

SinoPac Holdings and Subsidiaries

**Consolidated Financial Statements for the Period from May 9, 2002
(Date of Establishment) to December 31, 2002**

Together with Independent Auditors' Report

Readers are advised that the original version of these financial statements is in Chinese. This English translation is solely for the readers' convenience and these financial statements do not include additional disclosures that are required for Chinese-language reports under the Guidelines for Financial Holding Company's Financial Reporting, Guidelines for Securities Issuers' Financial Reporting, Criteria Governing the Preparation of Financial Reports by Securities Firms, Criteria Governing the Preparation of Financial Reports by Futures Firms promulgated by the Securities and Futures Commission of the Republic of China. If there is any conflict between these financial statements and the Chinese version or any difference in the interpretation of the two versions, the Chinese-language financial statements shall prevail.

English Translation of a Report Originally Issued in Chinese

Independent Auditors' Report

The Board of Directors and Stockholders
SinoPac Holdings

We have audited the consolidated balance sheet of SinoPac Holdings and subsidiaries as of December 31, 2002, and the related consolidated statements of income, changes in stockholders' equity and cash flows for the period from May 9, 2002 (date of establishment) to December 31, 2002. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Regulations for Audit of Financial Statements by Certified Public Accountants, Regulations for Audit of Financial Statements of Financial Institutions by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statements presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of SinoPac Holdings and subsidiaries as of December 31, 2002, and the results of its operations and its cash flows for the period from May 9, 2002 to December 31, 2002, in conformity with Guidelines for Financial Holding Company's Financial Reporting, Guidelines for Securities Issuers' Financial Reporting, Criteria Governing the Preparation of Financial Reports by Securities Firms, Criteria Governing the Preparation of Financial Reports by Futures Firms and accounting principles generally accepted in the Republic of China.

T N Soong & Co
An Associate Member Firm of Deloitte Touche Tohmatsu
Taipei, Taiwan
The Republic of China

January 30, 2003

Notice to Readers

The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

English Translation of Financial Statements Originally Issued in Chinese

SINOPAC HOLDINGS AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

December 31, 2002

(Amounts Expressed in Thousands of New Taiwan Dollars, Except Par Value of Capital Stock)

<u>A S S E T S</u>	<u>Amount</u>	<u>%</u>	<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>	<u>Amount</u>	<u>%</u>
CASH (Note 4)	\$ 68,172,740	16	LIABILITIES		
DUE FROM BANKS	11,303,691	3	Short-term borrowings (Notes 14 and 31)	\$ 7,675,979	2
DUE FROM CENTRAL BANK (Note 5)	11,011,956	3	Securities sold under agreements to repurchase (Notes 2, 15 and 30)	14,072,269	3
OPERATING SECURITIES - NET (Notes 2 and 6)	17,037,210	4	Call loans and due to banks	55,248,193	13
SECURITIES PURCHASED (Notes 2, 7 and 30)	35,278,281	8	Warrant liabilities (Notes 2 and 16)	81,950	-
SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL (Notes 2, 8 and 30)	1,522,124	-	Repurchase of warrants issued (Notes 2 and 17)	(45,346)	-
ACCOUNTS, INTEREST AND OTHER RECEIVABLES - NET (Notes 2, 9 and 30)	26,816,251	7	Accounts, interest and other payables (Notes 18 and 28)	11,516,326	3
ACCEPTANCES	1,375,624	-	Acceptances payable	1,375,624	-
PREPAID EXPENSES (Notes 2 and 30)	320,560	-	Deposits and remittances (Notes 19 and 30)	268,204,668	63
LOANS, DISCOUNTS AND BILLS PURCHASED - NET (Notes 2, 10 and 30)	224,972,445	53	Bank debentures (Note 20)	7,000,000	2
LONG-TERM INVESTMENTS - NET (Notes 2 and 11)	7,995,144	2	Euro-convertible bonds (Note 21)	8,160,299	2
PROPERTIES (Notes 2, 12, 30 and 31)			Other liabilities (Note 28)	<u>4,625,069</u>	<u>1</u>
Cost			Total Liabilities	<u>377,915,031</u>	<u>89</u>
Land	3,370,338	1	STOCKHOLDERS' EQUITY		
Buildings	3,071,311	1	Capital stock, \$10 par value		
Computer equipment	2,337,888	1	Authorized - 10,000,000,000 shares		
Transportation equipment	58,767	-	Issued - 3,748,126,974 shares	37,481,270	9
Office and other equipment	<u>2,088,772</u>	<u>-</u>	Capital surplus	9,067,958	2
Total cost	10,927,076	3	Retained earnings	1,531,273	1
Accumulated depreciation	<u>3,154,195</u>	<u>1</u>	Unrealized loss on long-term equity investments	(321,429)	-
	7,772,881	2	Unrealized revaluation loss on long-term equity investments	(40,695)	-
Advances on acquisitions of equipment and construction in progress	<u>284,718</u>	<u>-</u>	Cumulative translation adjustment	324,552	-
Net Properties	<u>8,057,599</u>	<u>2</u>	Treasury stock - at cost: 250,202,767 shares	<u>(3,245,570)</u>	<u>(1)</u>
OTHER ASSETS (Notes 2, 13, 30 and 31)	<u>8,848,765</u>	<u>2</u>	Total Stockholders' Equity	<u>44,797,359</u>	<u>11</u>
TOTAL ASSETS	<u>\$ 422,712,390</u>	<u>100</u>	CONTINGENCIES AND COMMITMENTS (Notes 2, 30, 32 and 38)		
			TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 422,712,390</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

English Translation of Financial Statements Originally Issued in Chinese

SINOPAC HOLDINGS AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME

For the Period from May 9, 2002 (Date of Establishment) to December 31, 2002 (Note 1)
(Amounts Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<u>Amount</u>	<u>%</u>
OPERATING REVENUES		
Interest (Notes 2, 10 and 30)	\$ 15,492,962	65
Service fees (Notes 2, 24 and 30)	4,008,818	17
Income from securities – net (Note 25)	3,429,414	13
Income from long-term equity investments (Note 2)	297,445	1
Foreign exchange gain - net	170,349	-
Other (Note 30)	<u>535,599</u>	<u>4</u>
Total Operating Revenues	<u>23,934,587</u>	<u>100</u>
OPERATING COSTS AND EXPENSES		
Interest	8,364,799	35
Service charges	367,930	2
Provision for credit and trading losses (Notes 2 and 10)	1,599,369	7
Operating and administrative expenses (Notes 26, 27 and 30)	9,024,667	38
Other	<u>62,791</u>	<u>-</u>
Total Operating Costs and Expenses	<u>19,419,556</u>	<u>82</u>
OPERATING INCOME	<u>4,515,031</u>	<u>18</u>
NON-OPERATING INCOME (EXPENSES)		
Income (Note 30)	217,026	1
Expenses	(<u>94,005</u>)	<u>-</u>
Non-operating Income - Net	<u>123,021</u>	<u>1</u>
INCOME BEFORE INCOME TAX FOR THE YEAR ENDED DECEMBER 31, 2002	4,638,052	19
INCOME TAX (Notes 2 and 28)	<u>1,136,778</u>	<u>5</u>
CONSOLIDATED NET INCOME FOR THE YEAR ENDED DECEMBER 31, 2002	3,501,274	14
NET INCOME FROM SUBSIDIARIES FOR THE PERIOD FROM JANUARY 1, 2002 TO MAY 8, 2002	(<u>1,952,668</u>)	<u>8</u>
CONSOLIDATED NET INCOME FOR THE PERIOD FROM MAY 9, 2002 TO DECEMBER 31, 2002	<u>\$ 1,548,606</u>	<u>6</u>
	<u>Pre-tax</u>	<u>After tax</u>
EARNINGS PER SHARE (Note 29)		
Basic earnings per share	<u>\$ 0.78</u>	<u>\$ 0.45</u>
Diluted earnings per share	<u>\$ 0.73</u>	<u>\$ 0.44</u>

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English Translation of Financial Statements Originally Issued in Chinese

SINOPAC HOLDINGS AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
For the Period from May 9, 2002 (Date of Establishment) to December 31, 2002 (Note 1)
(Amounts Expressed in Thousands of New Taiwan Dollars, Except Dividends Per Share)

	CAPITAL STOCK		CAPITAL SURPLUS (Notes 2 and 22)								RETAINED EARNINGS (Note 22)				UNREALIZED LOSS ON LONG-TERM EQUITY INVESTMENTS	UNREALIZED REVALUATION LOSS ON LONG-TERM EQUITY INVESTMENTS	CUMULATIVE TRANSLATION ADJUSTMENT	TREASURY STOCK	TOTAL STOCKHOLDERS' EQUITY	
	(Note 22)		After Stock Conversion	Additional Paid-in Capital Prior to Stock Conversion	Additional Paid-in Capital Merger of Business	Capital Surplus from Disposal of Properties	Gain on Disposal of Properties	Donated Capital	Treasury Stock	Other	Total	Legal Reserve	Special Reserve	Unappropriated	Total	(Notes 2 and 11)	(Notes 2 and 11)	(Notes 2 and 11)	(Notes 2 and 23)	
	Shares	Amount																		
BALANCE, JANUARY 1, 2002	3,538,352,487	\$35,383,525	\$ -	\$ 709,777	\$773,040	\$ 21,866	\$ 83	\$ -	\$3,212	\$ 1,507,978	\$3,290,784	\$1,787,268	\$2,945,697	\$8,023,749	(\$302,532)	(\$35,746)	\$346,735	(\$1,317,663)	\$43,606,046	
Appropriation of subsidiaries for 2001 earnings	-	-	-	-	-	-	-	-	-	-	590,001	-	(590,001)	-	-	-	-	-	-	
Legal reserve	-	-	-	-	-	-	-	-	-	-	-	-	(267,940)	-	-	-	-	-	-	
Special reserve	-	-	-	-	-	-	-	-	-	-	-	-	(248,547)	(248,547)	-	-	-	-	(248,547)	
Bonus to employees	-	-	-	-	-	-	-	-	-	-	-	-	(69,423)	(69,423)	-	-	-	-	(69,423)	
Remuneration to directors and supervisors	-	-	-	-	-	-	-	-	-	-	-	-	(5,536)	5,536	-	-	-	-	-	
Reversal of special reserve appropriated equivalent to the debit balance of accounts in stockholders' equity from subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(5,536)	5,536	-	-	-	-	-	-	
Transfer capital surplus from gain on disposal of properties to unappropriated earnings from subsidiaries	-	-	-	-	-	(5,376)	-	-	(5,376)	-	-	-	5,376	5,376	-	-	-	-	-	
Unrealized loss on long-term equity investments recognized from subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(23,390)	-	-	-	(23,390)	
Change in translation adjustment on long-term equity investments from subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	46,934	-	46,934	
Reissued treasury stock to employees from subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(12,385)	(12,385)	-	-	-	262,317	249,932	
Net income from subsidiaries for the period from January 1, 2002 to May 8, 2002	-	-	-	-	-	-	-	-	-	-	-	-	1,952,668	1,952,668	-	-	-	-	1,952,668	
Reclassification of shares held by subsidiaries to treasury stocks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,896,922)	(2,896,922)	
Reclassification of stock conversion between the Company and its subsidiaries	-	-	11,154,040	(709,777)	(773,040)	(16,490)	(83)	-	(3,212)	9,651,438	(3,880,785)	(2,049,672)	(3,720,981)	(9,651,438)	-	-	-	-	-	
BALANCE, MAY 9, 2002	3,538,352,487	35,383,525	11,154,040	-	-	-	-	-	-	11,154,040	-	-	-	-	(325,922)	(35,746)	393,669	(3,952,268)	42,617,298	
Capitalization of capital surplus	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Stock dividends - \$0.6093 per share	209,774,487	2,097,745	(2,097,745)	-	-	-	-	-	(2,097,745)	-	-	-	-	-	-	-	-	-	-	
Consolidated net income for the period from May 9, 2002 to December 31, 2002	-	-	-	-	-	-	-	-	-	-	-	-	1,548,606	1,548,606	-	-	-	-	1,548,606	
Unrealized loss on long-term equity investments recognized from subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,493	-	-	-	4,493	
Unrealized revaluation loss recognized from subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,949)	-	-	(4,949)	
Change in cumulative translation adjustment recognized from subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(69,117)	-	(69,117)	
Difference adjustment between the equity in net assets for the investments and the book value from long-term investments	-	-	-	-	-	-	-	-	-	-	-	-	(8,256)	(8,256)	-	-	-	-	(8,256)	
Effect of acquiring long-term equity investments from subsidiaries	-	-	(1,679)	-	-	-	-	-	1,679	-	-	-	-	-	-	-	-	-	-	
Treasury stock transactions of subsidiaries	-	-	-	-	-	-	-	11,663	-	11,663	-	-	(9,077)	(9,077)	-	-	-	706,698	709,284	
BALANCE, DECEMBER 31, 2002	3,748,126,974	\$37,481,270	\$ 9,054,616	\$ -	\$ -	\$ -	\$ -	\$11,663	\$1,679	\$ 9,067,958	\$ -	\$ -	\$1,531,273	\$1,531,273	(\$321,429)	(\$40,695)	\$324,552	(\$3,245,570)	\$44,797,359	

The accompanying notes are an integral part of the consolidated financial statements.

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SINOPAC HOLDINGS AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Period from May 9, 2002 (Date of Establishment) to December 31, 2002 (Note 1)
(Amounts Expressed in Thousands of New Taiwan Dollars)

	<u>Amount</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Consolidated net income for the period from May 9, 2002 to December 31, 2002	\$ 1,548,606
Net income from subsidiaries for the period from January 1, 2002 to May 8, 2002	<u>1,952,668</u>
Consolidated net income for the year ended December 31, 2002	3,501,274
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation and amortization	903,830
Provision for credit and trading losses	1,536,521
Reversal of allowance for decline in market value of securities purchased	(809)
Provision for decline in market value of operating securities	2,146
Realized loss on long-term equity investments	10,583
Loss on disposal of properties – net	64,984
Income from long-term equity investments under equity method - net	(266,301)
Cash dividends received from long-term equity investments under equity method	83,360
Gain on sale of long-term equity investments	(4,894)
Gain on warrants issued - net	(305,752)
Accrued pension cost	162,142
Deferred income taxes	209,607
Increase in securities purchased - for trading purposes	(190,166)
Increase in operating securities	(4,033,371)
Decrease in securities purchased under agreements to resell	7,549,318
Increase in accounts, interest and other receivables	(4,820,596)
Increase in prepaid expenses	(35,020)
Decrease in securities sold under agreements to repurchase	(3,936,161)
Increase in warrant liabilities	368,800
Increase in repurchase of warrants issued	(169,071)
Increase in accounts, interest and other payables	1,143,988
Other	<u>802</u>
Net Cash Provided by Operating Activities	<u>1,775,214</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Decrease in due from banks	29,705,562
Increase in due from Central Bank	(3,814,273)
Increase in securities purchased - for investing purposes	(2,652,039)
Increase in loans, discounts and bills purchased	(34,197,459)
Increase in long-term equity investments	(1,423,355)

(Forward)

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	<u>Amount</u>
Increase in long-term bond investments	(\$ 346,309)
Proceeds from sales of long-term equity investments	736,811
Acquisition of properties	(837,411)
Proceeds from sale of properties	80,789
Decrease in other assets	<u>2,269,884</u>
Net Cash Used in Investing Activities	(<u>10,477,800</u>)
CASH FLOWS FROM FINANCING ACTIVITIES	
Increase in short-term borrowings	3,567,735
Increase in call loans and due to banks	27,996,774
Increase in deposits and remittances	18,693,445
Increase in bank debentures	2,000,000
Issuance of Euro-convertible bonds	8,160,299
Decrease in other liabilities	(1,633,728)
Remuneration to directors and supervisors and bonus to employees	(317,113)
Proceeds from reissuing treasury stock to employees	<u>783,408</u>
Net Cash Provided by Financing Activities	<u>59,250,820</u>
INCREASE IN CASH	50,548,234
CASH, BEGINNING OF PERIOD	<u>17,624,506</u>
CASH, END OF PERIOD	<u>\$68,172,740</u>
SUPPLEMENTAL INFORMATION	
Interest paid	<u>\$ 8,900,529</u>
Income tax paid	<u>\$ 809,134</u>
INVESTING AND FINANCING ACTIVITIES NOT AFFECTING CASH	
Proceeds from reissuing treasury stock to employees prior to the beginning of period	<u>\$ 175,808</u>
The Company's shares held by Bank SinoPac were treated as treasury stock	<u>\$ 2,896,922</u>

The accompanying notes are an integral part of the consolidated financial statements.

SINOPAC HOLDINGS AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Stated)

1. ORGANIZATION AND OPERATIONS

SinoPac Holdings (the Company) was formed pursuant to the Financial Holding Company Law and other related regulations on May 9, 2002. Following the incorporation the Company issued stocks to exchange for the shares of Bank SinoPac, National Securities Corporation (NSC), and SinoPac Securities Co., Ltd. (SPS), respectively, at ratios of 1:1.0267130836, 1:1.0098971566 and 1:0.7968960296, respectively, resulting in all three companies becoming wholly-owned subsidiaries of the Company. The shares of Bank SinoPac and NSC then ceased trading in Taiwan Stock Exchange (TSE) and Over-the-Counter Securities Exchange (OTC Exchange), respectively, while SinoPac Holdings became listed in TSE instead.

