



Press Release

Taipei District Prosecutors Office

Release Date: Aug. 17, 2017
Media Contact: Deputy Chief Prosecutor Chang
Contact number: (02)23146881

SinoPac Holdings' Chairman Ho and his compliances indicted in violation of the Securities and Exchange Act and the Financial Holding Act

SinoPac Holdings' Chairman Ho and his 18 compliances were indicted in violation of the Financial Holding Act, special breach of trust of the Securities and Exchange Act, financial statement fraud, forgery of the Criminal Law. Defendant Ho's attorney was suspected to act in violation of the lawyers' code of professional responsibility and was under further investigation.

In 2006, President Lee of SDG(Sun Power Group), President Wei of TingHsin Group, and Merrill Lynch International & Co., Inc. jointly invested in Lin Mart Company and therefore enjoyed the ownership of 1788 International Center (hereinafter, 1788 building), a high-end office building in Shanghai, in 2006. Defendant Ho also invested in 1788 building by possessing stocks of Star City Company in the name of Dynabasic Company. Till December of 2000, Merrill Lynch International & Co., Inc. determined to withdraw its investment and President Lee intended to exercise his right of first refusal, which triggered the demand of urgent money for 80 million USD before January 4 of 2011. Thus President Lee asked Defendant Ho to raise 80 million USD. Defendant Ho

instructed staff of SinoPac Holdings and SDG to loan SDG using the name of Giant Crystal Company. Those staff later assisted to loan Giant Crystal for 40 million USD, under the fact that Giant Crystal was an overseas paper company and the assets value SDG provided for the loan was zero. Even worse, when SDG applied to increase loan to 60 million USD, no one from SinoPac Holdings asked SDG to provide more mortgage.

To fill in the gap of another 20 million USD, Head Ho instructed staff from SinoPac Holdings to illegally pay preliminary rent to 1788 Building for 15 million USD, regardless the fact that Yuen Foong Yu Holdings and Yuan Tai Digital Technology had no need to rent a real estate.

Before 1788 Building sold, President Lee and Head Ho still had to pay operation fee and loan interest. Head Ho instructed staff of SinoPac Holdings to approve increased loan for 48 million USD to SDG and allowed SDG to pay loan interest by using increased loan. Since SDG had no ability to pay loan interest, Head Ho still instructed staff of SinoPac Holdings to approve its extended loan.

Head Ho therefore was indicted for violation of receiving improper interest from trading opponent of the Financial Holding Act, and of special breach of trust of Security Exchange Act. Our office asked the court to sentence Head Ho for 12 year imprisonment and fine for 360 million NTD.