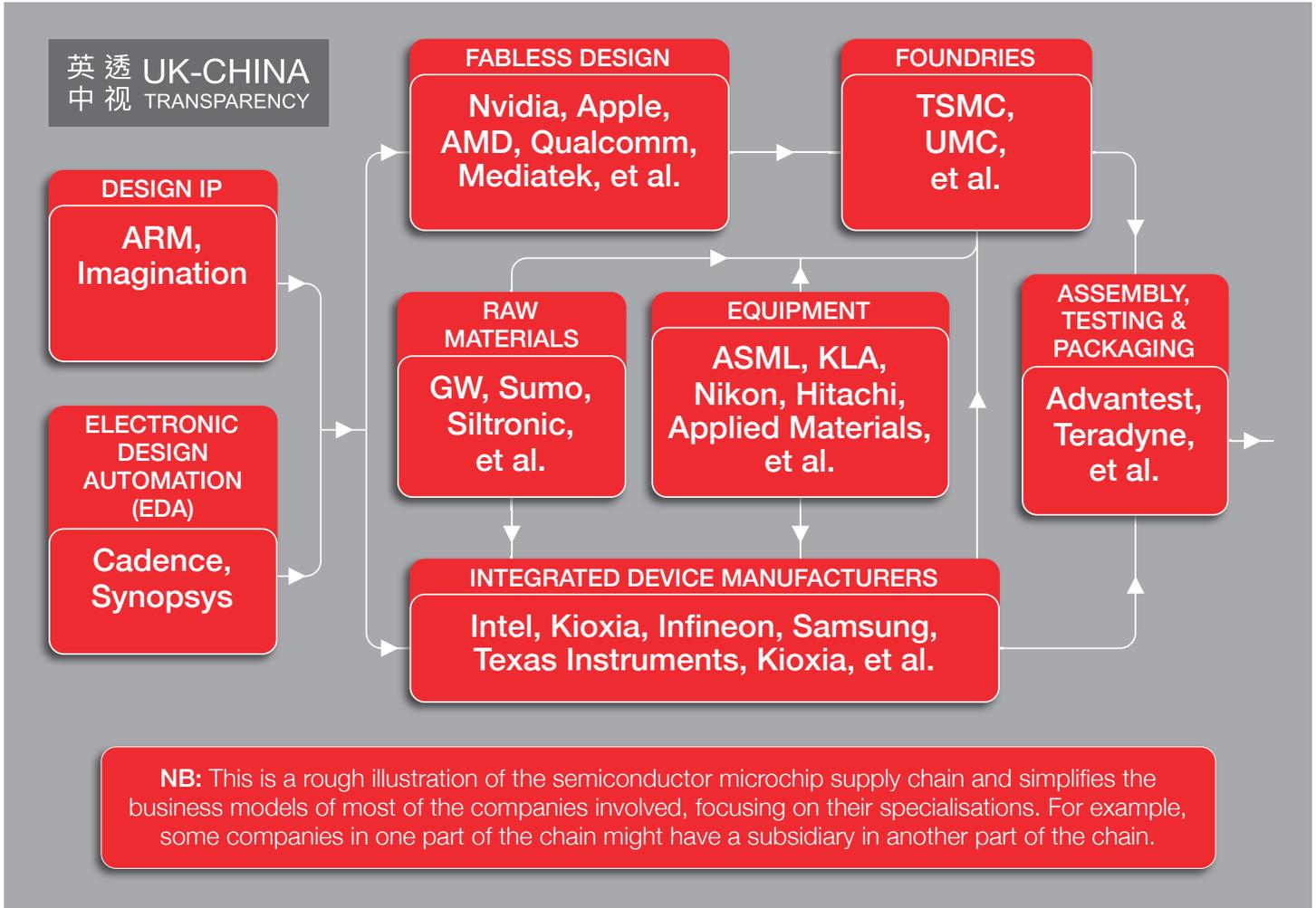
Most companies do not design their own GPU IP but instead license it from the likes of Imagination and Imagination's competitor ARM, which have developed their IP over decades using highly specialised teams of people with rare skills, spending huge sums of money in the process. Nvidia, AMD and Qualcomm are three companies that do design their own GPUs, however, these companies' business models are not focused on licensing out their IP.

Imagination is not directly involved in manufacture of GPUs. Nor, unlike other GPU companies such as Nvidia, as well as Biren Technology and Moore Threads, does Imagination commission the manufacturing of GPUs. Rather, Imagination licenses its IP to other companies, which use electronic design automation (EDA) tools licensed by other providers to instrumentalise, adapt, customise, and combine Imagination's GPU IP with other elements to create specific designs for specific SoCs, which they then either manufacture or commission the manufacturing of.

So, although Imagination neither manufactures itself nor commissions manufacturing, without design activity of the kind Imagination specialises in, the manufacturing of GPUs and SoCs requiring GPUs would not be possible. Whilst much of the manufacturing industry is concentrated in Taiwan, Korea and China, the semiconductor processor IP industry has for decades been concentrated in the

<sup>22</sup> <https://ukctransparency.org/wp-content/uploads/2024/12/SCHEME-DOCUMENT.pdf>.

Diagram 2: Semiconductor Supply Chain



UK and the US. ARM, Imagination’s main competitor, has much of its research and development in the US and is a publicly traded company in the US, making Imagination unique as the most significant non-US processor IP supplier.

Whereas Imagination licenses out an *inventory* of design IP, along with associated software and integration support, Imagination’s *core assets* consist of its institutional knowledge and internal IP: this means Imagination’s staff architects and engineers, their knowledge as developed over multiple generations of staff, and IP that is not licensed out. These evolving *core assets* are used to maintain, service, enhance and further develop Imagination’s *inventory*, which it licenses out for profit.