On July 22, 2002, SPS was merged into NSC with the latter as surviving entity pursuant to resolutions reached by the Boards of both companies. The exchange ratio is 1.2672884782 shares of SPS's stock for each share of NSC common stock, and the merged company was immediately renamed to SinoPac Securities Corporation (SinoPac Securities).

The Company engages in the business of investing and managing of the financial related institutions.

Bank SinoPac obtained government approval to incorporate on August 8, 1991, and commenced operations on January 28, 1992. The Bank is engaged in commercial banking, trust, and foreign exchange operations as prescribed by the Banking Law.

As of December 31, 2002, Bank SinoPac's operating units include Banking, Trust, International Division of the Head Office, an Offshore Banking Unit (OBU), 42 domestic branches, 2 overseas branches and 1 overseas representative office.

The operations of Bank SinoPac's Trust Department consist of: (1) planning, managing and operating of trust business; (2) custodianship of non-discretionary trust fund in domestic and overseas securities and mutual funds. The foregoing operations are regulated under the Banking Law and Trust Law.

On August 15, 1997, Bank SinoPac acquired Far East National Bank (FENB), through SinoPac Bancorp, by purchase of 100% of its shares. FENB was established in Los Angeles in 1974. It is a commercial bank engaged mainly in deposit taking and lending businesses. As of December 31, 2002, FENB has 15 branches in Los Angeles and San Francisco areas and one Beijing representative office. It also has 4 wholly-owned subsidiaries – Far East Capital Corporation, a small business investment bank, FENB Securities Inc., a small securities corporation, FENB Loan Corp., an asset management corporation, and FENB Film Corp., a motion picture asset management corporation.

SinoPac Securities was established on October 11, 1988 and started operations on November 8, 1988. It engages in transactions involving marketable securities such as: (a) underwriting, dealing (securities and futures) and brokerage, (b) financing the acquisition and short-sales by customers, (c) trading foreign securities on behalf of customers, and (d) assistance activities in futures trading. As of December 31, 2002, the SinoPac Securities has 49 branches in operation (including 7 branches merged from SPS).

2. SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting policies, which conform to accounting principles generally accepted in the Republic of China (ROC), are summarized below:

Consolidation

The consolidated financial statements include the accounts of the SinoPac Holdings, Bank SinoPac, as consolidated with SinoPac Bancorp and its subsidiary FENB and SinoPac Securities (the Company, thereafter). All significant inter-company transactions and balances have been eliminated for consolidation purpose.

The operating revenues and total assets of the other investees - SinoPac Call Center Co., Ltd., SinoPac Leasing Corporation, SinoPac Capital Limited, SinoPac Financial Consulting Co., Ltd., SinoPac Life Insurance Agent Co., Ltd., SinoPac Property Insurance Agent Co., Ltd., SinoPac Futures Corp. (formerly National Futures Corp.), SinoPac Futures Co., Ltd., SinoPac Securities (Cayman) Holdings Ltd. (formerly NSC (Cayman) Holdings Ltd.), SinoPac Capital Management Corp. (formerly Wang Shen Securities Investment Consulting Co., Ltd.), and SinoPac Asset Management Corp. (B.V.I.) - are individually less than 10%, and are in aggregate less than 30%, of those of the Company. Accordingly, their accounts were not included in consolidated financial statements.

Operating securities

Stocks, except for Emerging Stocks, held by SinoPac Securities' dealing and underwriting departments are stated at the lower of aggregate cost or market value. Emerging Stock is stated at cost. The aggregate market value of the stocks, except Emerging Stocks, is based on closing price as of the balance sheet date. Allowance for loss is provided for the excess of the total cost of the securities over their market value. Any recovery of the market values of the securities to the extent of their original carrying values is recognized as income. The allowance is adjusted when the market value subsequently recovers. The cost of stocks sold is determined using the moving-average method.

Bonds are stated at the lower of cost or market value. The market value is based on the reference price as of the balance sheet date published by the OTC exchange. The cost of bonds sold is determined using the moving-average method.

Securities purchased

Securities purchased include short-term bills, stocks, beneficiary certificates and bonds.

Short-term bills are stated at cost (which approximates market value). Cost of short-term bills sold is determined using the specific identification method. Stocks, beneficiary certificates and bonds are stated at the lower of cost or market. Cost of securities sold other than short-term bills is determined using the moving-average method by SinoPac Holdings and Bank SinoPac and weighed-average method by SinoPac Securities, respectively. Market prices are determined as follows: (a) listed stocks - average daily closing prices for the last month of the accounting period; (b) beneficiary certificates (open-end fund) - net asset values as of the balance sheet dates; (c) over-the-counter stocks - average daily closing prices for the last month of the accounting period, published by the OTC Exchange; and (d) bonds - period-end reference prices published by the OTC Exchange.

For applying the lower of cost or market method, the SinoPac Holdings shares held by Bank SinoPac should be evaluated separately from the other listed and over-the-counter stocks held by Bank SinoPac pursuant to the accounting principles generally accepted in the ROC.

Warrant liabilities and operating securities - hedging

The amount received from the issuance of warrants is presented as “warrant liabilities”. The amount paid for the repurchase of warrants issued is presented as “repurchase of warrants issued”, a contra-account of “warrants liabilities”. Warrant liabilities and warrants repurchased are marked to market. The gain/loss, presented as “gain/loss on warrants issued”, is recognized for the difference between the carrying values and the market values of both the warrant liabilities and warrants repurchased. However, the loss on revaluation of warrant liabilities is deferred to the extent of the unrealized gain on the related hedge securities while the excess of the loss on revaluation of warrant liabilities over the unrealized gain on hedge securities is charged to current income. The repurchase cost of warrants issued is calculated using the moving-average method with the related gain or loss accounted for as “gain/loss on warrants issued”.

Securities held as hedges for warrants issued are stated at purchased cost or at the lower of cost or market value on the date of being transferred to hedge position. These securities are stated at the lower of cost or market value based on individual warrants issued. The loss from decline in market value of such securities is charged to current income.

Securities purchased or sold under agreements to resell or to repurchase

Except for Bank SinoPac, sales or purchases of bonds and short-term bills under agreements to repurchase or resell for the Company are stated at cost. The difference between the original purchase cost (or sale price) and the contracted resale (or repurchase) amount is recognized as interest income (or interest expense) except for Bank SinoPac.

For Bank SinoPac, securities purchased or sold under agreements to resell or to repurchase are treated as outright sales or purchases pursuant to a directive issued by the Ministry of Finance (MOF).

Margin loans and stock loans

Margin loans represent pecuniary financing to customers. Margin loans receivable represent the margin given to customers to purchase securities. These loans are secured by securities purchased by customers that are recorded through memo entries as “collateral securities”. The collateral securities are returned when the loans are repaid.

The refinancing of margin loans with securities finance companies are recorded as “refinancing borrowings” which are secured by securities purchased by customers.

The collateral securities are disposed by SinoPac Securities when their market value fall below the pre-agreed level and the customer fails to maintain to such level. The balance of the margin loan is reclassified to “accounts receivable in dunning process” account in cases where the proceeds from the disposal of collateral securities is not sufficient to cover the balance of the loan and the customer is unable to timely settle the deficiency. In cases when the collateral securities cannot be sold in the open market, the balance of the loan is reclassified to the account, “other receivables” or “accounts receivable in dunning process” with appropriate allowance for bad debt recognized based on an estimated amount collectible.

Stock loans represent securities lent to customers for short-sales transactions. The deposits received from customers on securities lent are credited to “deposits on short sale”. The securities short sold are recorded through memo entries as “stock loans”. The proceeds from sales of securities lent to customers less any dealer's commission, financing charges and securities exchange tax are recorded to “short sales proceeds payable”. The deposits received and the proceeds from sales of securities are returned when the stocks are repaid.

The margin money or difference of short-sales securities delivered by securities firms to securities finance companies are recorded as “loan from refinanced margin”. The refinancing securities delivered are recorded through memo entries as “refinancing stock loans”. A portion of the proceeds from short-sales of securities borrowed from securities finance companies is retained by the securities finance companies as collateral and is recorded as “refinancing deposits receivable”.

Non-performing loans

The balance of loans and other credits extended by the Company and the related accrued interest thereon are classified as non-performing when the loan is six months overdue pursuant to guidelines issued by the MOF and, upon approval by the board of directors, those loans which are less than six months overdue will also be classified as non-performing.

Allowance for credit losses and provision for losses on guarantees

In determining the allowance for credit losses and provision for losses on guarantees, Bank SinoPac evaluates the losses on particular loans and overall credit portfolio considering the balances of loans, discounts and bills purchased, accounts, interest and other receivables, non-performing loans, as well as guarantees and acceptances as of the balance sheet dates.

Losses on overall credit portfolio are assessed on the basis of Bank SinoPac’s prior experiences.

Bank SinoPac evaluates losses on particular loans based on its borrowers’/clients’ credit limit, collateral provided and estimated level of collectibility in accordance with “The Rules for Bank Asset Evaluation, Loss Reserve Provision, and Disposal of Overdue Loans and Bad Debts” (the “Rules”) issued by the MOF. The Rules provide that the minimum amount requirement of provision for credit losses shall equal to the aggregate of 50% of the doubtful credits and 100% of the unrecoverable credits.

Write-offs of specific loans under the MOF guidelines, upon approved by the board of directors of Bank SinoPac, are offset against the recorded allowance for loan losses.

For SinoPac Securities, allowance for bad debts is provided on the basis of a review of the estimated collectibility of notes and accounts receivables, other receivables and accounts receivable in dunning process. After provision for such allowance, SinoPac Securities provides additional amount for bad debts reserve in order to save 3% of the value-added tax which should be paid to tax authority.

Long-term equity investments

Pursuant to a directive issued by the Accounting Research and Development Foundation of ROC, a financial holding company should treat the net worth of the investees as paid in capital if the holding company is incorporated through the stock conversion. The issued stock by the holding company is accounted for as capital stock, while the excess of the par value is accounted for as additional paid-in capital.

Long-term equity investments are accounted for by the equity method if the Company has significant influence over the investees. Investments accounted for by the equity method are stated at cost, plus (or minus) a proportionate share in net earnings (losses) or changes in net worth of the investees. Any difference between the acquisition cost and the equity of the investee acquired at the time of investment is amortized over 15 years by Bank SinoPac and 5 years by SinoPac Securities, respectively. Long-term equity investments are accounted for by the cost method if the Company does not have significant influence over the investees. Stock dividends result only in an increase in number of shares and are not recognized as investment income.

When investing in cumulative and non-participating preferred stocks, dividend income shall be accrued according to the related offering terms.

If an investee issues new shares and the Company does not purchase new shares proportionately, then the investment percentage, and therefore the equity in net assets for the investment, will be changed. Such difference shall be used to adjust the additional paid-in capital and the long-term equity investment. If the carrying value of additional paid-in capital from long-term equity investment is not enough to be offset, then the difference shall be debited to the retained earnings.

For listed and over-the-counter stocks accounted for by the cost method, when the aggregate market value is lower than the total carrying value, an allowance for market value decline is provided and the unrealized loss is charged against stockholders' equity. If a decline in the value of an investment in unlisted stock is considered as permanent loss, the decline is charged to current income.

Cost of equity investment sold is determined by the weighted-average method.

Long-term bond investments

Long-term bond investments, comprised of corporate bonds, are recorded at cost and adjusted for amortization of premiums or discounts. Cost of bonds sold is calculated by the moving-average method.

Properties

Properties are stated at cost less accumulated depreciation. Cost of major renovation and improvements are capitalized, while repairs and maintenance are expensed when incurred.

Upon sale or disposal of properties, their cost and related accumulated depreciation are removed from the respective accounts. Any resulting gain or loss is accounted for in the current income.

The gain on disposal of properties is not required to be transferred to capital surplus anymore starting the year of 2001 according to the amendment of the Company Law. The gain on disposal of properties for the year 2001, occurred before such amendment, has been transferred to capital surplus at the end of year, net of the applicable income tax. In compliance with related regulations, the aforementioned capital surplus has been reversed to retained earnings before December 31, 2002.

Depreciation is calculated by the straight-line method, and based on estimated useful lives as follows: Buildings, 8 to 60 years; computer equipment, 3 to 5 years; transportation equipment, 5 years; office and other equipment, 2 to 55 years. For assets still in use beyond their original estimated useful lives, depreciation is calculated on the basis of the estimated additional useful lives.

Amortization of issuance costs of Euro-convertible bonds

The direct and necessary costs related to the issuing of Euro-convertible bonds (included in other assets) are amortized by the straight-line method and recognized as issuance expenses (included in operating and administrative expenses) over the period from its issuance date to the expiration date of the put option.

Intangible assets

Intangible assets (included in other assets), mainly comprised of goodwill recognized by SinoPac Bancorp as acquiring Far East National Bank, are amortized on the straight-line basis over 15 years.

Deferred charges of SinoPac Securities (included in other assets), which include acquiring operating rights, computer software, network construction and housing renovations, are capitalized and amortized over 5 years.

Collateral assumed

Collateral assumed are recorded at cost (included in other assets) and revalued by the lower of cost or net realizable value as of the balance sheet dates.

Interest-premium

Euro-convertible bonds with put option can be redeemed according to the offering terms. If the bonds are to be redeemed at their principal amount plus interest premium on final redemption, the interest premium should be accrued over the life of bonds as expenses, and recorded as an adjunctive account of liability in the balance sheet.

Securities brokerage accounts

This pertains to open brokerage transactions. Under Criteria Governing the Preparation of Financial Reports by Securities Firms, the following unsettled brokerage transactions are recorded as: (i) debit accounts (such as cash in bank - settlement, accounts receivable - customers' purchases, net exchange clearing receivable, margin transaction, and accounts receivable - settlement) and (ii) credit accounts (such as accounts payable - customers' sales, net exchange clearing payable, margin transaction, and accounts payable - settlement). The foregoing is presented in the financial statements at net amounts.

Reserve for default accounts

As required by Rules Governing Securities Firms, SinoPac Securities trading securities for customers' accounts shall allocate 0.0028% of the transaction price of the traded securities on a monthly basis as a reserve for default accounts. When the accumulated reserve for default accounts reaches 2 billion, allocation will be suspended. This reserve shall not be used except for the purpose of covering the losses caused by breach of contracts for trading on customers' account or for purpose approved by the Securities & Futures Commission (SFC).

Reserve for trading losses

An amount equivalent to 10% of the net gain from sale of securities and futures is recognized as reserve for trading losses every month under the Rules Governing Securities Firms and Rules Governing Future Firms. This reserve is recognized until its accumulated balance reaches \$2 billion. This reserve can be used only to offset actual loss from securities and futures dealings.

Derivative financial instruments

a. Foreign exchange forward contracts

Foreign-currency assets and liabilities arising from forward exchange contracts, which are mainly to accommodate customers' needs or to manage the Company's currency positions, are recorded at the contracted forward rates. Gains or losses arising from the differences between the contracted forward rates and spot rates at settlement are credited or charged to current income. For contracts outstanding as of the balance sheet dates, the gains or losses arising from the differences between the contracted forward rates and the forward rates available for the remaining maturities of the contracts are credited or charged to current income. Receivables arising from forward exchange contracts are offset against related payables as of the balance sheet dates.

b. Forward rate agreements

Forward rate agreements, which are mainly to accommodate customers' needs or to manage the Company's interest rate positions, are recorded by memorandum entries at the contract dates. Gains or losses arising from the differences between the contracted interest rates and actual interest rates upon settlement or as of the balance sheet dates are credited or charged to current income.

c. Currency swap contracts

Foreign-currency spot-position assets or liabilities arising from currency swap contracts, which are mainly to accommodate customers' needs or to manage the Company's currency positions, are recorded at spot rates when the transactions occur, while the corresponding forward-position assets or liabilities are recorded at the contracted forward rates; with receivables netted against the related payables.

The related discount or premium is amortized by the straight-line basis over the contract period.

d. Cross currency swaps

For cross currency swap contracts intended for hedging purpose, the principal amounts are recorded using spot rates at the contract dates. The net interest upon each settlement is recorded as adjustment to the revenue or expense associated with the item being hedged.

e. Options

For Bank SinoPac, options bought and/or held and options written, which are mainly to accommodate customers' needs or to manage Bank SinoPac's currency positions, are recorded as assets and liabilities when the transactions occur. These instruments are marked to market as of the balance sheet dates. The carrying values of the instruments, which are recovered either as assets or liabilities, are charged to income when they are not exercised. Gains or losses on the exercise of options are also included in current income.

For SinoPac Securities, premiums received from short options or paid for long options for trading purpose are recognized as liabilities and assets. The margin deposited on short options is recognized as margin deposits - options. Gains or losses, arising from daily marking to market the carrying amounts of the options, taking opposite positions of options and settlement of options, are recognized as gains or losses from transactions of options - nonhedging.

f. Interest rate swaps

For Bank SinoPac, interest rate swaps, which do not involve exchanges of the notional principals, are not recognized as either assets and/or liabilities on the contract dates. The swaps were entered into to accommodate customers' needs or to manage the Company's interest rate positions. The interest received or paid at each settlement date are recognized as interest income or expense. The instruments are marked to market as of the balance sheet dates. For swaps entered into for hedging purpose, the net interest upon each settlement is recorded as an adjustment to interest income or expense associated with the item being hedged.

