



Press Release of Supreme Prosecutors Office

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The investigation conducted by the Special Investigation Division of Supreme Prosecutors Office upon the case referred to as Special Investigation No. 1 of 104 with regard to Wen-Chung Teng and Cheng-I Huang's violation of the Insurance Act has been concluded and the indictment was filed on July 30th, 2015, with Taiwan Taipei District Court.

1. Defendants Wen-Chung Teng and Cheng-I Huang illegally pledged the assets of Singfor Life Insurance Co. Ltd. (hereinafter referred to as "Singfor Life") to EFG Bank AG ("EFG Bank") via the innocent employees of Singfor Life to obtain loans and laundered or concealed the loaned funds afterwards, which is in violation of the Insurance Act.

1.1 Defendants Wen-Chung Teng and Cheng-I Huang, respectively as the vice chairman and chairman of Singfor Life in 2007, both knew perfectly well that an insurance enterprise may not provide its assets as collateral for the debt of another, except otherwise approved by the competent authority of government. However, based on the pretext of higher performance of EFG Bank's discretionary investment operations, they instructed the employees to transfer the assets of Singfor Life as high as US\$ 50,000,000 on August 24th, 2007, to EFG Bank for the STAAP Fund which was under EFG's discretionary investment management. They also falsely declared to EFG Bank that their personal companies, Surewin and High Grounds, were both "affiliates" of Singfor Life, and illegally pledged the assets of the STAAP Fund as security to make loans at a total value of US\$ 22,000,000 from EFG Bank in September 2007, which were immediately divided between themselves for financial uses of other personal companies.

1.2 After succeeding Cheng-I Huang as the chairman of Singfor Life in January 2008, Wen-Chung Teng also commissioned EFG Bank to establish the SFIP-1 Unit Trust with assets from Singfor Life as high as US\$ 156,000,000, which were later pledged as security for loans laundered to his personal account, in the same pattern. Due to its own financial crisis, Singfor Life was taken over by the Financial Supervisory Commission (hereinafter referred to as "FSC") in August 2014. It was found then that its assets have been pledged for loans summed up to as high as US\$ 225,750,000 and EFG has frozen assets in relevant accounts at a total value of US\$ 193,840,000 on the

basis of outstanding loans.

2. Defendant Wen-Chung Teng conspired with employees of Standard Chartered Bank Hong Kong (hereinafter referred to as “SCBHK”) to transfer assets of Singfor Life to his personal investment companies and pledged them as security for loans, via innocent employees of Singfor.

Wen-Chung Teng also conspired with some customer relationship managers (under investigation) of SCBHK to open account numbered as 506370 in SCBHK for his personal company, Novel Asia, and to ask Singfor Life to open account in SCBHK later based on an excuse of expanding foreign investments, in the beginning of October 2010. Afterwards, the customer relationship manager of SCBHK lied to the employees of Singfor Life that the account 506370 was just the account opened for Singfor Life. So the employees of Singfor Life were all misled and transferred Singfor Life’s funds as high as US\$ 24,730,000 and bonds at a total market value of US\$ 102,830,000, which originally deposited in PICTET Bank, to the account 506370 in SCBHK. After that, Wen-Chung Teng immediately pledged those assets as security for loans given to his personal holding company, Spring Yield, from SCBHK. In order to prevent his whole plot from being brought into light, Wen-Chung Teng also opened an account numbered 506477 in the name of Singfor Life and declared to the employees of Singfor Life that it was an account for capital deployment. SCBHK also provided Singfor Life with internet banking service and passwords for the two accounts so the employees of Singfor Life may check the transactions of the two accounts at any time. Furthermore, SCBHK also concealed the account holder’s name of account 506370 by erasing it on the bank statements or switching the bank statements so that the employees of Singfor Life had been unaware of the wrong deposit and the pledge of the assets of Singfor Life. Not until December 30th, 2014, when SCBHK replied to accountant’s inquiry revealing that the account 506370 was not owned by Singfor Life, did FSC become aware of the truth as describe above.

3. Defendants Wen-Chung Teng and Cheng-I Huang both committed offenses in violation of the Insurance Act, the Securities and Exchange Act, and the Money Laundering Prevention and Control Act. Wen-Chung Teng obtained illegal proceeds at a total value as high as US\$ 402,860,000 while Wen-Chung Teng and Cheng-I Huang jointly obtained illegal proceeds at a total value as high as US\$ 22,000,000. However, both of them still pleaded not guilty by denying committing the offenses as above-mentioned. In order to ensure the compliance of insurance enterprises and to protect legal benefits of numerous insured clients, we requested the court to impose

severe punishments upon the defendants.