Indeed, Imagination’s business model (see Diagram 3) depends on not licensing out its *core assets*. This is because *core asset transfer* of this kind would risk allowing a licensee to design its own GPUs in

the future, rendering Imagination as an IP supplier unnecessary. To transfer *core assets* in this way would essentially be to sell the business.

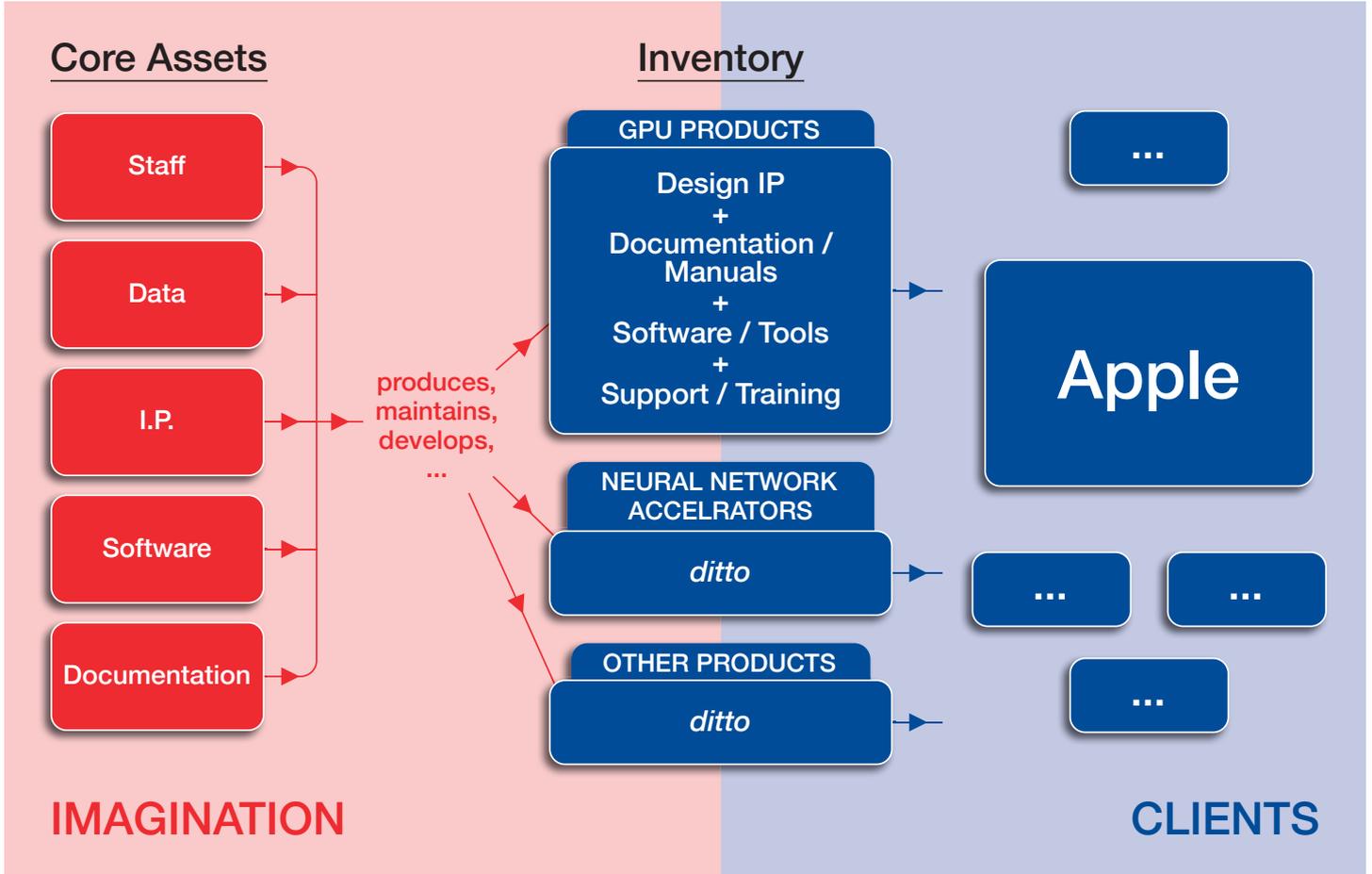
On the other hand, long running, closely collaborative and poorly managed relationships with customers can erode the boundary between *inventory* and *core assets*, for example, where collaboration becomes closer and closer, products or services become highly customised, and there is more information exchange between staff from the client and customer companies.

Arguably, Imagination did transfer its core assets to its largest customer Apple, which resulted, in April 2017, in Apple announcing it would cease to buy Imagination’s GPU design IP, which it had used for years, and deploy its own solutions instead.<sup>23</sup>

This news prompted a collapse in the price of Imagination’s shares which ultimately led to its sale

<sup>23</sup> <https://www.reuters.com/article/business/media-telecom/uks-imagination-tech-up-for-sale-after-bruising-battle-with-apple-idUSFWN1JI0UH/>.

Diagram 3: Imagination’s Business Model



to Canyon Bridge and to a legal dispute with Apple, in which Imagination alleged Apple had engaged in “unauthorised use of Imagination’s confidential information and Imagination’s IP rights.”<sup>24</sup>

Later, under Dr Ron Black’s leadership, Imagination temporarily resolved the dispute with Apple in its own favour, resulting in a new multi-year licensing agreement whereby Apple would pay license fees for access to a wider range of Imagination’s IP, instead

of developing its own designs (which Imagination alleged were after all based on its designs).<sup>25</sup>

This history with Apple demonstrates the centrality of the distinction between Imagination licensing its *inventory* and *core asset transfer*. Building profitable relationships with customers whilst maintaining this distinction is fundamental to the success of Imagination’s business model as a semiconductor IP licensing business.

<sup>24</sup> <https://ukctransparency.org/wp-content/uploads/2024/12/SCHEME-DOCUMENT.pdf>.