For SinoPac Securities, the notional amounts of the interest rate swap agreements, entered into by SinoPac Securities to profit from short-term fluctuation in interest rates or hedge its interest rate exposures, are recognized through memo entries since the agreements do not require the actual settlement of such amounts. The change in present value of expected future net cash flows under agreements entered into to profit from short-term fluctuation in interest rates is recognized as interest income or expenses. The net interest receivable or payable as of the balance sheet dates and those received or paid at the settlement dates on agreements that are entered into to hedge interest rate exposures are reported as interest income or expenses.

The interest income and interest expense are offset by its purpose and presented as a net amount in the income statements.

g. Asset swaps

Asset swaps involve exchanging the fixed rate interest of convertible bonds, bank debentures for floating rate interest; in addition, asset swaps also involve exchanging the fixed or floating interest rate of credit link notes for floating or fixed rate interest. These transactions are recorded by memorandum entries at the contract dates. Asset swaps are entered into for hedging purposes; they are used to hedge interest rate exposure in convertible bonds, bank debentures and credit link notes denominated in foreign currency. Net interest upon each settlement or balance sheet date is recorded as an adjustment to interest revenue or expenses associated with the bonds or notes being hedged.

h. Futures

Premiums paid by Bank SinoPac related to interest rate futures contracts entered into for trading purposes are recognized as assets. Gains or losses as a result of marking to market value of the interest rate futures contracts as of the balance sheet dates are recognized as current income. Gains or losses arising from the settlement of the interest rate futures contracts are also recognized as current income.

Initial margin deposited by SinoPac Securities on future contracts and margin deposits which are maintained to reflect the fluctuation of market price of futures contracts are recognized as margin deposits - futures. Gains or losses, arising from daily marking to market the carrying amounts of the futures contracts, taking opposite positions of futures and settlement of futures contracts, are recognized as gains or losses from transactions of futures - nonhedging. Gains or losses of future contracts, as a result of hedging market risks of financial instruments, are recognized as gains or losses from transactions of futures - hedging.

Recognition of interest revenue and service fees

Interest revenue from deposits in banks recognized by the SinoPac Holdings and interest revenue on loans recognized by Bank SinoPac is recorded using the accrual method. No interest revenue is recognized in the accompanying financial statements on loans and other credits extended by Bank SinoPac that are classified as non-performing loans. The interest revenue on those loans/credits is recognized upon collection.

Pursuant to the regulations of the MOF, the interest revenue on credits covered by agreements that extend their maturities is recognized upon collection. Service fees are recorded as income upon receipt and substantial completion of activities involved in the earnings process.

For SinoPac Securities, revenue from rendering service, such as brokerage and underwriting commissions and fees, stock affairs agent fees and future commissions and fees, etc., is recognized by reference to the stage of completion when this can be measured reliably as of the balance sheet dates. Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable. Dividend income from equity securities is recognized on ex-dividend date or the stockholders' resolved dates.

Pension

Pension expense (including retirement and severance benefits cost, the “pension expense” thereon) is determined based on actuarial calculations except for FENB.

Income tax

Interperiod income tax allocation is applied, whereby the tax effects of deductible temporary differences and unused investment tax credits are recognized as deferred tax assets, and those of taxable temporary differences are recognized as deferred tax liabilities. A valuation allowance is provided for deferred income tax assets that are not certain to be realized.

Adjustments of prior years' tax liabilities are included in the current year's tax provision.

Tax credits, generated from acquisitions of equipment or technology, research and development expenditure, personnel training expenditure and equity investments acquisition, are accounted for by the flow-through method.

Income taxes (10%) on unappropriated earnings is recorded as income tax in the year when the shareholders resolve the appropriation of earnings.

Contingencies

A loss is recognized when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. If the amount of the loss cannot be reasonably estimated or the loss is possible and remote, the related information is disclosed in the financial statements.

Foreign-currency transactions

Foreign-currency transactions are recorded in the respective currencies denominated and translated into New Taiwan Dollar equivalents using the month-end spot rates. Foreign-currency assets and liabilities are translated into New Taiwan Dollar equivalents using the closing rates as of the balance sheet dates. Realized and unrealized foreign exchange gains or losses are recorded to the income of respective periods. Gains or losses resulting from restatement of period-end foreign-currency denominated long-term equity investments accounted for by the equity method are credited or charged to “cumulative translation adjustment” under stockholders' equity.

Treasury stock

Capital share acquired as treasury stock is carried at cost and presented as a separate deduction from stockholders' equity. When the treasury stock is re-issued to the employees, the difference between the re-issue price and acquisition cost will be credited or charged to “additional paid-in capital – treasury stock”, and the retained earnings if there is deficiency.

Pursuant to a directive issued by the SFC, the qualified treasury stock originally owned by a financial institution, which later become a subsidiary of a financial holding company, should still be treated as treasury stock in the books of subsidiary after exchange to the shares of parent company. However, in case what that subsidiary owns are shares of other subsidiary under the same financial holding company, and the shares are later exchanged to the shares of the parent company due to the share swap, these shares should be treated as investments in subsidiary's books, but as treasury stock in parent company's books starting December 31, 2002.

3. ELIMINATIONS OF SIGNIFICANT TRANSACTIONS BETWEEN PARENT COMPANY AND SUBSIDIARIES

<u>Name of Corporation</u>	<u>Elimination Account</u>	<u>Amount</u>	<u>Counterparties of Transaction</u>
SinoPac Holdings	Cash	\$ 8,528,634	Bank SinoPac and subsidiaries
	Bonds purchased under agreements to resell	470,000	SinoPac Securities
	Interest receivable	19,080	Bank SinoPac and subsidiaries
	Interest revenue	71,646	Bank SinoPac and subsidiaries
Bank SinoPac and subsidiaries	Deposits and remittances	1,198,058	SinoPac Securities
	Deposits and remittances	8,528,634	SinoPac Holdings
	Loans, discounts and bills purchased	200,000	SinoPac Securities
	Interest payable	19,080	SinoPac Holdings
	Interest revenue	4,592	SinoPac Securities
	Interest expenses	71,646	SinoPac Holdings
	Interest expenses	53,144	SinoPac Securities
	Non-operating income	1,554	SinoPac Securities
	Operating and administrative expenses	24,057	SinoPac Securities
	SinoPac Securities	Cash and cash equivalents	68,058
Pledged time deposits		1,130,000	Bank SinoPac and subsidiaries
Short-term borrowings		200,000	Bank SinoPac and subsidiaries
Bonds sold under agreements to repurchase		470,000	SinoPac Holdings
Operating and administrative expenses		1,554	Bank SinoPac and subsidiaries
Services fees		1,653	Bank SinoPac and subsidiaries
Non-operating income		75,548	Bank SinoPac and subsidiaries
Non-operating expenses		4,592	Bank SinoPac and subsidiaries

4. CASH

	<u>December 31, 2002</u>
Negotiable certificates of deposit	\$ 64,644,097
Deposits in Bank	1,418,786
Cash	1,658,543
Notes and checks in clearing	<u>451,314</u>
	<u>\$68,172,740</u>

As of December 31, 2002, negotiable certificates of deposit aggregating \$23,600,000 have maturities over one year and may be withdrawn momentarily.

For Bank SinoPac, to comply with the Central Bank's clearing system of Real-time Gross Settlement (RTGS), negotiable certificates of deposit aggregating \$13,800,000 has been provided as collateral for the day-time overdrafts as of December 31, 2002, with the pledged amount which can be adjusted momentarily.

5. DUE FROM CENTRAL BANK

This account consists mainly of New Taiwan dollar and foreign currency denominated deposit reserves.

Pursuant to a directive issued by the Central Bank of the ROC, New Taiwan dollar denominated deposit reserves are determined monthly at prescribed rates on average balances of customers' New Taiwan dollar - denominated deposits. These reserves include \$5,437,730 as of December 31, 2002, which are subject to withdrawal restrictions.

In addition, the foreign-currency denominated deposit reserves are determined at prescribed rates on balances of additional foreign-currency denominated deposits. These reserves may be withdrawn on demand and are non-interest earnings. As of December 31, 2002, the balance of foreign-currency denominated deposit reserves was \$45,179.

6. OPERATING SECURITIES

December 31,
2002

Dealing department

Bonds

Government bonds - interest rate: 2.25%-7.75%	\$ 5,732,419
Corporate bonds - interest rate: 2.20%-7.36%	5,466,325
Bank debentures - interest rate: 3.55%-6.04%	1,152,422
Listed stocks and convertible corporate bonds	1,577,780
Over-the-counter stocks and convertible corporate bonds	1,465,917
Emerging stocks	453,230
Taiwan Innovative Growing Entrepreneurs	<u>24,704</u>
	<u>15,872,797</u>

Underwriting department

Listed stocks	392,630
Over-the-counter stocks and convertible corporate bonds	565,784
Unlisted stocks	<u>64,986</u>
	<u>1,023,400</u>

Hedge positions for stock warrants

Listed stocks	153,800
Less - allowance for decline in market value	<u>12,787</u>
	<u>141,013</u>

\$17,037,210

The aggregate market values determined by the closing prices and reference prices as of December 31, 2002 are as follows:

	<u>December 31, 2002</u>
Dealing department - bonds	\$ 12,646,782
Dealing departments - listed stocks, over-the-counter stocks and convertible corporate bonds	2,824,808
Dealing departments - Taiwan Innovative Growing Entrepreneures	20,345
Underwriting department - listed stocks, over-the-counter stocks and convertible corporate bonds	1,067,137
Securities for hedging purpose	141,013

7. SECURITIES PURCHASED

	<u>December 31, 2002</u>
Corporate bonds	\$ 14,343,933
Commercial papers	5,838,887
Beneficiary certificates	4,984,164
Treasury bills	3,940,049
Floating rate notes	3,789,720
Government bonds	1,797,744
Bank debentures	583,584
Listed and over-the-counter stocks	<u>200</u>
	<u>\$ 35,278,281</u>

As of December 31, 2002, the aggregate market values or reference prices of corporate bonds, beneficiary certificates, floating rate notes, government bonds, bank debentures and listed and over-the-counter stocks, are as follows:

	<u>December 31, 2002</u>
Corporate bonds	\$ 14,458,525
Beneficiary certificates	5,005,712
Floating rate notes	3,889,345
Government bonds	1,829,449
Bank debentures	593,128
Listed and over-the-counter stocks	139

8. SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL

As of December 31, 2002, securities purchased under agreements to resell will be sold for \$1,539,589 by September 2003.

9. ACCOUNTS, INTEREST AND OTHER RECEIVABLES	December 31, <u>2002</u>
Margin loans receivable	\$ 12,089,479
Accounts receivable	11,780,625
Interest receivable	1,627,798
Accrued revenue	587,722
Tax refundable	183,456
Other	<u>710,804</u>
	26,979,884
Less - allowance for credit losses	<u>163,633</u>
Net	<u>\$ 26,816,251</u>

The balance of the accounts receivable as of December 31, 2002 included \$11,200,653 representing accounts receivable acquired from other parties in the factoring business.

10. LOANS, DISCOUNTS AND BILLS PURCHASED	December 31, <u>2002</u>
Overdrafts	\$ 2,834,970
Short-term loans	52,644,007
Mid-term loans	58,389,464
Long-term loans	109,672,916
Import and export negotiations	1,320,750
Bills purchased	1,712
Non-performing loans	<u>2,596,036</u>
	227,459,855
Less - allowance for credit losses	2,366,419
- unearned loan fees	<u>120,991</u>
Net	<u>\$ 224,972,445</u>

Unearned loan fees are those pertaining to nonrefundable loan fees and certain direct costs associated with originating and acquiring loans. The fees collected are not recognized at the time of origination but are deferred and amortized using the effective interest method over the life of the loan as an adjustment of the yield on the related loan.

As of December 31, 2002, the balance of non-accrual loans was \$3,709,926. The unrecognized interest revenue on non-accrual loans amounted to \$187,803 for the year ended December 31, 2002.

For the year ended December 31, 2002, the Company had not written off credits for which legal proceedings had not been initiated.

The details and changes in allowance for credit losses of loans, discounts and bills purchased for the year ended December 31, 2002, are summarized below:

	<u>For the Year Ended December 31, 2002</u>		
	For	For	
	Losses	Loss on the	
	(Excluding	Overall Loan	
	the Particular	Portfolio	
	Loss	(Excluding	
	Loss	the Particular	Total
	Loss	Loans)	Total
Balance, beginning of year	\$ 792,671	\$ 1,107,719	\$ 1,900,390
Provision	1,365,525	70,364	1,435,889
Write-off	(1,557,729)	-	(1,557,729)
Recovery of written-off credits	105,731	-	105,731
Reclassifications	<u>505,529</u>	<u>(23,391)</u>	<u>482,138</u>
Balance, end of year	<u>\$ 1,211,727</u>	<u>\$ 1,154,692</u>	<u>\$ 2,366,419</u>

As of December 31, 2002, allowance for credit losses and provisions for losses on guarantees of the Company was \$2,563,198.

Since the second half of 2000, the economic and financial environment has been beset by many economic and non-economic difficulties from inside and outside Taiwan. As a result, the country's economic growth decelerated, investment decreased, unemployment rose, the stock market slumped, and the New Taiwan dollar depreciated in value, which in turn caused many business enterprises, including conglomerates and listed companies, failed to meet their financial obligations. To stabilize the situation, the government has taken various measures to boost economy.

With this background, the Company's financial statements for the year ended December 31, 2002 include provisions for loan losses and guarantee liabilities based on information available to the Company, including defaults to the extent they can be determined or estimated. However, these estimates do not include any adjustments that might be required when related contingent liabilities become probable or determinable in the future.

11. LONG-TERM INVESTMENTS	December 31, <u>2002</u>
<u>Long-term equity investments</u>	
Equity method	
Unlisted stocks	\$ 5,568,657
Preferred stock	<u>288,336</u>
Cost method	
Listed and over-the-counter stocks	655,717
Unlisted stocks	<u>1,434,512</u>
	2,090,229
Less - unrealized losses	<u>298,387</u>
Net	<u>2,080,178</u>
<u>Long-term bond investments</u>	
Corporate bonds	<u>346,309</u>
	<u>\$ 7,995,144</u>

As of December 31, 2002, the total market values in listed and over-the-counter stocks of long-term equity investments, and long-term bond investments were \$357,330 and \$353,647, respectively.

As of December 31, 2002, the unrealized loss on long-term equity investments resulted from market value decline of listed and over-the-counter stocks held by an investee accounted for by the equity method amounted to \$321,429. Also, the Company recognized the unrealized revaluation loss on long-term equity investments of Aetna Sinopac Credit Card Co., Ltd., which had been renamed as AnShin Card Services Company Limited (AnShin Card Services) since January 3, 2003, and cumulative translation adjustment from subsidiaries totaling \$40,695 and \$324,552, respectively.

The Company acquired 28,833,600 shares of preferred stock issued by AnShin Card Services as of October 30, 2002 at the cost of \$288,336. The aforementioned preferred stock bears annual interest rate of 4% and will be matured in October 2006. The Company has accrued dividend income from preferred stock totaling \$1,991 for the period starting the date of investment to December 31, 2002.

12. PROPERTIES	December 31, <u>2002</u>
Cost	<u>\$ 10,927,076</u>
Less - accumulated depreciation	
Buildings	393,903
Computer equipment	1,443,921
Transportation equipment	39,225
Office and other equipment	<u>1,277,146</u>
	3,154,195
Advances on acquisitions of equipment and construction in progress	<u>284,718</u>
Net	<u>\$ 8,057,599</u>

13. OTHER ASSETS	December 31, <u>2002</u>
Guarantee deposits	\$ 2,377,487
Pledged time deposits	2,203,400
Intangible assets	1,219,913
Value of options purchased	1,136,609
Collateral assumed	380,460
Property held for lease - net	340,125
Suspense account	323,950
Computer system software	247,614
Other	<u>619,207</u>
	<u>\$ 8,848,765</u>

As of December 31, 2002, guarantee deposits included, \$1,530,121, which were in the forms of government bonds, corporate bonds, time deposits and bank debentures.

On August 15, 1997, Bank SinoPac acquired FENB through SinoPac Bancorp and the acquisition was accounted for using the purchase method of accounting. The assets and liabilities of FENB were revalued to reflect the estimated fair market value as of the date of acquisition. The excess of purchase price over the fair market value of the net tangible assets acquired was recorded as intangible assets.

14. SHORT-TERM BORROWINGS	December 31, <u>2002</u>
Short-term borrowings - due from January to February 2003, with interest rates ranging from 1.6% to 2.45%	\$ 4,058,000
Current portion of long-term liabilities	1,000,000
Commercial paper payables - due from January to March 2003, with interest rates ranging from 1.07% to 2.00%	2,620,000
Less - unamortized discounts	<u>2,021</u>
	<u>2,617,979</u>
Net	<u>\$ 7,675,979</u>

Current portion of long-term liabilities were from SinoPac Securities, which issued the second unsecured corporate bonds with interest rate of 5.7% from May 18, 2000 to May 18, 2003. The interest payment and the principal will be paid at the maturity.

15. SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

As of December 31, 2002, securities sold under agreements to repurchase will be repurchased for \$14,084,151 by May 2003.

