

NDF used to help China infiltrate firms, NPP says

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New Power Party Executive Chairman Huang Kuo-chang shows a chart during a news conference in Taipei yesterday during which the party alleged that the National Development Fund might have been used to help Chinese state-owned companies infiltrate Taiwanese businesses.

Photo: Liao Chen-huei, Taipei Times

The National Development Fund (NDF) might have been used to help Chinese state-owned companies infiltrate Taiwanese businesses, the New Power Party (NPP) said yesterday.

The National Development Council in June last year announced that it would invest NT\$1.4 billion (US\$46.2 million at the current exchange rate) in Taiwanese jeans manufacturer Roo Hsing Co to help the company improve its automated manufacturing system, NPP Hsinchu city councilor candidate Peng Sheng-shao (彭勝少) told a news conference at the party's caucus office in Taipei.

As the council confirmed, the investment was meant to enable Roo Hsing to acquire Chinese clothing manufacturer JD United Holdings, Peng said.

"Many have questioned the government's decision and suspected that the merger was a reverse takeover that would allow the Chinese company to receive funding from the Taiwanese government," he said.

The council on Friday last week said that Roo Hsing chairman Chen Shih-hsiu (陳士修) is still leading the company's operations, but that is simply untrue, he said.

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“The company [after the merger] became controlled by Chinese who are connected to high-level Chinese Communist Party officials,” Peng said.

The company’s general manager is Sun Yang (孫陽), who is also a board member, he said, adding that Chen previously said that Sun grew up in the US, but he did not obtain US citizenship until 2002.

“Sun had worked as the head of Jilin Province Textiles Imp & Exp Co’s Shanghai office, a fully state-owned Chinese enterprise,” Peng said. “If Sun really did grow up in the US, how was he able to head the Shanghai office of a Chinese state-owned company as soon as he returned to China?”

Roo Hsing’s annual net loss reached NT\$375 billion last year, more than before the merger, NPP Hsinchu City councilor candidate Lin Yan-fu (林衍富) said.

Furthermore, when Roo Hsing’s accounting representative visited JD United’s office in China to review their accounting records, it refused to reveal its full assets and income, he said.

“It is unclear how deeply red JD United is and how much of its accounting records are true,” he said.

“Why did the council help Roo Hsing acquire JD United? How did they decide it was worth NT\$10.8 billion, considering that its book value was less than NT\$5 billion?” NPP Executive Chairman Huang Kuo-chang (黃國昌) asked.

The development council, the Mainland Affairs Council and the Financial Supervisory Commission owe the public an explanation, Huang said.

“Taxpayers’ money and the rights of individual investors are at stake, and the Chinese state-owned enterprise might be attempting to infiltrate the publicly traded Taiwanese

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business,” he added.

The development council has done its best to perform due diligence, development council Deputy Minister Chiou Jiunn-rong (邱俊榮) said, adding that the investment made sense at the time.

It would look into the matter and, if Roo Hsing is found to have deliberately concealed important information about the investment, it would report the case to law enforcement, he said.

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