<sup>25</sup> <https://siliconangle.com/2020/01/02/burying-hatchet-apple-strikes-chip-deal-imagination-technologies/>.

## 4. Asset stripping by the Chinese government

### i. Asset stripping allegations

UKCT has received testimony from an individual who continued to work at Imagination after 2020. This person (hence ‘Howard’, a pseudonym) spoke to UKCT on condition of anonymity.

Howard worked in a very senior role within Imagination. To give more detail would undermine Howard’s anonymity, however, UKCT has verified that Howard had deep, high-level knowledge of Imagination’s business model, technical capabilities, staff, and customers. Howard stated that he understood roughly “80%” of Imagination’s *core assets* and *inventory* from a technical perspective.

Howard described how, during the row over the director’s board in 2020, staff began to worry that the company was controlled by its Chinese investors and that these investors wanted to cannibalise the company. Overshadowed by these issues, staff felt “in the dark” through much of 2020.

After the exits of Black and other executives, “the management completely changed” and Imagination began to sell what were referred to as “architectural licenses” to Chinese customers including Biren Tech, Moore Threads, and InnoSilicon. This was in the period between the summer of 2020 and that of 2021. Howard was involved in the design of so-called “architectural license” agreements with these clients. He describes this change in business model as “alarming”, explaining “everyone was worried.”

According to Howard, the so-called “architectural licenses” sold to these companies consisted of three parts. First were the standard deliverables as offered by Imagination in its normal licensing business, that is, parts of Imagination’s regular *inventory*, including support and documentation. This standard documentation “does not include details of how we made this or that product or why we made this or that design decision”.

The second part of the “architectural licenses” consisted of a set number of man-hours, typically over a multi-year period, with Imagination’s most senior hardware and software architects. This, then,

was “knowledge transfer”. It was a process whereby Imagination’s top technical staff taught and transferred their unique knowledge to customers in China, in effect handing over Imagination’s *core assets* to potential competitors. Howard explained how, in normal circumstances, Imagination’s most senior architects were not allowed to interact with customers in this way. (However, something similar to this had happened in the Apple case, which is precisely what led to the high-stakes dispute with Apple from 2017 onwards. On this, see the section titled ‘Imagination’s core assets and business model’, above.)

The third part consisted of creating new documentation on Imagination’s core assets specifically for the purpose of “knowledge transfer” to these Chinese customers. This documentation explained in full detail the fundamental features of Imagination’s design IP – as opposed to documentation explaining how to use the standard products in Imagination’s *inventory*. Howard emphasised that “in a normal use case you never release any design specification, model specification, how you verify things, the internal documents” – except as much as required for compliance purposes.

It is important to note that Howard had left Imagination before this third part was due to take place. He believes, however, that it did take place.

Figure 1: Chart showing Imagination’s revenue by country in 2020 and 2021

Revenue by country	2020	2021
USA	56042	44309
Canada	16620	38527

Howard explained why he began to feel uncomfortable with this situation, saying “I was not okay with it from a conscience point of view...” Howard explained how he had had a hand in the recruitment of many of Imagination’s UK-based staff. When it became apparent that Imagination had laid the foundations for their redundancy by training up Chinese staff at Chinese companies, Howard says he started “thinking that Imagination would close

down after this knowledge transfer” and that “a lot of people” came to a similar conclusion.

Imagination categorically rejects the account given to UKCT by Howard. They told UKCT:

*“Architectural license deals are entirely normal in the semiconductor industry, including for Imagination. Our main competitor has entered into architectural license deals with Huawei/HiSilicon and other customers based in China. Imagination architectural deals permit only very limited modification rights to the electronic design data under the terms of its architectural licences. This is irrespective of the geography in which customers are based. All licence terms contain blanket prohibitions on any sub-licensing of Imagination’s IP. [...]*

*“(references to ‘transferring assets’ are inaccurate and misleading; no assets or legal title to technology or intellectual property rights are transferred to our customers in Imagination’s standard or architectural license agreements. Imagination (in common with other semiconductor IP suppliers like Arm, SiFive or Synopsys) delivers packages of technology to our customers in order for our customers to incorporate our technology into an SOC [system-on-chip] design. When we ‘supply IP’ we deliver technology packages and grant a licence to Imagination’s intellectual property rights in that technology to enable our customers to design, manufacture and sell chips incorporating our technology) [...]*

*“...it is common practice for senior architects and engineers from Imagination to work with Customers on their SOC requirements) [...]* (The concept of ‘bespoke documentation’ is a normal consequence of the fact that each of Imagination’s customers has SOC-specific requirements, which require targeted content and support from their suppliers).”

Imagination further responded to Howard’s claim that unusual bespoke asset transfer documentation was prepared as follows:

*“This is inaccurate and implies that these deals were non-customary license deals, which they*

*were not. The specific packages of technology deliverables for standard and architectural licenses vary by customer and end use case, and are confidential to Imagination and its Customers.*

*“For standard and architectural licensing engagements, training is necessary to help customers understand how to design chips with Imagination Technology and, where relevant, to carry out their own customisation for their permitted use only. It would not make strategic sense to enable Customers to ‘do what Imagination does’ (i.e. to set up Customers to become ‘competitors’ of Imagination). We enable customers to design their own SOCs, but do not grant rights to sublicense our IP in competition with Imagination.”*

## ii. Alleged beneficiaries

According to Howard, Imagination transferred its assets to three Chinese companies: Biren Technology, Moore Threads, and InnoSilicon.