16. WARRANT LIABILITIES

<u>Warrant Name</u>	<u>Date of Issuance</u>	<u>Underlying Security</u>	<u>Units Issued</u>	<u>Price at Issuance (NT\$)</u>	<u>Amount</u>	<u>Strike Price (NT\$)</u>	<u>Leverage</u>
National Securities - 11	January 7, 2002	United Microelectronics Corp.	19,000,000	\$11.20	\$212,800	\$54.26	4.6
SinoPac Securities - 01	October 22, 2002	Compal Electronics Inc.	20,000,000	5.30	106,000	55.50	7.0
SinoPac Securities - 02	November 15, 2002	Uni-President Enterprises Corp.	20,000,000	2.50	50,000	12.10	4.8
Less - gain on change in market value of warrants liabilities as of December 31, 2002					(<u>286,850</u>)		
Market value					<u>\$ 81,950</u>		

The above-mentioned warrants are American-type warrants and expire one year after their respective issue dates. SinoPac Securities, at its option, can settle a warrant exercised either through the issuance of the underlying securities or in cash.

The market values of warrant liabilities were calculated using their closing prices as of December 31, 2002.

17. REPURCHASED OF WARRANTS ISSUED

<u>Warrant Name</u>	<u>December 31, 2002</u>	
	<u>Units Purchased (in Thousands)</u>	<u>Amount</u>
National Securities - 11	430,000	\$ 1,409
SinoPac Securities - 01	17,396,000	92,950
SinoPac Securities - 02	643,000	1,370
Less - loss on change in market value of warrants repurchased		(<u>50,383</u>)
Market value		<u>\$ 45,346</u>

The market values of warrants repurchased were calculated using the closing price of the warrants as of December 31, 2002.

18. ACCOUNTS, INTEREST AND OTHER PAYABLES	December 31, <u>2002</u>
Accounts payable	\$ 4,899,339
Short sale proceeds payable	1,838,645
Interest payable	1,354,671
Accrued expenses	1,244,861
Notes and checks in clearing	1,150,541
Tax payable	728,068
Securities brokerage credit account - net	91,486
Other	<u>208,715</u>
	<u>\$ 11,516,326</u>

The balance of the accounts payable as of December 31, 2002 included \$4,242,009 from the factoring business.

19. DEPOSITS AND REMITTANCES	December 31, <u>2002</u>
Checking	\$ 6,138,835
Demand	40,997,264
Savings - demand	50,317,311
Time	110,855,165
Negotiable certificates of deposit	851,600
Savings - time	58,162,492
Inward remittances	818,984
Outward remittances	<u>63,017</u>
	<u>\$ 268,204,668</u>

20. BANK DEBENTURES

Bank SinoPac issued the first 5-year bank debentures with total amount of \$5,000,000 on December 20, 2001. This instrument bears fixed annual interest rate of 3.08%. The annual interest payment will be paid in the end of every year and the principal will be repaid at the maturity date.

In addition, Bank SinoPac issued the first 5-year and 3-month subordinated bank debentures with total amount of \$2,000,000 on December 23, 2002. For the first two years, this instrument bears fixed annual interest rate of 2.15% and interest payment shall be paid semiannually. For the remaining duration, this instrument bears floating interest rate determined by the average secondary money market rate on 6-month commercial paper with a 0.4% mark-up. The interest will be paid semi-annually and the principal be repaid at the maturity.

21. EURO-CONVERTIBLE BONDS	December 31, <u>2002</u>
Euro-convertible bonds	\$ 7,993,925
Add: Interest premium payable	<u>166,374</u>
	<u>\$ 8,160,299</u>

The Company had issued US\$230,000,000 of Euro-convertible bonds (the “Bonds”) at par in Luxembourg on July 12, 2002. The Bonds are with zero coupon and in the denomination of US\$1,000 each. Other offerings terms are as follows:

a. Redemption terms

Unless previously redeemed, purchased and cancelled or converted, the Bonds will be redeemed on the maturity date at the redemption value. The redemption value of the Bonds will be the principal amount plus yield of 4.45% per annum.

- 1) Early redemption at the option of the Company: The Bonds may be redeemed at their early redemption amount in whole or in part, at the option of the Company
 - a) Provided that after the third anniversary of the issue date, the closing prices of the common shares on the TSE, for 20 consecutive trading days, exceed 130% of the Conversion Price.
 - b) If at least 90% in principal amount of the Bonds have already been redeemed, converted, or purchased and cancelled.
 - c) In the event of certain changes in ROC taxation which oblige the Company to pay such additional amounts of the Bonds.
- 2) Redemption at the option of the bondholders: The Company will, at the option of any bondholder, redeem all or any portion of the Bonds at the accreted value
 - a) At the third anniversary of the issue date (the “put date”) by submitting the Relevant Event Redemption Notice to the Company prior to the put date. The put rights will be expired after the put date.
 - b) If the common shares of the Company ceased to be listed or admitted to trading on TSE.
 - c) If there is a change in control (as defined in the Trust Deed) with respect to the Company.

b. Maturity date:

Five years after the issue date. The Bonds were issued on July 12, 2002 and will mature on July 12, 2007.

c. Pledged: Negative

d. Conversion right and conversion period

Except during a closed period or suspension period, the bondholders may convert the Bonds into common shares of the Company, at any time on or after the 30th day after the issuance date and before the date 20 days prior to the conversion date. Closed period means the period being (a) 60 days prior to a annual general shareholders' meeting, (b) 30 days prior to a special shareholders' meeting or (c) the day prior to the record date for the distribution of dividends or other distributions. In addition, the Bonds may not be converted (a) during a period of not less than 3 business days prior to the ex-dividend date or the ex-rights date and ending on the record date and (b) during the period commencing on the date a shareholders' meeting resolves to declare distributions or approve a rights issue and ending on the relevant record date, such period being a "suspension period". The Company undertakes that it will have sufficient common shares for conversion, following an adjustment to the conversion price.

e. Conversion price

The initial conversion price was set at NT\$17.666 or US\$0.527 per share (at exchange rate of NT\$33.513=US\$1), which was determined by the closing price of the Company's share on TSE in July 8, 2002 (the pricing date) with 21% mark-up. Due to the distribution of stock dividends in 2002, the conversion price was adjusted to NT\$16.651 on August 29, 2002, or one day after the record date for ex-dividend, and as a result of the adjustment 462,914,539 share of common stock is expected to be issued.

22. STOCKHOLDERS' EQUITY

a. Capital stock

On June 26, 2002 the 1st special stockholders' meeting resolved to appropriate \$2,097,745 of capital surplus into capital stock by distributing 209,774,487 shares of stock dividends. The capital increase has been approved by the SFC and became effective on August 28, 2002.

b. Capital surplus

According to the Company Law, the capital surplus arising from stock issuance with share price in excess of par can be appropriated and transfer to the capital stock account with the resolution of stockholders' meeting.

The capital surplus arising from long-term equity investments accounted for by equity method can not be distributed for any purpose.

Pursuant to the Financial Holding Company Law and related directives issued by SFC, if the capital surplus a FHC obtains through the share-swap are from its subsidiaries' un-appropriated retained earnings after legal and special reserves, the surplus is excluded from the above restriction as prescribed in the Securities and Exchange Law.

The subsidiaries' unappropriated retained earnings prior to the share swap amounted to \$3,720,981 which the Company had accounted as capital surplus at the date of establishment. As of June 26, 2002, the stockholders' meeting resolved to appropriate \$2,097,745 of aforementioned capital surplus into capital stock by distributing 209,774,487 shares of stock dividends.

c. Retained earnings

The Company's Articles of Incorporation provide that the annual net income, after taxes and offsetting any loss carried over from previous years, should be appropriated for legal and special reserve first, then the employee bonus which should not be less than 1% of the balance. The Board will propose to the stockholders' meeting for appropriation of the remainder and retained earnings from previous year.

Employee bonus can be distributed either in cash or in stock. If it's in stock, the beneficiaries can also include the employees of subsidiaries. The rules of distribution need to be resolved by the board of directors.

To pursue growth and thus to increase profitability, the Company will retain cash for capital needs. The dividend policy is to distribute most dividends in stock. The cash dividends will be declared only when there is excess of cash. However, except for the first three years after the Company started, cash dividends shall not be less than 10% of total dividend declared.

Cash dividends and cash bonus are paid after the approval of the stockholders, while the distribution of stock dividends requires the additional approval of the authorities.

The appropriation and the distribution of the above shall be approved by the stockholders in the following year and reflect in the financial statements of that year.

The appropriation for 2002 earnings has not yet been proposed by the board of directors at January 30, 2003, the date of auditors' report. The information regarding the proposed and resolved earnings appropriation for 2002 can be obtained later from the SEC Market Observation Post System (M.O.P.S.) website when the resolution is made.

According to the Company Law, legal reserve needs to be appropriated until the total reserve is equal to the aggregate amount of the outstanding capital stock. This reserve can only be used to offset a deficit, or, when its balance reaches 50% of aggregate amount of capital stock of the Company, up to 50% thereof can be distributed as stock dividends.

Pursuant to a directive issued by the SFC, a special reserve is appropriated from the balance of the retained earnings at an amount that is equivalent to the debit balance of accounts in the stockholders' equity section (such as unrealized loss of long-term equity investments, unrealized revaluation loss of long-term equity investments and cumulative translation adjustment account but excluding the balance of treasury stock). The balance of the special reserve is adjusted to reflect any changes in the debit balance of the related accounts at the balance sheet dates. Except for the amount reversed due to the reduction in the total debit balance, the special reserve shall not be appropriated.

Pursuant to a directive issued by the SFC, in order to prevent a company from excessive earnings distribution and thus damaging its capital structure as well as stockholders' interest, if the shares of parent company held by subsidiaries suffer decline in market value, the parent company shall appropriate special reserve equal to the amount of the market value lost times the ratio it owns. The reserve can be reversed to the extent which had been provided when the market value subsequently recovers. Since no decline in market value arising from shares of the Company held by Bank SinoPac as of December 31, 2002, the Company make no appropriation for aforementioned special reserve.

Under the Integrated Income Tax System, non-corporate ROC-resident stockholders are allowed tax credits for the income tax paid by the Company. Tax credits allocated to stockholders are based on the balance of Imputation Credit Account (ICA) on the dividend distribution date.

(Shares in Thousands)

23. TREASURY STOCK

<u>Reasons</u>	<u>Shares at Beginning of Period</u>	<u>Shares Increased During the Period</u>	<u>Shares Decreased During the Period</u>	<u>Shares at End of Period</u>
Re-issuance to employees				
Bank SinoPac	41,618	-	41,618	-
SinoPac Securities	53,858	-	20,198	33,660
Shares held by subsidiary	204,107	12,436	-	216,543

Under the Securities and Exchange Law, the Company is not allowed to buy back more than 10% of its total shares outstanding. In addition, the Company may not spend more than the aggregate amount of the retained earnings, paid-in capital in excess of par value, and capital surplus arising from gains on disposal of properties and donated capital.

The Company may not pledge or hypothecate any shares bought back, or exercise any shareholders' rights attached to such shares.

Bank SinoPac and SinoPac Securities acquired 40,535,000 and 53,330,000 shares of treasury stock for \$500,354 and \$554,992, respectively. As a result of the share swap (see Note 1), the aforementioned capital stocks have been exchanged for 95,475,631 shares of the Company. Pursuant to a directive issued by the SFC, the Company treated those shares as treasury stock. Among these treasury stock, 41,617,816 and 20,197,943 shares held by Bank SinoPac and SinoPac Securities, respectively, had been re-issued to their employees at NT\$11.84 and NT\$10.826 per share in 2002. Pursuant to the Securities and Exchange Law, the remaining treasury stock shall be re-issued to employees before November 2004. Any shares remaining shall be deemed as not yet issued by the Company and be cancelled accordingly.

Bank SinoPac had held 256,127,108 shares of SPS (which was merged with SinoPac Securities on July 22, 2002) with carrying value of \$2,896,922 prior to the exchange of shares described in Note 1. Those shares have been exchanged for 204,106,675 shares of the Company and, together with stock dividends of 12,436,219 shares received, were presented by Bank SinoPac as securities purchased in its financial statements; while the Company treated such 216,542,894 shares with carrying value of \$2,896,922 as treasury stock according to accounting principles generally accepted in the ROC.

Pursuant to the Financial Holding Company Law, the aforementioned treasury stock held by Bank SinoPac (i) may be re-issued to the employees of the Company or the Company's subsidiaries within three years, (ii) may be used for equity conversion, or (iii) may be sold on a stock exchange or over-the-counter market. In the event that such shares are not timely re-issued or sold, such shares shall be cancelled and decrease the Company's capital. The Board of directors of the Company has resolved to re-issue part of the aforesaid treasury stock to employees of Bank SinoPac, SinoPac Securities and the Company, while the Board of Bank SinoPac has made no related resolution as yet.

24. SERVICE FEES	For the Year Ended, December 31 <u>2002</u>
Brokerage	\$ 2,532,651
Factoring and financing	260,717
Underwriting	200,939
Mutual funds and structured notes	231,922
Custody	139,491
Guarantees	94,406
Loan documentation fee	56,382
Index linked mortgage conversion	41,253
Other	<u>451,057</u>
	<u>\$ 4,008,818</u>
25. INCOME FROM SECURITIES - NET	For the Year Ended December 31, <u>2002</u>
Short-term bills	
Capital gain - net	\$ 105,340
Interest revenue	<u>1,257,259</u>
	<u>1,362,599</u>
Bonds	
Capital gain - net	902,067
Interest revenue	<u>82,788</u>
	<u>984,855</u>
Beneficiary certificates	
Capital loss - net	(<u>2,241</u>)
Stock	
Capital gain - net	1,062,274
Dividends	24,073
Provision for decline in market value	(<u>2,146</u>)
	<u>1,084,201</u>
	<u>\$ 3,429,414</u>

26. OPERATING AND ADMINISTRATIVE EXPENSES

For the
Year Ended
December 31,
2002

Salaries and wages	\$ 4,584,403
Depreciation and amortization	794,755
Rental	594,696
Taxes other than income tax	439,008
Professional service charges	378,035
Insurance	269,356
Postage	201,542
Repairs and maintenance	27,172
Other	<u>1,735,700</u>
	<u>\$ 9,024,667</u>

27. PENSION

SinoPac Holdings has a defined benefit contributory pension plan covering all regular employees. SinoPac Holdings makes monthly contributions in the range of 2% to 15% of employee salaries, to the pension reserve which is administrated by the employee's pension plan supervisors committee.

Bank SinoPac has a defined benefit contributory pension plan covering all regular employees. Bank SinoPac makes monthly contributions, equal to 7% of employee salaries, to the pension fund. In addition, non-management employees also contribute a compulsory amount equivalent to 4% of their salaries to the fund. The employees will receive benefits upon retirement computed based on length of services and average monthly salary upon retirement. Also, the employees will receive their cumulative contributions, if any, and the interest thereon.

SinoPac Securities has pension and severance plans covering all regular employees. Employees who have served either 25 years or over 15 years and have reached 55 years of age are eligible for retirement benefits. Employees hired on or before May 19, 1997 and have served over 20 years are eligible for retirement benefits. In addition, employees hired on or before March 15, 1996 and have served at least 5 years are eligible for severance benefits. Both pension and severance benefits are calculated at the average six months' salary or wage before retirement or termination. SinoPac Securities makes monthly contributions equal to 6% of basic salaries and wages (net of bonuses and benefits) to a pension fund (the "Fund"). The Fund is administered by the employees pension plan committee and deposited in the committee's name, and establish an employees pension plan supervisors committee to administrate such pension fund.

FENB has a pension plan for regular employees who have been employed for at least one year. Under this plan, employees may contribute up to 15% of their annual salary with FENB matching up to 3% of the employee's contribution. The Company believes that the impact is insignificant for the accompanying consolidated financial statements if FENB recognized pension expense according to the actuarial calculations.

a. The change in the pension fund is summarized below:

	For the Year Ended December 31, <u>2002</u>
Balance, January 1	\$ 1,092,828
Contributions	247,230
Benefits paid	(67,293)
Contributions to affiliates	(2,155)
Interest income	<u>48,707</u>
Balance, December 31	<u>\$ 1,319,317</u>

b. The reconciliation of the funded status of the plan and accrued pension cost is as follows:

	December 31, <u>2002</u>
Benefit obligation	
Vested benefit obligation	(\$ 307,203)
Nonvested benefit obligation	(<u>511,742</u>)
Accumulated benefit obligation	(818,945)
Additional benefits based on future salaries	(<u>399,926</u>)
Projected benefit obligation	(1,218,871)
Fair value of plan assets	<u>974,203</u>
Funded status	(244,668)
Unrecognized net transition obligation	38,120
Unrecognized prior service cost	812
Unrecognized pension loss	<u>290,005</u>
Accrued pension cost	<u>\$ 84,269</u>

c. Vested benefit \$ 410,940

d. Actuarial assumptions

Discount rate used in determining present values	3.5%-4.0%
Future salary increase rate	1.5%-4.0%
Expected rate of return on plan assets	3.5%-4.0%

28. INCOME TAX

- a. The compositions of income tax are as follows:

	For the Year Ended December 31, <u>2002</u>
Currently payable	\$ 554,182
Foreign income taxes over limitation	27,863
Changes in deferred income taxes	209,607
Tax on unappropriated earnings (10%)	109,183
Separation taxes on short-term bills interest income and others	245,701
Prior year's adjustment	(<u>9,758</u>)
Income tax	<u>\$ 1,136,778</u>

Income tax is based on taxable income from all sources. Foreign income taxes paid can be used as credit against the domestic income tax obligations to the extent of domestic income tax applicable to the related foreign-source income.

