

Summary of Mr. Wan's fabrication on three important bank's internal documents pertaining to Dr. Chang's account

These various statements of Mr. Wan were examined in the High Court and established as false. (Mr. Wan's statements are underlined.)

The examination of Mr. Wan's untruths on these bank documents during the trial are summarized in Paragraphs #153-156 (for the CAPRE form), #157-158 (for the KYC form), #162-175 (for the MTC form) of the Closing Submissions of Dr. Chang.

Client Acceptance and Profile Report (CAPRE) form dated 3 Aug 2007

1. In describing Dr Chang's background, Mr Wan reported: "Dr. Chang was a customer of HSBC and I used to serve him since 2003.---Since Dr. Chang met his wife Ms. Lim in Hong Kong, the couple visited Hong Kong at least twice a year from Taiwan."

Truth: Dr. Chang was never a customer of HSBC. He met Mr. Wan for the first time at Standard Chartered Bank in Hong Kong on 28 December 2006. He met Prof Lim in National Tsing Hua University in Hsinchu, Taiwan.

2. In describing Dr Chang's sources of income, Mr Wan reported: "---his incomes are from different sources. Academia Sinica is Dr's primary income sources and he makes USD 350,000 per year, in addition, he has some patents income from different drug companies and average additional USD 50K-80K per year."

Truth: Dr. Chang made about USD 110,000-120,000 in total (salaries plus consulting fees) per year in 2006 and 2007; his total income per year was less than these amounts in the period 1997 to 2005; he had never had any patent income; his patented inventions belonged to Tanox.

3. "His investments are Government Bonds and Blue Chips stocks. Property investment is Dr. Chang's favour. He owns several high-grade apartments in Taipei for self use."

Truth: Prior to 2007, he never had government bonds and blue chip stocks. Since returning to Taiwan in 1996, he moved from one government dormitory to another. With the urging of siblings, Prof. Lim and Dr. Chang bought one apartment in Taipei in 2004. Dr. Chang had no other real property investment elsewhere.

4. "---his total investable asset are between 3M to 6M and his net worth is estimated at 20-25 million USD."

Truth: Mr Wan already knew the value of my Tanox shares by the 15 March 2007 meeting. It was not clear why he would enter much smaller numbers in the CAPR form.

- 5. In describing the Initial Source of Funds, Mr. Wan reported: “Initial USD2M will come from Citibank Taiwan. Some other sources will come from Standard Chartered Bank.”

Truth: I never had accounts in Citibank Taiwan and Standard Chartered Bank in Hong Kong or anywhere.

- 6. In filling out the box HOW WAS THE CLIENT ACQUIRED? Mr. Wan marked: “RM Johnny Wan. RM knew client from previous employment at HSBC.” Mr. placed his signature next to the statement.

- 7. In his Grounds of Decision (Judgment), Justice Pillai stated that these fabrications are palpably fictitious.

Notes:

- 1. In marking Dr. Chang’s EXPERIENCE, Mr. Wan marked “L (Low)” in Mutual Funds, Loans, Fiduciary Services, FX Trading, Alternative Investments, IPO’s, Derivatives/Structured Products, and Others, and marked “M (Medium)” in Deposits, Bonds, Managed Portfolio, and Stocks. No item was marked “H (High)”.
- 2. In marking Dr. Chang’s RETURN EXPECTATION/RISK TOLERANCE, Mr. Wan marked “Balanced”.
- 3. These markings were closer to what Dr. Chang represented to Mr. Wan in the 15 March 2007 meeting.

Margin Trading Checklist (MTC) form dated 19 Nov 2007

- 1. In assessing CLIENT SUITABILITY, Mr. Wan stated: “He understands structure products such as ROCA and DSPP. He is well aware the risk involves in those products such as losing principle and commitment of time.”

Truth: Dr. Chang had never heard of ROCA and did not understand DSPP. He was led into purchasing DSPP products, as the result of Mr. Wan’s repeated and persistent recommendation of the DSPP products.

- 2. In assessing the Client Experience in Derivative Trading, for the question “Where has client trading in Derivative Market?” Mr. Wan marked, “Standard Chartered Bank, Citibank.”

Truth: He did not have a Standard Chartered Bank account. By this time, Dr. Chang

had bought DSPP product for the first time in his life with the recommendation and assistance of Mr. Wan in Deutsche Bank.

3. In assessing the Client Experience in Derivative Trading, for the question “How long has client been trading in Derivative Markets?” Mr. Wan marked: “15 years”.

Truth: Dr. Chang just bought DSPP from Mr. Wan for the first time in his life. Dr. Chang had never had other derivative trading experience prior to working with Mr. Wan.

4. Mr. Wan also exaggerated Dr. Chang’s Net Asset Value; Mr. Wan also marked derivative products other than DSPP, as suitable for Dr. Chang.

Know Your Client (KYC) form dated 3 July 2008

1. The fabricated facts as described in points # 1-3 in the CAPR form above are also in this KYC form.
2. For Estimated amount of investable asset, Mr. Wan marked: “130-150 million” ; For Estimated net worth, Mr. Wan marked: “160 million”.

Truth: The estimated asset number was much larger than the asset Dr. Chang had in July 2008. Dr. Chang had started facing margin calls and had no longer any more fund for investment at this point in his account.

3. In assessing Client Product Knowledge, Mr. Wan reported: “Client had over 15 years US equity investment experience at Fidelity Investment. In addition, he invests in Taiwan, Hong Kong equity for more than 15 years also. Furthermore, he does many derivatives such as options (including option strategy such as spreads) and leveraged products at Fidelity and HSBC Bank”.

Truth: Those fabrications were extreme. In Discovery process required for the trial, Dr. Chang provided monthly statements of all his bank and brokerage accounts, going back to around year 2000-2. The data were examined in the trial. In the Fidelity Investment account, he placed his funds in mutual funds. In Taiwan, he invested in a few stocks between Oct. 2000 to Feb. 2002, and not prior to or after this short period. He never had an HSBC bank account. He had never invested in Hong Kong stocks prior to knowing Mr. Wan. He had never purchased any option in his life prior to knowing Mr. Wan. He did know what option strategy meant. He had never heard of “spreads”.