Biren Technology (hence ‘Biren’, 壁仞科技) was founded in 2019. Biren specialises in fabless (no manufacturing in house) design of GPUs, including for AI applications. In 2021, as part of its \$600+m Series B funding round, Biren reportedly received investment from the Russia-China Investment Fund (中俄投资基金),<sup>26</sup> a joint fund established in 2012 by the sovereign wealth funds of Russia and China, which “aims to generate competitive returns by investing in projects that advance bilateral economic cooperation between Russia and China.”<sup>27</sup> In late 2023, it was announced that Biren had received more than \$250m worth of investment from Chinese government-backed investors.<sup>28</sup>

Moore Threads (摩尔线程) was founded in 2020. Moore Threads specialises in fabless design of GPUs, including for AI applications. The company has formed multiple partnerships with state-owned telecoms providers.<sup>29</sup>

Moore Threads has five shareholders: four limited partnerships and one individual, Liu Shanshan 刘姗姗 who also serves as the company’s manager and executive director. Liu also serves as director at Beijing Runyu Information Technology Co. Ltd.

<sup>26</sup> See [https://www.crunchbase.com/funding\\_round/biren-technology-series-b--14cca99e](https://www.crunchbase.com/funding_round/biren-technology-series-b--14cca99e) and <https://fsi.stanford.edu/sipr/technological-partnership>; also Biren Tech’s website, <https://www.birentech.com/news/84.html>.

<sup>27</sup> <https://www.linkedin.com/company/russia-china-investment-fund/>.

<sup>28</sup> <https://www.bloomberg.com/news/articles/2023-12-01/china-s-ai-chipmaker-biren-wins-280-million-in-funding-pledge-after-us-sanction>.

<sup>29</sup> <https://www.tomshardware.com/pc-components/gpus/chinese-gpu-maker-moore-threads-can-now-scale-to-10000-processors-for-ai-clusters-mmlink-fabric-tech-competes-with-nvidias-nvlink>.

(‘Beijing Runyu’, 北京润宇信息科技股份有限公司), another GPU company. Beijing Runyu has supplied GPU products to CASC (see above), the leading Chinese arms manufacturer in which China Reform has a stake.<sup>30</sup>

In 2022, it was alleged in industry media that “key pieces” of Moore Threads’ pioneering ‘China-grown’ first GPU had been lifted from Imagination’s IP via an unannounced deal. Citing “two people with direct knowledge of the matter”, the article claimed it would take four years for the special deal to endow Moore Threads with the knowledge and tools to cease to be dependent on Imagination. In other words, it suggested that because Imagination was transferring core assets and not just licensing its normal inventory, Moore Threads would soon have mastered the core assets to the extent that it would not need to purchase licenses. It also stated that at least two other Chinese companies had enjoyed similar arrangements in other unannounced deals.<sup>31</sup>

Separately, an industry analyst in 2023 dug through presentations published by Moore Threads to conclude that the company’s flagship consumer GPU line “uses Imagination Technologies’ PowerVR architecture. Moore Threads have not been very upfront about this, and some had hoped that it was taking a different tack to the Innosilicon Fantasy (Fenghua) line, which also uses PowerVR IP. (And again, it wasn’t very up-front in letting people know about the underlying architecture).”<sup>32</sup>

This is especially significant, because Moore Threads had claimed publicly that their flagship consumer GPUs used an in-house domestically developed architecture called “MUSA”.

Moore Threads and Biren were both placed on the Entity List of the US government in 2023. According to the US government, “These entities are involved in the development of advanced computing integrated circuits (ICs). As described in an upcoming amendment to regulations regarding advanced computing items and supercomputer and semiconductor end use, advanced computing ICs can be used to provide

artificial intelligence capabilities to further development of weapons of mass destruction, advanced weapons systems, and high-tech surveillance applications that create national security concerns.”<sup>33</sup>

Both Moore Threads and Biren Technology have received significant state support and have been described as “China’s premier AI chip designers”.<sup>34</sup>

Innosilicon (芯动科技), founded in 2006, is GPU company. Imagination’s partnership with Innosilicon, unlike its work with Biren and Moore Threads, is public knowledge – although there is nothing in the public domain to suggest that Imagination did anything other than license its normal inventory to Innosilicon, as opposed to transferring core assets as described by Howard (above).

Indeed, Imagination has published articles about how Innosilicon’s new series of ‘Fantasy’ graphics cards (these are a consumer product used for computer gaming) is based on IMG’s GPU designs.<sup>35</sup>

### iii. UK staffing cuts

Imagination’s annual reports suggest that staff numbers have reduced dramatically since 2017, when Canyon Bridge acquired the company (see table below).<sup>36</sup>

Figure 2: Imagination’s staff numbers

Year	(basis)	Staff count
2016	Average	1100
2017 (mid-year)	Average before takeover	804
2017	Average	661
2018	Average	526
2019	Average	538
2020	Not explicit	538
2021	Not explicit	524
2022	Not explicit	559
2023	End of year	520

<sup>30</sup> This is based on data shared with UKCT by Datenna, a data intelligence company on China.

<sup>31</sup> See <https://www.asiafinancial.com/chinas-little-nvidia-not-so-homegrown-the-information> and <https://www.theinformation.com/articles/chinas-little-nvidia-has-a-big-secret-its-homegrown-ai-chip-isnt> (paywalled, though UKCT has access).

<sup>32</sup> <https://www.tomshardware.com/news/moore-threads-mtt-s80-tested-bullslab-jay>, with the original cited being <https://www.youtube.com/watch?v=JCiRlOOqnJs>.

<sup>33</sup> <https://www.federalregister.gov/documents/2023/10/19/2023-23048/entity-list-additions>.

<sup>34</sup> <https://rhg.com/research/all-in/>.

<sup>35</sup> <https://blog.imaginationtech.com/how-innosilicon-makes-fantasy-a-reality>.

<sup>36</sup> This table reflects data from Imagination’s annual reports – see <https://find-and-update.company-information.service.gov.uk/company/01306335/filing-history?page=1>.

Imagination has yet to release its latest staffing figures for 2024 and is not expected to do so until autumn 2025. In late 2023, there was widespread reporting to the effect that Imagination intended to lay off 20% of its British staff.<sup>37</sup> There does not appear to have been any media reporting on this theme since.