- b. Reconciliations of tax on pretax income at statutory rate and currently income tax payable are as follows:

	For the Year Ended December 31, <u>2002</u>
Tax on pretax income at statutory rate	\$ 1,459,361
Add (deduct) tax effects of:	
Tax-exempt income	(329,383)
Permanent difference	(481,449)
Temporary difference	(89,902)
Investment tax credit	(7,911)
Other	<u>3,466</u>
Currently payable	<u>\$ 554,182</u>

- c. Net deferred income tax assets (liabilities) as of December 31, 2002 consist of the tax effects of the following:

	<u>December 31, 2002</u>
Goodwill amortization	(\$ 91,608)
Deferred loan fees	(150,706)
Provision for credit losses	434,007
Contribution to employees welfare fund	2,190
Pension expense due to difference in calculation for accounting and tax purposes	(38,701)
Investment income under the equity method	(348,672)
Unrealized foreign exchange gain	(6,971)
Other	<u>(41,390)</u>
Net deferred income tax liabilities - net (included in other liabilities)	<u>(\$ 241,851)</u>

- d. The related information under the Integrated Income Tax System is as follows:

	<u>SinoPac Holdings</u>	<u>Bank SinoPac</u>	<u>SinoPac Securities</u>
Balances of imputed tax credit account	<u>\$ 155,165</u>	<u>\$ 191,766</u>	<u>\$ 97,437</u>

The 2002 projected ratios of imputed tax credit to earnings for SinoPac Holdings, Bank SinoPac, and SinoPac Securities are 6.02%, 10.55% and 6.55%, respectively; the 2001 actual ratios of imputed tax credit to earnings were 5.70%, 12.67% and 19.70%, respectively.

The unappropriated retained earnings as of December 31, 2002 did not consist of earnings which were generated before January 1, 1998.

- e. For Bank SinoPac, income tax returns of 2000 and earlier except for 1996 and 1999, had been audited by the tax authorities. As a result of those examination, in the income tax returns for 1994, 1995, 1997, 1998 and 2000, the tax authorities had denied the deductibility of 10% withholding taxes on bonds interest income totaling \$69,766 attributable to period that those bonds were held by other investors. Bank SinoPac had appealed the decision to the supreme court on the tax controversy, and the decision made on the tax return for 1994 was later rescinded and other judgment was made. The income tax returns for 1996, 1999 and 2001 also reflected reduction in income tax obligations totaling \$41,443 attributable to similar type of withholding taxes; which returns were not audited by the tax authorities. Bank SinoPac had accrued all related tax liabilities according to the final judgement.

For SinoPac Securities, the income tax returns through 1999 have been audited by the tax authorities. In connection with such audits, the tax authorities denied certain deduction items in 1994 to 1998 returns such as the allocation of the operating expenses, interest expenses and withholding taxes on bond interest income. SinoPac Securities has appealed the decision, but had accrued additional income tax expense for possible future assessment.

29. EARNINGS PER SHARE

The numerators and denominators used in computing earnings per share (EPS) are summarized as follows:

	<u>Numerator (Amounts)</u>		<u>Denominator (Shares in Thousands)</u>	<u>EPS (NT\$)</u>	
	<u>Pre-tax</u>	<u>After tax</u>		<u>Pre-tax</u>	<u>After tax</u>
<u>For the period from May 9, 2002 to December 31, 2002</u>					
Basic EPS	\$ 2,685,384	\$ 1,548,606	3,462,481	<u>\$ 0.78</u>	<u>\$ 0.45</u>
Influence on diluted common shares: Euro-convertible bonds	<u>166,374</u>	<u>166,374</u>	<u>462,915</u>		
Diluted EPS	<u>\$ 2,851,758</u>	<u>\$ 1,714,980</u>	<u>3,925,396</u>	<u>\$ 0.73</u>	<u>\$ 0.44</u>

Pro forma information under assumptions that shares of the Company held by its subsidiary were not treated as treasury stock:

	<u>Numerator (Amounts)</u>		<u>Denominator (Shares in Thousands)</u>	<u>EPS (NT\$)</u>	
	<u>Pre-tax</u>	<u>After tax</u>		<u>Pre-tax</u>	<u>After tax</u>
Basic EPS	\$ 2,685,384	\$ 1,548,606	3,712,684	<u>\$ 0.72</u>	<u>\$ 0.42</u>
Influence on diluted common shares: Euro-convertible bonds	<u>166,374</u>	<u>166,374</u>	<u>462,915</u>		
Diluted EPS	<u>\$ 2,851,758</u>	<u>\$ 1,714,980</u>	<u>4,175,599</u>	<u>\$ 0.68</u>	<u>\$ 0.41</u>

30. RELATED PARTY TRANSACTIONS

Significant transactions with related parties are summarized as follows:

a. Credit extended and deposits taken and placed

	<u>December 31, 2002</u>		<u>For the Year Ended December 31, 2002 Interest Rate (%)</u>
	<u>Amount</u>	<u>% of Account Balance</u>	
Loans and discounts	\$ 1,935,869	0.9	1.70-12.50
Deposits	827,249	0.3	0-6.95

None of the related party transactions individually accounts for more than 10% of the respective account balances.

b. Lease

SinoPac Holdings leased certain office premises from National Electric Appliance Co., Ltd. for a period from May 2002 to December 2005. Rentals are paid annually at the beginning of each year. Rentals for the period from May 9, 2002 to December 31, 2002 was \$1,944.

SinoPac Holdings leased certain apartments as employees' dormitory from Hong Yue Investment Corp. from May 2002 to May 2005 with monthly rental payment. Rental for the period from May 9, 2002 to December 31, 2002 was \$2,274.

Bank SinoPac leased certain office premises from China Television Co., Ltd. (Bank SinoPac is a director of China Television Co., Ltd.) with rental paid monthly for a three-year period ending July 2004. Rental for the year ended December 31, 2002 was \$9,950.

Bank SinoPac leased certain office premises from Su Kwang Hui (son of a director of Bank SinoPac before April 18, 2001) with rental paid monthly for a five-year period ending December 2003. Rental for the year ended December 31, 2002 was \$6,476.

Bank SinoPac leased certain office premises from Ruentex Construction & Development Co., Ltd. (an affiliate of Bank SinoPac) with rental paid monthly for a five-year period ending September 2005. Rental for the year ended December 31, 2002 was \$3,196.

Bank SinoPac leased an office premise from Hung-Guan Real Estate Development Corporation. Since the said property had been purchased by SinoPac Leasing Corporation (SPL, a subsidiary of Bank SinoPac), rights on the remaining term of the related lease agreement was assigned to SPL until July 2002. Rental paid monthly to SPL for the year ended December 31, 2002 was \$6,664.

SinoPac Securities leased 2 office premises from National Electric Appliance Co., Ltd. and Hong Yue Investment Corp. (both are directors of SinoPac Securities). The contract between SinoPac Securities and National Electric Appliance Co., Ltd. lasts for 5 years ending May 2007. Annual rental for the first year of Po-Ai Building was \$7,623 and is subject to the yearly adjustment of price index for the following years. The rental contract of Wu-Tsang Building lasts for 3 years ending September 2004, with \$864 annual rental. The rental contract with Hong Yue Investment Corp. lasts for 3 years ending July 2003. Annual rental was \$10,830 and guarantee deposit of \$2,708 had been provided.

Rentals paid to aforementioned related parties by SinoPac Securities for the year ended December 31, 2002 were \$20,258, and the related prepaid rentals for the year then ended were \$2,556.

Rentals, included in non-operating income, totaling \$4,018 and \$2,700 were paid to SinoPac Securities by SinoPac Futures Corp. (an affiliate) and SinoPac Capital Management Corp. (an affiliate), respectively.

c. Guarantee and securities purchased

As of December 31, 2002, Bank SinoPac had provided guarantees on commercial paper with aggregate face value of \$19,000 issued by Fortune Investment Co., Ltd. (an affiliate). Fortune Investment also provided real estate and stocks totaling \$95,924 as collateral. In addition, as of December 31, 2002, Bank SinoPac had provided guarantees on commercial papers issued by Wal Tech International Corporation (an affiliate), with aggregate face value of \$168,000.

Guarantees on Wal Tech International are collateralized by the following assets provided by SPL, Wal Tech International Corporation and Grand Capital International Limited (Grand Capital, a subsidiary of SPL):

	December 31, <u>2002</u>
Assets collateralized - carrying value	<u>\$ 1,551,724</u>

d. Professional service fees and advisory charges

Bank SinoPac has entered into several professional advisory contracts with its investees. The professional advisory charges paid for the year ended December 31, 2002 amounted to \$97,173.

SinoPac Securities has offered brokerage and underwriting services to its affiliates in 2002 with commissions and fees received for the services amounted to \$60,437.

e. Due from affiliates

SinoPac Securities entered into future contracts with SinoPac Futures and generated related notes and accounts receivable totaling \$117,793 as of December 31, 2002 and commissions income totaling \$73,892 for the year ended December 31, 2002.

SinoPac Securities entered into stock affairs agency contracts with National Investment Trust Co., Ltd. (NITC) and generated related notes and accounts receivable totaling \$169 as of December 31, 2002 and stock agent affair fees income totaling \$1,217 for the year ended December 31, 2002.

As of December 31, 2002, Bank SinoPac has made receivable from AnShin Card Services amounted to \$18,579.

f. Assets purchase contract

In 2002, SinoPac Holdings acquired fixed assets from Ruentex Interior Design Inc. (the chairman of the company was a director of Bank SinoPac) with amount of \$9,945. The purchase cost has already been paid for \$9,377 as of December 31, 2002.

In January 2001, Bank SinoPac entered into a contract with Fu-I Co., Ltd. (the chairman of the company was a director of Bank SinoPac before April 18, 2001) to purchase land and a building located in Taipei for its own use. The purchase cost was \$199,900, of which \$198,830 has already been paid as of December 31, 2002.

In 2002, SinoPac Securities entered into contracts with SinoPac Future Co., Ltd. to purchase computer equipments totaling \$5,798. The consideration has not been paid to SinoPac Future Co., Ltd. as of December 31, 2002.

In 2002, SinoPac Securities entered into contracts with SinoPac Futures Corp. to sell computer equipments totaling \$2,500, with a carrying value of \$4,765, and recognized loss on disposal of properties of \$2,265. The consideration has not been received from SinoPac Futures Corp. as of December 31, 2002.

g. Short-term bonds transactions

Short-term bonds transactions with SinoPac Securities and related parties for the year ended December 31, 2002 are as follows:

Bonds sold under agreements to repurchase

Name	December 31, 2002		Interest Expense for the Year Ended December 31, 2002
	Face Amount	Cost	
Mutual funds managed by NITC	\$ 1,672,200	\$ 1,678,576	\$ 31,199
National Electronic Appliance Co., Ltd.	33,500	36,000	4
Hong Yue Investment Corp.	6,000	6,000	4
Other	-	-	936
	<u>\$ 1,711,700</u>	<u>\$ 1,720,576</u>	<u>\$ 32,143</u>

h. Related party transactions of subsidiaries with amounts over NT\$100 million are summarized as follows:

1) SPL

	December 31, 2002
Short-term borrowings - Bank SinoPac	\$ 200,000
Long-term borrowing - Bank SinoPac	496,000

2) Grand Capital

Short-term loans	
Allstar Venture Ltd. (B.V.I.) (an affiliate)	\$ 627,091
Cyberpac Holding Ltd. (B.V.I.) (an affiliate)	<u>275,532</u>
	<u>\$ 902,623</u>
Current portion of long-term borrowings - Bank SinoPac	<u>\$ 583,369</u>

3) Wal Tech International

	December 31, 2002
Short-term borrowings - Bank SinoPac	\$ 180,000
Long-term borrowings - Bank SinoPac	145,000

As of December 31, 2002, the face amount of commercial papers guaranteed by Bank SinoPac amounted to \$168,000.

For the transactions with related parties, the terms are similar to those transacted with non-related parties except for the preferential interest rates offered to employees for savings and loans of up to prescribed limits of Bank SinoPac.

In compliance with the Banking Law, except for customer loans, credits extended by Bank SinoPac to any related party should be fully secured, and the terms of credits extended to related parties should be similar to those extended to non-related parties.

31. PLEDGED OR MORTGAGED ASSETS

The assets pledged as guarantee on the issuance of commercial paper, acquiring bank loans and filing a petition for tax reassessment by the Company are summarized as follows:

	<u>December 31,</u> <u>2002</u>
Other assets - pledged time deposits	\$ 2,203,400
Properties - carrying value	1,747,073
Property held for lease - carrying value	<u>340,125</u>
	<u>\$ 4,290,598</u>

32. CONTINGENCIES AND COMMITMENTS

Contingencies and commitments of the Company, in addition to financial instruments disclosed in Note 38, are summarized as follows:

a. Lease contract

Under different operating lease agreements, the Company leased certain office premises for periods ranging from four months to seven years, with rentals paid monthly, quarterly or semi-annually. Rentals for the next five years are as follows:

<u>Year</u>	<u>Amount</u>
2003	\$ 492,045
2004	666,924
2005	562,804
2006	524,429
2007	484,604

Rentals for the years beyond 2007 amount to \$176,764, the present value of which is about \$132,380 as discounted at Bank SinoPac's one-year time deposit rate of 1.5% and FENB's interest rate of 5.1% on January 1, 2003.

b. Land and buildings purchase contract

In January 2001, Bank SinoPac entered into contracts to purchase land and buildings located in Taipei for its own use. The consideration was \$199,900, of which \$198,830 had already been paid as of December 31, 2002. (Please see Note 30.f.)

c. Equipment purchase contract

Bank SinoPac entered into contracts to purchase computer hardware and software for \$115,910, of which \$66,882 had already been paid as of December 31, 2002.

d. Interior decoration contract

Bank SinoPac entered into contracts to do interior decoration of its office premises for \$66,626, of which \$54,964 has already been paid as of December 31, 2002.

e. Short-term bills and bonds sold under agreements to repurchase - treated as outright sales

As of December 31, 2002, short-term bills and bonds with a total face amount of \$12,292,400 were sold under agreements to repurchase at \$12,590,329 by Bank SinoPac between January and April 2003.

f. Short-term bills purchased under agreements to resell - treated as outright purchases

As of December 31, 2002, short-term bills with a total face amount of \$285,000 were purchased under agreements to resell at \$284,014 by Bank SinoPac between January and February 2003.

g. The Securities and Futures Institute (SFI), on behalf of the investors of Cheng-Yi Food Co. (CYF) in respect to its Initial Public Offering (IPO), filed a civil suit with the District Court of Taipei against CYF, the major and co-underwriters (SinoPac Securities being a co-underwriter in the IPO) of CYF. The compensatory damages claimed by SFI amounted to \$71,018 plus 5% of interest. It is the opinion of SinoPac Securities' management and its legal counsel that SinoPac Securities shall not be held liable for material damages incurred by the investors since the role of co-underwriter is limited to the distribution only and it has not advised CYF on matters related to the IPO.

h. Mr. Chang, a customer of SinoPac Securities, initiated a lawsuit against the Company and its two former employees Mr. Lin and Mr. Huang, for embezzling his money. Mr. Chang claimed damages of \$32,872 plus 5% of interest. In the opinion of SinoPac Securities' legal counsel, SinoPac Securities should not have been involved in the lawsuit since the act of Mr. Lin and Mr. Huang stipulated in the lawsuit is not connected to their work as employees of SinoPac Securities. Thus SinoPac Securities did not accrue any liability in respect to this case.

i. Tai Sheng Investment Management Co., Ltd. (Tai Shen), a fund manager of P.T. Opportunities Fund (P.T. Fund), purchased unsecured convertible bonds of Chinese Automobile Company (the "CAC convertible bonds") for US\$985,062.50. After the subsequent bankruptcy of CAC, Tai Sheng sued CAC, the major and co-underwriters for US\$985,062.50 and annual management fee of US\$15,000. In the opinion of SinoPac Securities' legal counsel, SinoPac Securities shall not be held liable for material damages incurred by the investors since it was involved only in the distribution of the securities. Accordingly, no liability was recognized in the accompanying financial statements.

- j. Taichung Commercial Bank initiated a lawsuit against Mr. Wu, a former employee of Wan Sheng Securities (which was acquired by SinoPac Securities), for violating the securities and money laundry law by providing accounts to Kuangsan Enterprise Group (Kuangsan) for conducting certain unlawful acts. The compensatory damages claimed amounted to \$97,069 plus 5% of interest. SinoPac Securities undertakes Wan Sheng's lawsuits because of merger. In the opinion of SinoPac Securities' legal counsel, the lawsuit should be a dispute between Taichung Commercial Bank and Mr. Wu due to that his act is not within his duty at work in Wan Sheng Securities, SinoPac Securities should not be liable for this case.
- k. Balance sheet and trust property of trust accounts of Bank SinoPac

BALANCE SHEET OF TRUST ACCOUNTS
December 31, 2002

<u>Trust Assets</u>	<u>Trust Liabilities</u>
<u>\$40,808,630</u>	<u>\$40,808,630</u>

TRUST PROPERTY OF TRUST ACCOUNTS
December 31, 2002

<u>Investment Portfolio</u>	<u>Amount</u>
Demand deposits	\$ 69,903
Certificate of deposits	215,688
Beneficiary certificates	3,338,492
Trust certificates	283,076
Overseas mutual funds and bonds	11,996,216
Domestic mutual funds	22,103,387
Domestic stocks	314,480
Domestic and overseas bonds	2,491,080
Other	16
Unrealized loss	(3,708)
	<u>\$40,808,630</u>

33. SIGNIFICANT SUBSEQUENT EVENTS

On January 20, 2003, the board of directors has resolved to purchase a portion of office building to be built by Li-Seng Develop Company. (Ruentex Industries Ltd. is the major stockholder of Li-Seng, and Li-Seng chairman's spouse is a director of the Company). The building will be located in Taipei City and be used as Company's future headquarters. Total purchase price of \$1,748,000,000 does not include sales tax and costs beard by the buyer. The transaction is currently under review by the regulator.