UKCT analysed accounts of employment at Imagination given on the Glassdoor website. A significant proportion of Glassdoor reviews referred to layoffs and high turnover. Many referred to multiple waves or rounds of redundancies.<sup>38</sup> One submitted in October 2024 by someone describing themselves as a “Director” of the company stated:<sup>39</sup>

*“5 year Roadmap changes with the weather.*

*“CPU and AI disbanded and folded into GPU function, last remaining experts have gone it’s pure chaos with backstabbing and people trying to represent themselves as necessary.*

*“GPU is now about to be heavily hit with a layoff to make way for the new arrivals, skills won’t help you, it’s whether or not “leaders” will vouch for you. Only skill that is admired here is agreement rather than delivery. Most layoffs targeted the more expensive skilled experts and those with RSUs the company now doesn’t want to honour.”*

Another by someone describing themselves as a current vice-president within the company described “several rounds of staff cuts during 2023, hence quite an unsettling future.”<sup>40</sup>

Imagination told UKCT:

*“The actual % of all R&D employees who are based in UK has increased from 61% in 2020 to 63% in 2023. During the same period, the number of R&D employees has reduced globally with proportionately less reduction being effected within the UK offices.”*

<sup>37</sup> See, for example, <https://www.reuters.com/technology/gpu-tech-supplier-imagination-technologies-lays-off-20-staff-sources-2023-11-13/>.

<sup>38</sup> See <https://www.glassdoor.co.uk/Reviews/Imagination-Technologies-Reviews-E11312.htm>.

<sup>39</sup> <https://www.glassdoor.co.uk/Reviews/Employee-Review-Imagination-Technologies-RVW91765181.htm>.

<sup>40</sup> <https://www.glassdoor.co.uk/Reviews/Employee-Review-Imagination-Technologies-RVW83520523.htm>.

## 5. Imagination's Chinese subsidiary

In May 2020, shortly after the departure of Black and other members of Imagination's executive management board, Imagination opened a subsidiary in China as a joint venture with BAIC Capital and a second state-owned investor.<sup>41</sup> BAIC Capital is an arm of BAIC Group, a state-owned automobile manufacturer controlled by SASAC (of which China Reform is also a part) that is one of China's largest car manufacturers. BAIC makes vehicles for the PLA.<sup>42</sup> According to Imagination, the joint venture would be:

*“a fabless semiconductor company and a technology solutions provider. It will focus on the research and development of application processors for autonomous driving assistance systems (ADAS) and voice interactive chips for intelligent cockpits and provide strategic reserves for domestic auto companies represented by BAIC Group in the field of automotive chips.”*

Imagination's English-language announcement appears to have been translated from Mandarin Chinese.<sup>43</sup> The announcement directly quotes Ray Bingham, a Canyon Bridge partner, saying “Our goal is to accelerate the formation of China's advanced automotive chip industry cluster.” The development of chips of this kind is closely tied to the development

of chips with military uses, because technologies related to autonomous navigation and movement are fundamentally dual-use.

The name of Imagination's joint venture in China, when it was announced, was Hexintek/HeXinDa (北京核芯达科技有限公司), HeXinDa could well be translated as ‘Core Chip Attainment’. Its first CEO was Bravo Lee, formerly an Imagination employee. Chinese corporate records and Imagination's own annual reports show that Imagination's shareholding in the company has been significantly diluted since 2020 – it now stands at less than 10%, down from roughly 20%.<sup>44</sup> The company conducts GPU-related research & development activities, as evidenced by Imagination's announcement (above), Chinese media reports,<sup>45</sup> and the fact it has begun to hold Chinese patents.<sup>46</sup> Hexintek has since changed its name to Shenzhen Pengxin Technology Co. Ltd. (深圳朋芯科技有限公司).<sup>47</sup>

Other than brief discussion of Imagination's shrinking shareholding in HeXinDa which appears in Imagination's annual reports, there is no reference to the company in any literature or articles published by Imagination. Imagination's 2022 annual report suggests that the company's value has increased dramatically since it was founded.<sup>48</sup>

<sup>41</sup> Data analysed by UKCT included corporate records shared with us by Datenna, a data intelligence company on China. The second investor is Cuiwei Tower 北京翠微大厦股份有限公司, which is majority owned by a local government.

<sup>42</sup> See, for example, <https://armyrecognition.com/news/army-news/2018/new-b100j-mrap-vehicle-introduced-by-baic-group-at-air-show-china-2018>.

<sup>43</sup> <https://www.imaginationtech.com/news/imagination-technologies-and-baic-capital-announce-automotive-joint-venture/> – See, for example, these sentences: “Intelligent connected vehicle is a clear development direction of the automotive industry. Along with this trend, the model of chip applications in automotive industry are changed from standard-based chips to advanced, customized hardware and software solutions, as well as technical services that deeply integrated with customers and their products.”

<sup>44</sup> Imagination's annual reports are available at <https://find-and-update.company-information.service.gov.uk/company/02920061/more>.

<sup>45</sup> See, for example, <https://www.163.com/dy/article/H9H0F9AD05278R4J.html>.

<sup>46</sup> <https://www.tianyancha.com/company/3421893505>.

<sup>47</sup> Imagination's annual reports are available at <https://find-and-update.company-information.service.gov.uk/company/02920061/more>.

<sup>48</sup> Imagination's annual reports are available at <https://find-and-update.company-information.service.gov.uk/company/02920061/more>.

## 6. The role of Global Counsel in 2020

### i. Background

Global Counsel is a strategic advisory firm that was founded in 2010 by Lord Peter Mandelson and his former aide, Benjamin Wegg-Prosser. Both hold significant stakes in the business which are estimated to be worth millions of pounds and have held stakes since they founded the company.<sup>49</sup>

In late September 2019, Mandelson met with Zhou Yubo 周渝波, the chairman of China Reform, in China. According to China Reform, the “main hope of the visit was to explore the next steps for cooperation opportunities in multiple fields between the two sides,” and Mandelson said that “Global Counsel are very willing to strengthen all-round cooperation with China Reform.” Benjamin Wegg-Prosser was also present (see image below, which shows Wegg-Prosser on the far left, Mandelson and Zhou in the middle).<sup>50</sup>

China Reform is part of SASAC (see previous section), an organ of the Chinese government responsible for state-owned enterprises (SOEs) with which Mandelson has interacted before. In March 2014, Mandelson met Huang Shuhe 黄淑和, the deputy head of SASAC, in China. According to SASAC, Mandelson described cases of cooperation between Global Counsel and the state-owned enterprises overseen by SASAC. Huang said that he “hoped that Global Counsel would continue to provide excellent services to Chinese state-owned enterprises and further enhance their international competitiveness.”<sup>51</sup> According to SASAC, Mandelson had also met with Huang in 2012, when Huang expressed a hope that Global Counsel would “develop cooperation” with state-owned enterprises.<sup>52</sup>

In November 2021, Mandelson boasted that Global Counsel “in recent years has developed a significant



<sup>49</sup> Mandelson's stake has changed in size since the business was founded, see <https://www.tatler.com/article/lord-mandelson-business-deal-global-counsel>; <https://www.ft.com/content/a333fcc9-1f4d-44e0-9274-a47e915267ab>; <https://www.bloomberg.com/news/articles/2024-09-11/labour-peer-mandelson-fails-to-declare-large-stake-in-pr-firm-he-co-founded>.

<sup>50</sup> [https://web.archive.org/web/20240917102220/https://www.crhc.cn/hislib/xwzx/gsxw/gsxw2019/201909/t20190927\\_2518.html](https://web.archive.org/web/20240917102220/https://www.crhc.cn/hislib/xwzx/gsxw/gsxw2019/201909/t20190927_2518.html).

<sup>51</sup> <https://web.archive.org/web/20240917091048/http://www.sasac.gov.cn/n2588025/n2588119/c2681697/content.html>.

<sup>52</sup> <https://web.archive.org/web/20241107144320/http://www.sasac.gov.cn/n2588030/n2588949/c4400406/content.html>.

China footprint. We have seen demand for our services of policy analysis and analysis of political risk from Chinese corporates grow...” Mandelson also described how Global Counsel had worked with the Chinese government to host a high-level roundtable between the Chinese side and “nearly thirty” major European businesses that February.<sup>53</sup>

Global Counsel (GC) told UKCT:

*“GC collaborated with a range of parties in Europe and China on this event – it was widely reported in the media at the time. There were no commercial contractual arrangements in place on this event.”*

As of December 2024, Lord Mandelson is president of Global Counsel and chairman of its international advisory board.<sup>54</sup>

## ii. Work for China Reform

According to a witness statement made by Simon Gentry and submitted to the court in ‘Black vs Imagination’, in 2020, when China Reform tried to take over Imagination’s board by making new appointments, Gentry worked first to advise two Canyon Bridge partners on the potential public impact of the takeover, then to work with his Newgate colleagues “utilising our contacts in Parliament, the government and British intelligence services to try to get the UK government to step in to stop the proposed appointments”. Gentry’s statement continues:<sup>55</sup>

*“In April 2020, we were also informed by Mr Kao that another public relations agency, Global Counsel, had been retained to advise on these issues, although I am not sure exactly which company was paying them. Mr Bingham repeatedly assured us that we would continue to advise him and that he valued our insights and advice. In May 2020, Mr Kao phoned me and told me that Canyon Bridge no longer needed us. He said that Global Counsel would take over this role.”*

*[... ...]*

*“In or around late April/May 2020, I became aware that Mr Bingham was receiving conflicting*

*communications and PR advice from Global Counsel, which is a well-known PR company suspected of having close ties with both Chinese and Russian state companies. [...] Occasionally Ben Wegg-Prosser, Global Counsel’s managing director, was on the late night calls that occurred between me, Mr Bingham, Dr Black and Mr Kao, as explained in paragraph 29, which continued into April. I distinctly remember Alex Dawson, who was a senior advisor at Global Counsel and accompanied Mr Wegg-Prosser on calls, saying words to the effect of “fuck the British government, they don’t matter”, when Mr Kellie and I were discussing the political retaliation which we would expect to follow the appointment of the four Chinese directors with Mr Bingham. [...]”*

*“[...] I also understood that Alex Dawson, to whom I had spoken when he was a special adviser to Prime Minister Theresa May and we were trying to win support for Canyon Bridge’s acquisition of Imagination, was now a special advisor to Global Counsel. At the time, he gave us assurances that Downing Street and therefore the British government were unlikely to intervene to stop the deal. This strengthened my belief that China Reform engaged Global Counsel to assuage and placate any concerns with the appointment of the Chinese directors, within Imagination, the UK government and the media.*

*“It became clear during discussions that Mr Wegg-Prosser wanted to bulldoze through the appointment of the Chinese directors, along with the rest of China Reform’s plans, with no regard to the necessity of managing relations with the UK government or the media, or making the appropriate and required notifications. [...]”*

Gentry thus alleged that Global Counsel had worked to assist China Reform in asserting control over Imagination by means of its board takeover in 2020. He also alleged that Alex Dawson, who was Theresa May’s political director in 2017, was the official that he (Gentry) lobbied in 2017 on behalf of Canyon Bridge in its attempt to acquire Imagination; and that

<sup>53</sup> <https://www.youtube.com/watch?v=5w6qK3O9HwU>.

<sup>54</sup> <https://www.global-counsel.com/about/our-people/peter-mandelson>.

<sup>55</sup> UKCT intends to publish Mr Gentry’s statement in our online library of documents in due course, once Part Two of this report is published – see [www.ukctransparency.org/library](http://www.ukctransparency.org/library).