34. CAPITAL ADEQUACY RATIO

Pursuant to the Financial Holding Company Law and related regulations, the financial holding company is required to maintain a group consolidated capital adequacy ratio of at least 100%. If the company's capital adequacy ratio falls below 100%, the authorities may prohibits the company from declaring cash dividends or distributing other property. In certain conditions, the authorities may impose punishments on the company. As of December 31, 2002, consolidated capital adequacy ratio of the Company was 195%.

The Banking Law and regulations of bank capital adequacy ratio require the bank to maintain a capital adequacy ratio of at least 8%. Pursuant to such law and regulations, if the bank's capital adequacy ratio falls below 8%, the authorities may impose certain restrictions on the cash dividends that the bank can declare or, in certain conditions, prohibits the bank from declaring any cash dividend. As of December 31, 2002, Bank SinoPac's standalone and consolidated capital adequacy ratios were 12.85% and 10.76%, respectively.

The Rules Governing Securities Firms and the regulations of securities company capital adequacy ratio require the securities company to maintain a capital adequacy ratio of at least 150%. Pursuant to such law and regulations, if the securities company's capital adequacy ratio falls below 150%, the authorities may impose certain restrictions on the company's operation. As of December 31, 2002, SinoPac Securities' capital adequacy ratio was 504%.

As of December 31, 2002, the financial ratios of SinoPac Futures Corp. (a subsidiary of SinoPac Securities) in conformity with the Rules Governing Futures Firms were as follows:

	Calculation	Benchmark	Financial Ratios
a.	$\frac{\text{Equities}}{\text{Total liabilities deducted futures trading loss reserve and default reserve}}$	≥ 1	1,202
b.	$\frac{\text{Current assets}}{\text{Current liabilities}}$	≥ 1	133
c.	$\frac{\text{Equities}}{\text{Capital stock}}$	≥ 0.6 ≥ 0.4	113
d.	$\frac{\text{Adjusted net capital}}{\text{Client and proprietary account}}$	≥ 0.25 ≥ 0.15	287

35. PUBLIC ANNOUNCEMENTS PRESCRIBED IN
FINANCIAL HOLDING COMPANY LAW, ARTICLE 46

The information regarding the credit extensions, guarantees or other transactions engaged by the Company's subsidiaries to the same person, the same related person or the same affiliate as of December 31, 2002 is summarized as follows:

(In Millions of New Taiwan Dollars, %)

<u>Name</u>	<u>Aggregate Amount of Credit Extensions, Guarantees or Other Transactions</u>	<u>% of the Net Worth</u>
Taiwan Power Company	\$ 5,043	11.26
Capital Securities Corp. and its affiliates	2,321	5.18
Fubon Financial Holding Co., Ltd. and its affiliates	4,047	9.03
Department of National Treasury	3,000	6.70
Mega Financial Holding Company and its affiliates	2,891	6.45
China Development Financial Holding Corp. and its affiliates	2,742	6.12
Taishin Financial Holding Co., Ltd. and its affiliates	2,122	4.74
First Global Investment Trust Co., Ltd. and its affiliates	2,252	5.03
Formosa Petrochemical Corp. and its affiliates	4,333	9.67

The above public information announced by the Company are summarized and calculated by the relevant account or transaction balances as of December 31, 2002 provided by the Company and all of involved subsidiaries.

36. AVERAGE AMOUNT AND AVERAGE INTEREST RATE OF INTEREST-EARNING ASSETS AND INTEREST-BEARING LIABILITIES

Average balance of interest-earning assets and interest-bearing liabilities of Bank SinoPac and its subsidiary, SinoPac Bancorp, as consolidated with FENB, is as follows:

	For the Year Ended	
	December 31, 2002	
	Average Balance	Average Rate (%)
<u>Interest-earning assets</u>		
Cash - negotiable certificates of deposit	\$ 38,201,479	1.62
Due from banks	1,955,131	1.71
Call loans (placement)	18,732,491	2.75
Due from Central Bank	5,254,416	2.47
Securities purchased	39,548,290	3.94
Loans, discounts and bills purchased	203,111,439	5.55
<u>Interest-bearing liabilities</u>		
Due to banks	\$ 5,441	0.69
Call loans (taken)	33,630,163	1.90
Demand deposits	32,174,743	1.25
Savings - demand deposits	51,144,928	1.68
Time deposits	116,911,613	2.26
Savings - time deposits	57,815,254	2.96
Negotiable certificates of deposit	949,050	2.13

Average balance are derived from the daily average balance of interest-earning assets and interest-bearing liabilities.

37. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The maturity of assets and liabilities of Bank SinoPac and its subsidiaries, SinoPac Bancorp, as consolidated with FENB, is based on the remaining period from balance sheet dates. The remaining period to maturity is based on maturity dates specified under agreements, and, in cases where there are no specified maturity dates, based on expected dates of collection.

	December 31, 2002			
	Due in One Year	Due Between One Year and Five Years	Due After Five Years	Total
<u>Assets</u>				
Cash	\$ 66,752,359	\$ -	\$ -	\$ 66,752,359
Due from banks	11,303,691	-	-	11,303,691
Due from Central Bank	11,011,956	-	-	11,011,956
Securities purchased	33,093,259	-	-	33,093,259

(Forward)

	December 31, 2002			
	Due in One Year	Due Between One Year and Five Years	Due After Five Years	Total
Receivables	\$ 15,239,422	\$ -	\$ -	\$ 15,239,422
Loans, discounts and bills purchased (excluding non-performing loans)	<u>74,554,355</u>	<u>36,261,881</u>	<u>114,247,583</u>	<u>225,063,819</u>
	<u>\$ 211,955,042</u>	<u>\$ 36,261,881</u>	<u>\$ 114,247,583</u>	<u>\$ 362,464,506</u>
<u>Liabilities</u>				
Call loans and due to banks	\$ 55,248,193	\$ -	\$ -	\$ 55,248,193
Payables	9,121,705	46,512	24,092	9,192,309
Deposits and remittances	268,960,556	8,970,804	-	277,931,360
Bank debentures	<u>-</u>	<u>5,000,000</u>	<u>2,000,000</u>	<u>7,000,000</u>
	<u>\$ 333,330,454</u>	<u>\$ 14,017,316</u>	<u>\$ 2,024,092</u>	<u>\$ 349,371,862</u>

38. DISCLOSURE OF FINANCIAL INSTRUMENTS

a. Derivative financial instruments

The Company is engaged in cross currency swap to hedge the effects of foreign exchange or interest rate risks on its net liabilities denominated in foreign-currency. The Company's strategy is to hedge most of the market risk exposures using hedging instruments whose changes in market value have a highly negative correlation with the changes in the market of the exposures being hedged. The Company also assesses the hedge effectiveness of the instruments periodically.

The counterparties to the cross currency swap contracts are financial institutions with good worldwide ranking. Accordingly, the Company does not expect significant credit risks due to the default of counterparties.

The contract amounts (or notional amounts), credit risks and fair values of outstanding contracts are as follows:

	December 31, 2002		
Financial Instruments	Contract (Notional) Amount	Credit Risk	Fair Value
For hedging purposes:			
Cross currency swap contracts	<u>\$ 174,500</u>	<u>\$ -</u>	<u>(\$ 837)</u>

The fair values were based on the proprietary models, assumptions and certain financial information from reliable sources provided by the counterparties. This valuation may not reflect the market value at which any transaction could be executed.

The gains and losses on derivative financial instruments for the period from May 9, 2002 to December 31, 2002 were as follows:

	<u>Amount</u>	<u>For the Period from May 9, 2002 to December 31, 2002</u>
For hedging purposes:		
Cross currency swap contracts		
Realized	Interest revenue	\$ 11
	Interest expense	(5)

Bank SinoPac and subsidiary

Bank SinoPac and its subsidiary SinoPac Bancorp, as consolidated with FENB (Bank SinoPac and subsidiary), engaged in foreign exchange and interest derivative transactions mainly to accommodate customers' needs and to manage its exposure positions. It also enters into cross currency swap, interest rate swap, and asset swap contracts to hedge the effects of foreign exchange or interest rate fluctuations on its foreign-currency net assets. Bank SinoPac and subsidiary's strategy is to hedge most of the market risk exposures using hedging instruments whose market value will change in opposite direction with underlying items, and the effectiveness of these instruments is re-assessed periodically.

Bank SinoPac and its subsidiaries are exposed to credit risks in the event of counterparties default. Bank SinoPac and its subsidiaries enter into contracts with customers that have satisfied the credit approval process. Collaterals or deposits are sometimes required depending on the customer's credit standing. Transactions with other banks are made within the trading limit set for each bank based on the bank's credit rating and its worldwide ranking. The provisions for credit losses are evaluated based on the credit risks undertaken.

The contract amounts (or notional amounts), credit risks and fair values of outstanding contracts were as follows:

<u>Financial Instruments</u>	<u>December 31, 2002</u>		
	<u>Contract (Notional) Amount</u>	<u>Credit Risk</u>	<u>Fair Value</u>
For hedging purposes:			
Interest rate swap contracts	\$ 1,561,000	\$ -	(\$ 80,826)
For the purposes of accommodating customers' needs or managing Bank SinoPac and subsidiaries' exposure:			
Forward contracts			
Buy	25,702,349	304,759	232,683
Sell	21,724,333	292,567	61,340
Forward rate agreements			
Buy	63,931,364	-	(241,496)
Sell	64,931,364	242,187	242,187
Currency swap contracts	60,606,619	668,675	(177,765)
Interest rate swap contracts	44,233,503	461,519	(60,003)

Financial Instruments	December 31, 2002		
	Contract (Notional) Amount	Credit Risk	Value of Options Purchased/ Written
For the purpose of accommodating customers' needs or managing Bank SinoPac and subsidiaries' exposure:			
Options			
As buyer	50,020,459	578,594	1,215,070
As seller	50,785,417	-	1,210,393

The fair value of each contract is determined by the quotations from Reuters or Telerate Information System.

As of December 31, 2002, Bank SinoPac and its subsidiaries entered into asset swap contracts for hedging purpose with total notional amounts of \$4,830,283. All counterparties are with good splendid worldwide ranking and credit rating, thus, no significant credit risk is expected.

The notional amounts of derivative contracts are used solely for the purpose of calculating the receivables and payables to all contracts parties, and thus, do not represent the actual cash inflows or outflows. Since the possibility is remote for the derivative financial instruments held or issued not to be sold at reasonable market prices, no significant cash demand is expected.

The gains and losses on derivative financial instruments for the year ended December 31, 2002 are as follows:

	Account	For the Year Ended December 31, 2002
For hedging purposes:		
Cross currency swap contracts		
- Realized	Interest revenue	\$ 31,690
	Interest expense	(14,425)
For the purposes of accommodating customers' needs or managing Bank SinoPac and subsidiaries' exposure:		
Forward contracts		
- Realized	Foreign exchange gain	128,377
- Unrealized	Foreign exchange gain	358,774
Forward rate agreements		
- Realized	Income from derivative financial transactions	10,033
- Unrealized	Loss from derivative financial transactions	(6,855)
Currency swap contracts		
- Realized	Interest revenue	368,811
	Interest expense	(402,643)

(Forward)

	Account	For the Year Ended December 31, 2002
Interest rate swap contracts		
- Realized	Interest revenue	\$571,601
	Interest expense	(627,702)
- Unrealized	Income from derivative financial transactions	17,263
Options contracts		
- Realized	Income from derivative financial transactions	268,438
- Unrealized	Foreign exchange loss	(48,152)
	Income from derivative financial transactions	17,007
Interest rate futures contracts		
- Realized	Loss from derivative financial transactions	(3,423)

The gains and losses on derivative financial instruments from the Bank SinoPac's subsidiary, FENB, for the year ended December 31, 2002 were insignificant.

SinoPac Securities

1) Warrants

- a) The objective of issuing warrants and strategies to achieve such objective

SinoPac Securities issues warrants for transaction purpose. It also holds underlying securities to meet requests of share exchange from warrant holders and to hedge the market risks derived from the warrant position. SinoPac Securities' strategy is to hedge most of market risks by buying securities with prices correlate closely with the warrants issued. Their effectiveness of hedging is re-assessed periodically.

- b) Credit risk

SinoPac Securities is not exposed to credit risk because the premium has been received upon the issuance of warrants.

- c) Market risk

The market risks on warrants issued mainly arose from the changes in market prices of their underlying securities. The risks can be hedged by adjusting the positions held on warrants and underlying securities.

- d) Liquidity risk, cash flow risk, and uncertainty as to the amount and timing of future cash requirement.

The warrant premiums have been collected in advance when issued. SinoPac Securities also uses its own capital to build positions for hedging purpose. The liquidity risks of the underlying securities held for hedge is low because the regulator requires diversification on acquisition prices and shares acquired. There is no additional future cash requirement except that when the hedging positions need to be adjusted due to the price changes of the underlying securities. Assuming normal market liquidity, the cash flow risks should be relatively low.

These warrants will expire in January 2003 and November 2003. Except for the cash inflows and outflows arising from hedging, no additional cash is required.

e) Please refer to Note 16 for leverage ratios of the warrants.

2) Interest rate swaps

a) The objectives of holding interest rate swap, and the strategies for achieving such objectives

SinoPac Securities has entered into Interest Rate Swap (IRS) contracts for trading purposes based on its judgement about the future interest rates. It also uses IRS to hedge the interest rate risks from its bond and loan portfolio. The strategy is to hedge most of interest rate risks by holding instruments with value change in the opposite direction of underlying items. The effectiveness of these instruments is re-assessed periodically.

b) The information on the outstanding IRS contracts is as follows:

	<u>December 31, 2002</u>		
	<u>Nominal</u>	<u>Credit</u>	<u>Fair</u>
	<u>Amount</u>	<u>Risk</u>	<u>Value</u>
For trading purposes	<u>\$ 1,200,000</u>	<u>\$ 10,720</u>	<u>(\$ 23,222)</u>

The counterparties to the foregoing swap contracts are all reputable banks. Accordingly, no significant credit risks are expected.

c) Market risk

SinoPac Securities has used Value-at-Risks (VAR), base on statistical analysis of interest rate data and foreign industrial standards, in evaluating market risks of the IRS contracts held for trading purposes. As of December 31, 2002, the VAR was \$2,626.

Since interest rate swaps for hedging purposes are to hedge SinoPac Securities' net interest rate exposure, market risks are offsetting with each other and no significant market risks are expected.

d) Cash flows and demands

Net interest, equal to the notional amount of the interest rate swap contracts multiplied by the difference in the interest rate bases, received or paid upon each settlement date, is not material. The notional amount is not exchanged on the final settlement date. Therefore, the cash demand is insignificant.

e) The net interest income recognized by SinoPac Securities under the IRS contracts for hedging purposes for the year 2002 was \$507. The net interest expense recognized for trading purposes for the year 2002 was \$54,925.

3) Stock index futures and options

- a) The objectives of stock index futures and options and strategies to achieve such objective

SinoPac Securities holds stock index futures and options contracts for trading purpose. The Company is using these contracts to provide more investment vehicles and services to its customers, and increase overall capital efficiency.

- b) Notional amounts, fair values and credit risks

	<u>December 31, 2002</u>	
	<u>Notional Amount</u>	<u>Fair Value</u>
TAIEX futures	\$92,509	\$91,624
TAIEX options		
Call options	11,969	12,188
Put options	1,849	1,669

The market value of each contract was based on the reference price published by the TAIEX at the balance sheet date. Since the contract party is TAIEX, no significant credit risk is expected.

- c) Market risk

Market risks are caused by the price fluctuation for stock index futures and options. SinoPac Securities has established risk control mechanism and has set up stop loss points to monitor price fluctuation of positions held. When the balance of the trading margin account is lower than the maintenance margin, SinoPac Securities will recognize a loss by either closing the position or putting in additional margin. If the position held is for hedging purpose, the profits or losses from the position will offset with that from underlying securities, and thus result in only insignificant market risks.

- d) Liquidity risk, cash flow risk, and uncertainty as to the amounts and timing of future cash required

Since all maintenance margin required for futures and option contracts are already paid, there is no future cash requirement unless margin goes below the required level.