Alex Dawson worked for Global Counsel on its work for Canyon Bridge in 2020.

UKCT put its research on Global Counsel's work on Imagination to Global Counsel in November 2024. Global Counsel (GC) told UKCT that:

*“GC supported Canyon Bridge develop [sic] a strategy to reassure UK stakeholders. [...] GC has never worked for China Reform, the meeting in 2019 was entirely unrelated to GC's work for Canyon Bridge. [...] The September 2019 meeting bears no relevance in [sic] GC's relationship with Canyon Bridge – to suggest otherwise would be factually incorrect. [...] The meeting was an introduction by China Reform of their approach, GC reciprocated. [...] GC completed a short project for an SOE in 2014, this has been confirmed to the media by GC earlier this year”.*

In November 2024, *The Guardian* reported that Global Counsel “has not worked for government-backed entities since then [2014]”.<sup>56</sup> Of course, Canyon Bridge is backed by the Chinese government (see section 2).

Global Counsel also suggested they were partly to credit for China Reform abandoning their plan to take over Imagination's board:

*“China Reform were trying to change the board, GC was hired by Canyon Bridge to help resolve the situation. GC supported Canyon Bridge resolve [sic] the situation, with no changes to the board – which was not the outcome that China Reform were originally seeking... How can GC be working for China Reform if the outcome is not the one which China Reform originally sought?”*

In UKCT's analysis, China Reform's intended outcome has been to use Imagination to support the development of the PRC's domestic GPU industry. A board takeover was a means to this end, not an end in itself. The contents of this report suggest that China Reform sought and found other means to achieve its end.

### iii. Global Counsel's witness threat

In August 2022, following Gentry's submission of his witness statement to the court, a solicitor's firm wrote

a letter to Gentry on behalf of Global Counsel, which contained the following text:<sup>57</sup>

*“[...] we are instructed by Mr Dawson that as an employee of Global Counsel Limited:*

- 1. He has no recollection of participating in any such call with yourself or representatives of Imagination Technologies Group Limited during April 2020. He has reviewed his emails and diaries for such a period and these confirm that he did not take part in any such call. He therefore confirms he did not make the statement attributed to him as referred to above.*
- 2. He had no involvement in Global Counsel Limited's mandate for Canyon Bridge during March and April 2020. This is further evidenced by the attached email from Global Counsel Limited to the Political Editor of the Mail on Sunday dated 17 April 2020 and the subsequent Mail on Sunday article, also attached.*
- 3. He did not, at any time, say to you, Imagination Technologies Limited, or SEC Newgate UK either the precise words or words to the effect of “fuck the British government, they don't matter”.*

*“In light of this, Mr Dawson's position is that the sentence at paragraph 57 of your witness statement is false.*

*“Your witness statement is, presently, not a document publicly available. However, it will become a public document once submitted to the Tribunal at the hearing we understand is due to take place on 5 September 2022. Should the sentence we have identified remain in your statement when it is made public, there is a material risk that it will be reported in the press. We note here that such risk is material as the fact of the Proceedings has already been reported in the press. Should the sentence be made public then we put you on notice that there is a material risk that Our Clients will suffer damage to their reputations, individually and together, and loss. In that circumstance, Our Clients' rights to take action against you personally are reserved.”*

<sup>56</sup> See <https://www.theguardian.com/politics/2024/nov/13/peter-mandelson-china-stance-makes-him-bad-choice-for-us-ambassador-say-critics>.

<sup>57</sup> UKCT intends to publish this letter in our online library of documents in due course, once Part Two of this report is published – see [www.ukctransparency.org/library](http://www.ukctransparency.org/library).

The “attached email from Global Counsel Limited to the Political Editor of the *Mail on Sunday*” referenced in the letter contains the following claims:

- “• Global Counsel advises Canyon Bridge on policy matters relating to its investment portfolio
- Global Counsel is NOT supporting China Reform Holdings and has no contractual relationship with them
- Peter Mandelson and Alex Dawson have **NO** involvement in Global Counsel’s mandate for Canyon Bridge”

#### iv. Great Britain China Centre

At the time of his meeting with China Reform in 2019 and of Global Counsel’s work for Canyon Bridge/China Reform in 2020, Mandelson was simultaneously “honorary president” of the Great Britain China Centre (GBCC),<sup>58</sup> having been appointed its “president” in 2015.<sup>59</sup> According to GBCC’s annual report 2019-20:<sup>60</sup>

*“The Great Britain-China Centre (GBCC) is a non-departmental public body sponsored by the Foreign, Commonwealth and Development Office. GBCC works to strengthen the UK-China relationship by supporting dialogues and engagements between government, judiciary and policymakers on key rule of law and reform issues.*

*“The UK government is unique in having GBCC as an “arms-length” public body that*

*is differentiated from HMG in its relations with Chinese institutions, but still working in the UK’s national interest, to support the bilateral relationship and champion rule of law reforms.”*

According to an 88-page special review of GBCC’s work conducted by Foreign Office officials in 2019.<sup>61</sup>

*“The Board is supported by the GBCC’s Honorary President and six Vice Presidents whom [sic] are distinguished in their relevant fields. The President and Vice Presidents are not involved in Board decisions but have an advisory role and help promote the work of the GBCC. Several, including the current Honorary President, Lord Mandelson, have been actively involved in GBCC events and fundraising.”*

As of October 2024, GBCC’s formal Framework Document makes no mention of the role of “president” and what it involves, nor whether it is subject to the usual norms about conflicts of interests for those serving in public bodies.<sup>62</sup>

Senior CCP officials meeting Mandelson appear to believe he was meeting them in his capacity as president of GBCC, with accounts of such meetings published by Chinese parties describing Mandelson as such and recording him appearing to speak on behalf of the UK.<sup>63</sup>

Global Counsel told UKCT:

*“No GC work related to China had any involvement of GBCC – to suggest so is false.”*

<sup>58</sup> <https://gbcc.org.uk/2023/03/31/gbcc-reception-to-welcome-sir-david-lidington-as-honorary-president/>.