- e) Gains (losses) from transactions of stock index futures and options

As of December 31, 2002, margin deposits maintained for transactions involving futures and options amounted to \$117,793. The market value of margin paid for call options amounted to \$12,188 while the market value of margin received on put options amounted to \$1,669. SinoPac Securities incurred non-hedging gains of \$3,801 for the year 2002 on stock index futures transactions and non-hedging losses of \$5,300 for the year 2002 on options transactions.

b. Fair values of non-derivative financial instruments

	<u>December 31, 2002</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>
<u>Assets</u>		
Financial assets - with fair values approximating carrying amounts	\$ 122,405,786	\$ 122,405,786
Securities purchased	35,278,281	35,555,234
Operating securities	17,037,210	16,700,085
Loans, discounts and bills purchased	224,972,445	224,972,445
Long-term investments	7,995,144	8,002,482
Other assets - guarantee deposits	2,377,487	2,378,772
<u>Liabilities</u>		
Financial liabilities - with fair values approximating carrying amounts	\$ 89,888,391	\$ 89,888,391
Deposits and remittances	268,204,668	268,204,668
Bank debentures	7,000,000	7,000,000
Euro-convertible bonds	8,160,299	8,662,620
Other liabilities	1,566,022	1,566,022

Methods and assumptions applied in estimating the fair values of non-derivative financial instruments are as follows:

- 1) The carrying amounts of cash, due from banks, due from Central Bank, acceptances, receivables, margin loans receivables, refinancing deposits receivables, pledged time deposits, securities purchased or sold under agreements to resell or repurchase, call loans and due to banks, acceptances payable, commercial paper payables, payables, short sales proceeds payables and remittance approximate their fair values because of the short maturities of these instruments.
- 2) The fair values of securities purchased, operating securities and long-term investments are based on their market prices, if such market prices are available. Otherwise, fair values are estimated at their carrying amounts.
- 3) Loans, discounts and bills purchased, deposits, bank debentures and funds received for loans are interest-earning assets and interest-bearing liabilities. Thus, their carrying amounts represent fair values. Fair value of non-performing loans is based on the carrying amount, which is net of the allowance for credit losses.
- 4) The fair values of government bonds, corporate bonds and bank debentures submitted as guarantee deposits are based on their market prices while certificates of deposits are estimated at their carrying amounts. Fair values of other guarantee deposits are estimated at their carrying amounts since such deposits do not have specific due dates.
- 5) The fair values of Euro-convertible bonds are estimated at their market prices listed in Luxembourg.

The fair value of certain financial instruments and all non-financial instruments are excluded from disclosure requirement. Accordingly, the aggregate fair values presented above do not necessarily represent the total values of the Company.

c. Financial instruments with off-balance-sheet credit risks

The Company has significant credit commitments principally relating to customer financing activities. Most of the credit commitments are with terms under seven years and loan interest rates ranging from 0.38% to 12.75%. The Company also issues financial guarantees and standby letters of credit to guarantee the performance of a customer obligated to a third party. These guarantees are usually with terms of less than one year, and maturity dates not in any particular period.

The contract amounts of financial instruments with off-balance-sheet credit risks as of December 31 are as follows:

	<u>December 31, 2002</u>
Irrevocable loan commitments	\$ 14,310,438
Financial guarantees and standby letters of credit	10,113,474
Credit card commitments for credit cards	58,507

Since most of the commitments will expire without being drawn upon, the total commitment amounts do not necessarily represent actual cash demands. The Company's maximum credit exposure from these commitments is the total commitment amounts assuming that the customer uses the full amount of the commitment and the related collateral or the security turn out to be worthless.

The Company makes credit commitments and issues financial guarantees and standby letters of credit only after through evaluation of customers' credit standing. Based on the result of the credit evaluation, the Company may require collateral before draw down against the credit facilities. As of December 31, 2002, secured loans amounted to about 79% of the total loans. Collaterals include cash, inventories, marketable securities, and other property. When the customers default, the Company will, as required by circumstances, foreclose the collateral or execute other rights arising out of the guarantees given.

39. INFORMATION ON CONCENTRATION OF RISK

The Company has no concentrated credit risk in any individual counterparty or groups of counterparties engaged in similar business activities. Industries with 5% or more of the outstanding loans as of December 31, 2002 are as follows:

	<u>December 31, 2002</u>
Natural person	\$ 136,837,518
Foreign corporation	25,639,592
Real estate	23,449,870
Manufacturing	15,510,637

The net position on foreign-currency transactions as of December 31, 2002 is insignificant.

40. CONDENSED BALANCE SHEETS AND STATEMENTS OF
INCOME OF THE BANK AND THE SECURITIES SUBSIDIARIES

a. Condensed balance sheets

BANK SINOPAC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
December 31, 2002
(Amounts Expressed in Thousands of New Taiwan Dollars)

<u>Assets</u>	<u>Amount</u>	<u>Liabilities</u>	<u>Amount</u>
Cash	\$ 66,752,359	Call loans and due to banks	\$ 55,248,193
Due from banks	11,303,691	Payables	9,192,309
Due from Central Bank	11,011,956	Deposits and remittances	277,931,360
Securities purchased - net	33,093,259	Bank debentures	7,000,000
Receivables - net	15,126,548	Other liabilities	<u>2,655,880</u>
Prepayments	213,213	Total liabilities	<u>352,027,742</u>
Loans, discounts and bills purchased - net	225,169,615	<u>Stockholders' equity</u>	
Long-term investments	4,610,515	Capital stock	19,443,975
Properties - net	5,280,745	Capital surplus	125,208
Other assets	<u>4,461,515</u>	Retained earnings	5,526,647
		Equity adjustments	(<u>100,156</u>)
		Total stockholders' equity	<u>24,995,674</u>
Total assets	<u>\$ 377,023,416</u>	Total liabilities and stockholders' equity	<u>\$ 377,023,416</u>

SINOPAC SECURITIES CORPORATION

BALANCE SHEET
December 31, 2002
(Amounts Expressed in Thousands of New Taiwan Dollars)

<u>Assets</u>	<u>Amount</u>	<u>Liabilities</u>	<u>Amount</u>
Current assets	\$ 41,470,582	Current liabilities	\$ 27,335,996
Long-term investments	2,847,933	Other liabilities	384,867
Properties - net	2,749,743	Securities brokerage credit account - net	<u>91,486</u>
Other assets	<u>2,066,401</u>	Total liabilities	<u>27,812,349</u>
		<u>Stockholders' equity</u>	
		Capital stock	15,269,020
		Capital surplus	2,321,997
		Retained earnings	3,976,662
		Equity adjustments	(<u>245,369</u>)
		Total stockholders' equity	<u>21,322,310</u>
Total assets	<u>\$ 49,134,659</u>	Total liabilities and stockholders' equity	<u>\$ 49,134,659</u>

b. Condensed statements of income

BANK SINOPAC AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME

For the Year Ended December 31, 2002

(Amounts Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<u>Amount</u>
Operating revenues	\$ 17,848,451
Operating expenses	<u>14,921,221</u>
Operating income	2,927,230
Non-operating income	165,793
Non-operating expenses	<u>56,154</u>
Income before income tax	<u>3,036,869</u>
Net income	<u>\$ 2,255,049</u>
Pre-tax earnings per share	<u>\$1.59</u>
After tax earnings per share	<u>\$1.18</u>

SINOPAC SECURITIES CORPORATION

STATEMENT OF INCOME

For the Year Ended December 31, 2002

(Amounts Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<u>Amount</u>
Operating revenues	\$ 5,934,858
Operating costs and expenses	<u>4,147,071</u>
Operating income	1,787,787
Non-operating income	487,097
Non-operating expenses	<u>293,183</u>
Income before income tax	<u>1,981,701</u>
Net income	<u>\$ 1,629,284</u>
Pre-tax earnings per share	<u>\$1.34</u>
After tax earnings per share	<u>\$1.10</u>

41. JOINT MARKETING INFORMATION

For the year ended December 31, 2002, Bank SinoPac paid \$24,057 to SinoPac Securities for their joint marketing activities expenses and rental allocation from sharing of operating equipments and premises. The amounts are recorded in Bank SinoPac's books as operating expenses and in SinoPac Securities' books as operating and non-operating revenues.

For the year ended December 31, 2002, SinoPac Securities paid \$1,554 to Bank SinoPac for rental expenses allocation occurred from sharing of premises. The aforementioned amounts are recorded in SinoPac Securities and Bank SinoPac's books as expenses and revenues, respectively.

42. THE SUBSIDIARIES' SIGNIFICANT FINANCIAL AND OPERATING PROFILE - BANK SINOPAC

a. Assets quality

(In Thousands of New Taiwan Dollars, %)

Item	December 31, 2002
Overdue loans (including non-performing loans)	\$ 3,798,045
Non-performing loans	2,027,366
Overdue loans ratio (note)	2.015%
Delinquent loans	2,095,110
Delinquent loans/total gross Loans	1.111%
Allowance for credit losses	1,450,886

Note: Overdue loans ratio = Overdue loans (including non-performing loans)/(Gross loans + Non-performing loans). If overdue loans (including non-performing loans)/Total credits, the overdue loans ratio as of December 31, 2002 was 1.73%.

b. Management information

1) Profile of concentration of credit risk

(In Thousands of New Taiwan Dollars, %)

	December 31, 2002	
Loans to related parties in privity	\$4,326,511	
Ratio of loans to related parties in privity	1.97	
Ratio of pledged stock loans	1.19	
Profile of concentration of credit industry	Industry	Percentage
	Manufacturing	8.73
	Wholesaling	2.89
	Finance and insurance	1.88
	Real estate and leasing	2.83
	Government organizations	2.32
	Other	81.35

2) Information of investees of Bank SinoPac

December 31, 2002

(In Thousands of New Taiwan Dollars, %)

Names of Investees	Original Investment Amount	Percentage of Ownership
SinoPac Bancorp	\$ 3,328,915	100.00
Rocorp Holding S. A.	3,531	33.33
SinoPac Leasing Corporation	999,940	99.77
SinoPac Capital Limited	1,001,108	99.99
SinoPac Financial Consulting Co., Ltd.	1,940	97.00
SinoPac Life Insurance Agent Co., Ltd.	1,940	97.00
SinoPac Property Insurance Agent Co., Ltd.	1,940	97.00
Fuh-Hwa Investment Trust Co., Ltd.	24,000	7.77
Mondex Taiwan Inc.	25,000	6.47

Note: Only included percentage of ownership above 5%.

3) Policy of provisions on credit losses

In determining the allowance for credit losses and provisions for losses on guarantees, Bank SinoPac evaluates the potential losses on each loans and then the whole credit portfolio considering the balances of loans, discounts and bills purchased, accounts, interest and other receivables, non-performing loans, as well as guarantees and acceptances as of the balance sheet dates.

Losses on overall credit portfolio are assessed on the basis of Bank SinoPac's prior experiences.

Bank SinoPac evaluates losses on particular loans based on its borrowers/clients' credit limit, collateral provided and estimated level of collectibility in accordance with "The Rules for Bank Asset Evaluation, Loss Reserve Provision, and Disposal of Overdue Loans and Bad Debts" (the "Rules") issued by the MOF. The Rules provide that the minimum amount requirement of provision for credit losses shall be equal to the aggregate of 50% of the doubtful credits and 100% of the unrecoverable credits.

Write-offs of specific loans under MOF guidelines, after approved by the board of directors, are offset against the recorded allowance for loan losses.

4) Exceptional items

December 31, 2002

	Causes and Amounts
Director or employee prosecuted by attorney due to violating laws and regulations concerned with operation in the latest year	A former employee sued by Bank SinoPac for violating the related regulations of the Banking Law, was prosecuted by the District Attorney. The case was still tried by the District Court. Partial damage has been recovered, and amount still outstanding is \$1,400.
Fines due to violation of the Banking Law in the latest year	None
Serious violations corrected by the Ministry of Finance in the latest year	None
Events due to employee fraud, major accidents, violations of rules provided in the "Notice to financial institutions about safeguarding", which result in losses of over NT\$50 million dollars in one or total count	None
Other	None

c. Profitability

Item	For the Year Ended December 31, 2002
Return on total assets (Note 1)	0.91%
Return on net worth (Note 2)	11.43%
Profit margin (Note 3)	18.23%

Note 1: Return on assets = Income before income tax/Average total assts

Note 2: Return on net worth = Income before income tax/Average net worth

Note 3: Profit margin = Income before income tax/Total operating revenues

d. Liquidity

MATURITY ANALYSIS OF ASSETS AND LIABILITIES

December 31, 2002

(In Thousands of New Taiwan Dollars)

	Total	Amounts of Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days to One Year	Over One Year
Assets	\$ 305,614	\$ 43,856	\$ 27,646	\$ 27,886	\$ 37,135	\$ 169,091
Liabilities	307,031	88,792	41,802	36,820	44,066	95,551
Gap	(1,417)	(44,936)	(14,156)	(8,934)	(6,931)	73,540
Accumulated gap	(1,417)	(44,936)	(59,092)	(68,026)	(74,957)	(1,417)

Note: The above amounts include only the portion of assets and liabilities held by the Bank SinoPac, which are demoninated in New Taiwan Dollars (excluding foreign currency) .

e. Sensibility of market risk

Item	December 31, 2002
Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities	80.34%
Ratio of interest-rate-sensitive gap to net worth	30.28%

Note 1: Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities = Interest-rate-sensitive assets/Interest-rate-sensitive liabilities (which were in New Taiwan Dollars and will mature within one year)

Note 2: Interest-rate-sensitive gap = Interest-rate-sensitive assets – Interest-rate-sensitive liabilities

43. ADDITIONAL DISCLOSURES

a. Followings are the additional disclosures required by the SFC for the Company and affiliates:

- 1) Financing provided: Please see Table 1;
- 2) Endorsement/guarantee provided: Please see Table 2;
- 3) Marketable securities held: Please see Table 3;
- 4) Marketable securities acquired and disposed of, at costs or prices of at least NTS100 million or 20% of the issued capital: Please see Table 4;
- 5) Names, locations, and other information of investees on which the Company exercises significant influences: Please see Table 5;
- 6) Derivative financial transactions: Please see Note 38. The derivative financial instruments of AnShin Card Services are summarized as follows:

AnShin Card Services

The interest rate swap contracts held by AnShin Card Services are for the purpose of hedging the risks that may result from changes in interest rates of liabilities rather than for the purpose of trading. The AnShin Card Services' strategy is to hedge most market risks by using derivative instruments whose value change in the opposite direction of underlying items, and the effectiveness of these instruments is re-assessed periodically.

- a) As of December 31, 2002, the unsettled balances of interest rate swap contracts were as follows:

<u>Financial instruments</u>	<u>Nominal Amount</u>	<u>Fair Value</u>	<u>Credit Risk</u>
Interest rate swap contract	<u>\$2,500,000</u>	<u>(\$ 81,788)</u>	<u>\$ -</u>

The amount of credit risk is a potential loss of AnShin Card Services if the counterpart involved in that transaction defaults. Since AnShin Card Services' derivative financial instruments agreements are entered into with financial institutions with good credit ratings, management does not believe that there is significant credit risk from these transactions.

The fair value of derivative financial instruments is the amount AnShin Card Services would receive or pay to terminate contracts at the financial reporting date, including unrealized gains or losses for remaining unsettled contracts. The fair value of AnShin Card Services' derivative financial instrument was based on quotes from financial institutions which evaluate the future interest payment stream within the contractual period discounted at the market interest rate.

- b) Market risk

The purpose of the interest rate swap contracts is to hedge the interest risk of liabilities. Therefore, the gains or losses resulting from changes in interest rates will be offset by those of the hedged item. Management believes that the related market risk is not significant.

- c) Liquidity risk, cash flow risk, and uncertainty as to the amount and timing of future cash requirements

AnShin Card Services enters into the aforementioned transactions only with financial institutions of good credit standing and usually transacts with several different financial institutions in order to diversify financial risks. It is believed that the default risks of these financial institutions are minimal and would not have material impact on the financial statements.

In accordance with the contracts, there is no principal to be delivered at the time of contractual and its maturity date. Instead, the interest netting is calculated based on the difference between the contractual rate and the market floating rate multiplied by the nominal principal, and settled every 90 days. The interest differential is usually not material.

- d) For the year ended December 31, 2002, interest expenses recognized as non-operating expenses under the interest rate swap contracts amounting to \$56,055. The unrealized revaluation losses based on fair value amounting to \$81,788 were recognized as other liabilities and a deduction item to stockholders' equity.

- b. Information related to investment in Mainland China: None.