<sup>59</sup> <https://gbcc.org.uk/2015/10/15/gbcc-appoints-lord-mandelson-as-president/>.

<sup>60</sup> [https://assets.publishing.service.gov.uk/media/5f7ac2c7d3bf7f2d595a9d29/The\\_Great\\_Britain\\_China\\_Centre\\_annual\\_report\\_and\\_accounts\\_2019\\_to\\_2020.pdf](https://assets.publishing.service.gov.uk/media/5f7ac2c7d3bf7f2d595a9d29/The_Great_Britain_China_Centre_annual_report_and_accounts_2019_to_2020.pdf).

<sup>61</sup> [https://assets.publishing.service.gov.uk/media/5f7ac2c7d3bf7f2d595a9d29/The\\_Great\\_Britain\\_China\\_Centre\\_annual\\_report\\_and\\_accounts\\_2019\\_to\\_2020.pdf](https://assets.publishing.service.gov.uk/media/5f7ac2c7d3bf7f2d595a9d29/The_Great_Britain_China_Centre_annual_report_and_accounts_2019_to_2020.pdf).

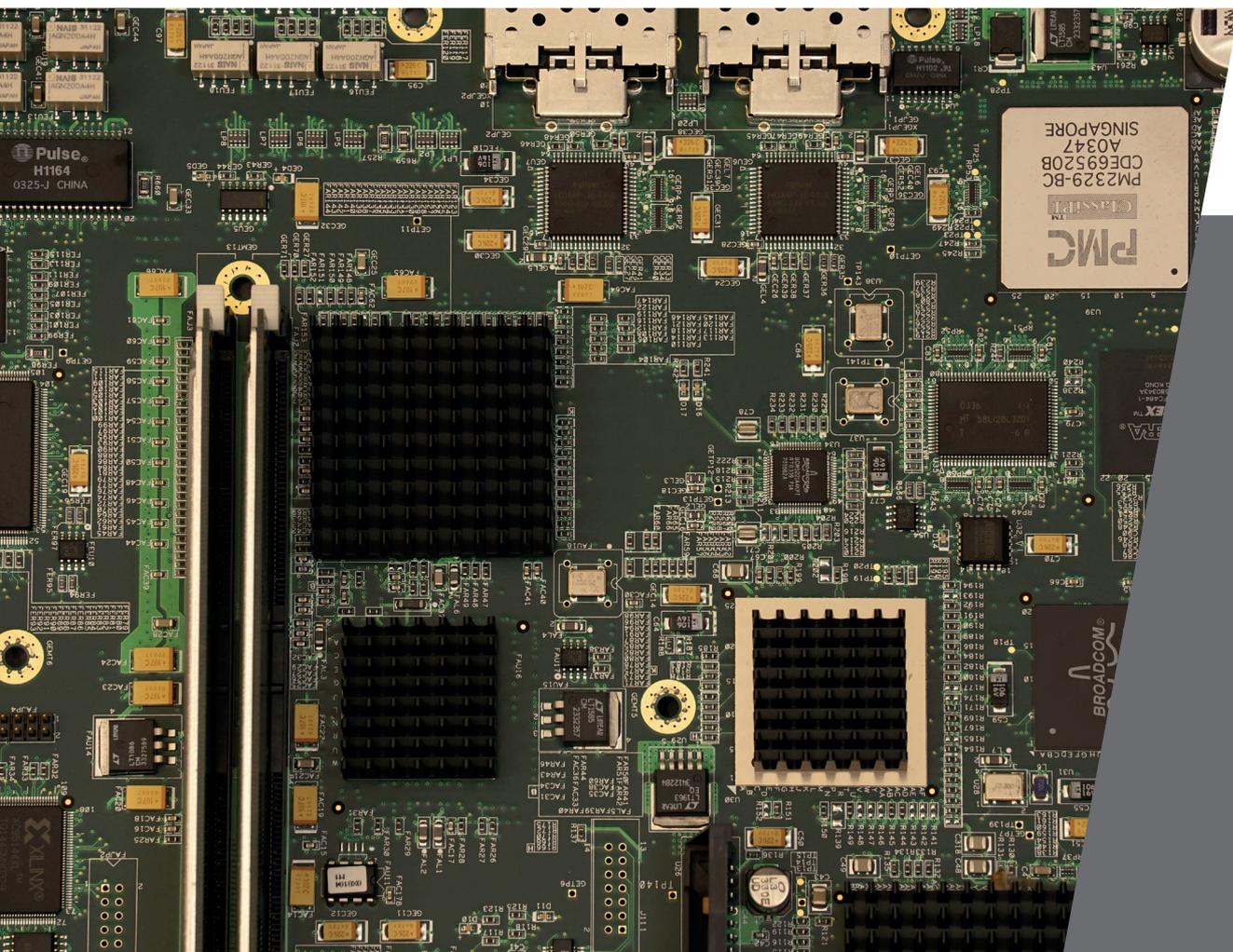
<sup>62</sup> <https://assets.publishing.service.gov.uk/media/672a0d1dabb279b2de1e8b95/Great-Britain-China-Centre-Framework-Document.pdf>.

<sup>63</sup> See, for example: [https://web.archive.org/web/20241118155351/https://www.idcpc.gov.cn/english2023/lldt/201802t20180228\\_161622.html](https://web.archive.org/web/20241118155351/https://www.idcpc.gov.cn/english2023/lldt/201802t20180228_161622.html).



“IMAGINATION TECHNOLOGIES  
AND ASSET STRIPPING BY THE CHINESE  
COMMUNIST PARTY – PART ONE”

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