44. SEGMENT AND GEOGRAPHIC INFORMATION

a. Segment information

The segment information about the Company for the year ended December 31, 2002 is as follows:

	<u>Banking</u>	<u>Securities</u>	<u>Other</u>	<u>Adjustments and Eliminations</u>	<u>Total</u>
Revenue from third parties	\$ 17,665,048	\$ 5,938,906	\$ 2,030	\$ 62,302	\$ 23,668,286
Revenue from the Company and consolidated subsidiaries	<u>6,146</u>	<u>77,370</u>	<u>84,442</u>	<u>(167,958)</u>	<u>-</u>
Total revenue	<u>\$ 17,671,194</u>	<u>\$ 6,016,276</u>	<u>\$ 86,472</u>	<u>(\$ 105,656)</u>	<u>\$ 23,668,286</u>
Segment income (loss)	<u>\$ 2,859,612</u>	<u>\$ 1,860,621</u>	<u>(\$ 322,962)</u>	<u>(\$ 25,520)</u>	\$ 4,371,751
Investment income under the equity method					<u>266,301</u>
Income before income tax					<u>\$ 4,638,052</u>
Identifiable assets	<u>\$ 373,994,035</u>	<u>\$ 46,843,743</u>	<u>\$ 9,623,671</u>	<u>(\$ 13,317,716)</u>	\$ 417,143,733
Long-term equity investments - the equity method					<u>5,568,657</u>
Total assets					<u>\$ 422,712,390</u>
Depreciation and amortization expenses	<u>\$ 558,729</u>	<u>\$ 233,742</u>	<u>\$ 2,284</u>		
Capitalized expenditures	<u>\$ 639,760</u>	<u>\$ 168,588</u>	<u>\$ 29,063</u>		

b. Geographic information

The geographic information about the Company for the year ended December 31, 2002 is as follows:

	<u>Domestic</u>	<u>United States</u>	<u>Adjustments and Eliminations</u>	<u>Total</u>
Revenue from third parties	\$ 20,257,947	\$ 3,348,037	\$ 62,302	\$ 23,668,286
Revenue from the Company and consolidated subsidiaries	<u>167,958</u>	<u>-</u>	<u>(167,958)</u>	<u>-</u>
Total revenue	<u>\$ 20,425,905</u>	<u>\$ 3,348,037</u>	<u>(\$ 105,656)</u>	<u>\$ 23,668,286</u>
Segment income	<u>\$ 3,638,706</u>	<u>\$ 758,565</u>	<u>(\$ 25,520)</u>	\$ 4,371,751
Investment income under the equity method				<u>266,301</u>
Income before income tax				<u>\$ 4,638,052</u>
Identifiable assets	<u>\$ 371,440,479</u>	<u>\$ 59,020,970</u>	<u>(\$ 13,317,716)</u>	\$ 417,143,733
Long-term equity investments - the equity method				<u>5,568,657</u>
Total assets				<u>\$ 422,712,390</u>

SINOPAC HOLDINGS AND SUBSIDIARIES
 FINANCING PROVIDED
 For the Year Ended December 31, 2002
 (Amounts Expressed in Thousands of New Taiwan Dollars)

No.	Financing Name	Counterparty	Financial Statement Account	Maximum Balance for the Period	Ending Balance	Interest Rate	Financing Type	Transaction Amount	Financing Reasons	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrowing Company	Financing Company's Financing Amount Limits
											Item	Value		
6	Intellisys Corp.	Intellisoft Corporation	Temporary payments	\$ 5,106	\$ -	-	Short-term financing	\$ -	Working capital	\$ -	-	\$ -	\$ 20,000 (Note)	\$ 57,791 (Note)
		Intellisys Shanghai Corporation	Temporary payments	313	-	-	Short-term financing	-	Working capital	-	-	-	20,000 (Note)	57,791 (Note)

Note: The stockholders of Intellisys Corp. have approved that the limit on total financing amounts is up to 30% of the net asset value of Intellisys Corp., and the limit on individual financing amounts is up to \$20,000.

SINOPAC HOLDINGS AND SUBSIDIARIES
 ENDORSEMENT/GUARANTEE PROVIDED
 For the Year Ended December 31, 2002
 (Amounts Expressed in Thousands of New Taiwan Dollars)

No.	Collaterals/Guarantees Provider	Counterparty		Limits on Individual Endorsement or Guarantee Amounts	Maximum Balance for the Period	Ending Balance	Carrying Value (as of Balance Sheet Date) of Properties Guaranteed by Collateral	Ratio of Accumulated Amount of Guarantee to Net Asset Value of the Latest Financial Statement (Note 5)	Maximum Endorsement/Guarantee Amounts Allowable
		Name	Nature of Relationship						
1	SinoPac Securities Corporation	SinoPac Securities (Asia) Ltd. (formerly NSC Securities (Asia) Ltd.)	Wholly-owned grandson company	\$ 4,264,462 (Note 2)	\$ 1,563,750 (Note 1) (US\$ 45,000 thousand dollars)	\$ -	\$ -	-	\$ 4,264,462 (Note 2)
2	SinoPac Leasing Corporation	Grand Capital International Limited	Subsidiary	3,655,818 (Note 3)	2,372,048	2,372,048	-	130%	9,139,546 (Note 4)
		Wal Tech International Corporation	Affiliate company	3,655,818 (Note 3)	522,500	409,000	-	22%	9,139,546 (Note 4)

Note 1: Foreign-currency amounts are translated to New Taiwan dollars at the exchange rate as of the balance sheet date.

Note 2: The limit on individual endorsement or guarantee amounts is up to 20% of the net asset value (Note 5) of SinoPac Securities Corporation.

Note 3: Except for no limitation applied on any subsidiary of SinoPac Leasing Corporation, the limits on individual endorsement or guarantee amounts is up to 200% of the net asset value (Note 5) of SinoPac Leasing Corporation.

Note 4: Except for no limitation applied on any subsidiary of SinoPac Leasing Corporation, the maximum amount of endorsement or guarantee amount allowance is up to 500% of the net asset value (Note 5) of SinoPac Leasing Corporation.

Note 5: The net asset values of the aforementioned corporations were based on the audited financial statements as of December 31, 2002.

SINOPAC HOLDINGS AND SUBSIDIARIES
MARKETABLE SECURITIES HELD
December 31, 2002
(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of Held Company	Type and Name of Marketable Securities	Relationship	Account of Financial Statement	December 31, 2002				Note
				Shares/Units/ Face Value (In Thousand)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
SinoPac Holdings	<u>Stock (common stock)</u>							
	Bank SinoPac	Subsidiary	Long-term equity investments	1,944,398	\$ 22,035,057	100.00%	\$ 24,995,674	Note 5
	SinoPac Securities Corporation	Subsidiary	Long-term equity investments	1,526,902 (Note 8)	21,322,310	100.00%	21,322,310	Note 5
	AnShin Card Services Co., Ltd. (formerly Aetna Sinopac Credit Card Co., Ltd.)	An investee accounted for by the equity method	Long-term equity investments	81,104	151,227	49.76%	151,227	Note 5
	SinoPac Call Center Co., Ltd.	Subsidiary	Long-term equity investments	10,000	97,134	100.00%	97,134	Note 5
	<u>Stock (preferred stock)</u>							
	AnShin Card Services Co., Ltd.	-	Long-term equity investments	28,834	288,336	60.07%	288,336	Note 6
Bank SinoPac	<u>Stock</u>							
	SinoPac Bancorp	Subsidiary	Long-term equity investments	20	5,033,023	100.00%	5,033,023	Note 5
	Rocorp Holding S.A.	An investee accounted for by the equity method	Long-term equity investments	0.11	3,531	33.33%	3,531	Note 6
	SinoPac Leasing Corporation	Subsidiary	Long-term equity investments	149,652	2,040,696	99.77%	1,823,674	Note 5
	SinoPac Capital Limited	Subsidiary	Long-term equity investments	229,998	898,618	99.99%	898,618	Note 5
	SinoPac Financial Consulting Co., Ltd.	Subsidiary	Long-term equity investments	194	3,284	97.00%	3,284	Note 4
	SinoPac Life Insurance Agent Co., Ltd.	Subsidiary	Long-term equity investments	194	79,451	97.00%	79,451	Note 5
	SinoPac Property Insurance Agent Co., Ltd.	Subsidiary	Long-term equity investments	194	3,801	97.00%	3,801	Note 4
	Ruentex Industries Ltd. (formerly Ruentex Textile Co., Ltd.)	Supervisor of Bank SinoPac and an investee accounted for by the cost method	Long-term equity investments	11,452	165,486 (Note 3)	1.45%	183,696	Note 2
	Mega Financial Holding Company	An investee accounted for by the cost method	Long-term equity investments	3,998	110,732 (Note 3)	0.07%	65,496	Note 2
	Vate Technology Co., Ltd.	An investee accounted for by the cost method	Long-term equity investments	186	6,272 (Note 3)	0.25%	1,339	Note 2
	China Television Co., Ltd.	An investee accounted for by the cost method	Long-term equity investments	12,468	364,539 (Note 3)	3.40%	105,977	Note 2
Global Securities Finance Corp.	An investee accounted for by the cost method	Long-term equity investments	11,719	100,000	1.56%	132,473	Note 4	
Z-Com, Inc.	An investee accounted for by the cost method	Long-term equity investments	1,040	13,230	1.58%	12,031	Note 4	

(Forward)

Name of Held Company	Type and Name of Marketable Securities	Relationship	Account of Financial Statement	December 31, 2002				Note
				Shares/Units/ Face Value (In Thousand)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
	Taipei Forex Inc.	An investee accounted for by the cost method	Long-term equity investments	80	\$ 800	0.40%	\$ 1,153	Note 4
	Taiwan Future Exchange Co., Ltd.	An investee accounted for by the cost method	Long-term equity investments	899	8,990	0.45%	10,481	Note 4
	Taiwan Leader Advanced Technology Co., Ltd.	An investee accounted for by the cost method	Long-term equity investments	1,103	16,554	1.07%	10,968	Note 4
	Apack Technology Inc.	An investee accounted for by the cost method	Long-term equity investments	1,694	14,476	1.31%	13,299	Note 4
	Fuh-Hwa Investment Trust Co., Ltd.	An investee accounted for by the cost method	Long-term equity investments	2,400	24,000	7.77%	33,286	Note 4
	Financial Information Services Co., Ltd.	An investee accounted for by the cost method	Long-term equity investments	4,550	45,500	1.14%	64,476	Note 4
	Taiwan Asset Management Corporation	An investee accounted for by the cost method	Long-term equity investments	5,000	50,000	0.28%	50,899	Note 4
	Taiwan Financial Asset Service Corporation	An investee accounted for by the cost method	Long-term equity investments	5,000	50,000	2.94%	50,728	Note 4
	Prudence Venture Investment Corporation	An investee accounted for by the cost method	Long-term equity investments	5,000	50,000	2.50%	49,262	Note 4
	Mondex Taiwan Inc.	An investee accounted for by the cost method	Long-term equity investments	2,000	25,000	6.47%	16,148	Note 4
SinoPac Bancorp	<u>Stock</u> Far East National Bank	Subsidiary	Long-term equity investments	175	4,919,206	100.00%	4,919,206	Note 5
Far East National Bank	<u>Stock</u> Far East Capital Corporation	Subsidiary	Long-term equity investments	350	82,433	100.00%	82,433	Note 5
	FENB Securities, Inc.	Subsidiary	Long-term equity investments	3	13,521	100.00%	13,521	Note 5
	FENB Loan Corp.	Subsidiary	Long-term equity investments	0.1	(14,046)	100.00%	(14,046)	Note 5
	FENB Film Corp.	Subsidiary	Long-term equity investments	0.1	(41,033)	100.00%	(41,033)	Note 5
	Federal Reserve Bank	An investee accounted for by the cost method	Long-term equity investments	62	112,303	-	112,303	Note 6
	Federal Home Loan Bank	An investee accounted for by the cost method	Long-term equity investments	100	225,895	-	225,895	Note 6
	Southern California Business Development Corporation (SCBDC)	An investee accounted for by the cost method	Long-term equity investments	40	1,390	-	1,390	Note 6
	California Economic Development Lending Initiative (CEDLI)	An investee accounted for by the cost method	Long-term equity investments	50	1,738	-	1,738	Note 6
	<u>Fund</u> Genesis L.A. Real Estate Fund LLC	-	Long-term investments	-	45,802	-	45,802	Note 6
	California Tax Credit Fund LLC	-	Long-term investments	-	28,980	-	28,980	Note 6
	Bay Area Smart Growth Fund LLC	-	Long-term investments	-	11,885	-	11,885	Note 6
Far East Capital Corporation	<u>Stock (common stock)</u> Metropolis Digital	An investee accounted for by the cost method	Long-term equity investments	1,257	8,739	8.00%	8,739	Note 6
	Hollywood International Financial Inc.	An investee accounted for by the cost method	Long-term equity investments	0.3	10	15.10%	10	Note 6
	PCRS Capital Partners, LLC	An investee accounted for by the cost method	Long-term equity investments	-	2,182	4.00%	2,182	Note 6
	TVIA, Inc.	An investee accounted for by the cost method	Long-term equity investments	33	8,688	0.20%	822	Note 7
	<u>Stock (preferred stock)</u> AgraQuest, Inc.	-	Long-term equity investments	100	8,167	0.80%	8,167	Note 6
	iPhysician Net, Inc.	-	Long-term equity investments	115	14,127	0.30%	14,127	Note 6
	Silicon Motion, Inc.	-	Long-term equity investments	61	8,688	0.20%	8,688	Note 6
	Softknot Corporation	-	Long-term equity investments	250	6,952	2.00%	6,952	Note 6

(Forward)

Name of Held Company	Type and Name of Marketable Securities	Relationship	Account of Financial Statement	December 31, 2002				Note
				Shares/Units/ Face Value (In Thousand)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
SinoPac Leasing Corporation	Zone Reactor, Inc.	-	Long-term equity investments	300	\$ 2,085	1.50%	\$ 2,085	Note 6
	<u>Stock</u>							
	Grand Capital International Limited	Subsidiary	Long-term equity investments	29,900	1,347,751	100.00%	1,347,751	Note 5
	Bank of Overseas Chinese	An investee accounted for by the cost method	Long-term equity investments	5,482	39,269 (Note 3)	0.33%	15,240	Note 2
	Chain Yarn Co., Ltd.	An investee accounted for by the cost method	Long-term equity investments	1,969	38,444	1.90%	23,945	Note 4
	Tekcon Electronics Corp.	An investee accounted for by the cost method	Long-term equity investments	832	20,768	1.51%	7,046	Note 4
	Global Securities Finance Corp.	An investee accounted for by the cost method	Long-term equity investments	1,423	15,664	0.19%	16,135	Note 4
	Z-Com, Inc.	An investee accounted for by the cost method	Long-term equity investments	330	6,600	0.50%	3,819	Note 4
	Walton Advanced Engineering, Inc. (formerly Walsin Advanced Electronics Ltd.)	An investee accounted for by the cost method	Long-term equity investments	1,528	23,616	0.45%	12,874	Note 4
	Telexpress Corp.	An investee accounted for by the cost method	Long-term equity investments	525	7,835	5.00%	5,474	Note 5
Grand Capital International Limited	<u>Venture fund</u>							
	World Wide Multimedia L.P.	-	Long-term investments	0.005	86,883	16.67%	85,108	Note 4
	<u>Stock (preferred stock)</u>							
	@Network, Inc.	-	Long-term equity investments	106	10,426	0.49%	10,426	Note 6
	Best 3C. Com, Inc.	-	Long-term equity investments	600	15,639	1.85%	15,639	Note 6
	e21 Corp.	-	Long-term equity investments	200	10,426	0.79%	10,426	Note 6
	Netvista (B.V.I.) Holding Company Ltd.	-	Long-term equity investments	600	10,426	3.30%	10,426	Note 6
SinoPac Capital Limited	<u>Stock (common stock)</u>							
	Ciphergen Biosystems, Inc.	An investee accounted for by the cost method	Long-term equity investments	45	9,929	0.17%	9,929	Note 6
	<u>Stock</u>							
	SinoPac Capital (B.V.I.) Ltd.	Subsidiary	Long-term equity investments	4,450	148,653	100.00%	148,653	Note 5
	Shanghai Land Holding Ltd.	-	Short-term investments	2,850	10,284	0.09%	8,258	Note 2
	ASM Pacific	-	Short-term investments	250	17,622	0.07%	16,711	Note 2
	Phoenix TV	-	Short-term investments	5,000	16,866	0.10%	15,336	Note 2
	TPV Holdings	-	Short-term investments	160	1,711	0.01%	1,765	Note 2
	<u>Fund</u>							
	KCM Asset Management	-	Short-term investments	-	69,517	-	69,538	Note 7
	<u>Convertible bill and bond</u>							
	Harbin Brewery Group Limited	-	Short-term investments	34,758	34,758	-	46,233	Note 2
	Sinbon Electronics Co., Ltd.	-	Short-term investments	34,758	34,758	-	34,407	Note 2
	Micro Star Int'l Co., Ltd.	-	Short-term investments	104,275	104,275	-	104,275	Note 2

(Forward)

Name of Held Company	Type and Name of Marketable Securities	Relationship	Account of Financial Statement	December 31, 2002				Note
				Shares/Units/ Face Value (In Thousand)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
SinoPac Capital (B.V.I.) Ltd.	<u>Stock</u>							
	Cyberpac Holding Ltd. (B.V.I.)	Subsidiary	Long-term equity investments	4,000	\$ 53,228	100.00%	\$ 53,228	Note 5
	Allstar Venture Ltd. (B.V.I.)	Subsidiary	Long-term equity investments	0.002	(135,570)	100.00%	(135,570)	Note 5
	Shanghai International Asset Management (Hong Kong) Co., Ltd.	Subsidiary	Long-term equity investments	4,800	33,143	60.00%	23,611	Note 4
	Pinnacle Investment Management Ltd.	Subsidiary	Long-term equity investments	200	4,466	99.9995%	4,467	Note 4
Cyberpac Holding Ltd. (B.V.I.)	<u>Venture fund</u>							
	3V Source One LP	-	Long-term investments	2,000	71,012	71.43%	71,012	Note 6
	<u>Stock</u>							
	Wal Tech International Corporation	Subsidiary	Long-term equity investments	26,497	208,243	99.99%	202,738	Note 5
	BSP Venture Management (B.V.I.) Ltd.	Subsidiary	Long-term equity investments	50	1,168	100.00%	1,168	Note 4
	Telexpress Corp.	An investee accounted for by the equity method	Long-term equity investments	3,900	51,942	34.21%	35,298	Note 5
	Hollywood International Finance Inc.	An investee accounted for by the cost method	Long-term equity investments	0.098	3	4.90%	3	Note 4
Allstar Venture Ltd. (B.V.I.)	<u>Venture fund</u>							
	InveStar Excelsus Venture Capital (Int'l) Inc., LDC	-	Long-term investments	2,220	84,900	6.25%	84,900	Note 6
	UOB	-	Long-term investments	26	77,545	8.62%	77,545	Note 6
	MDS Life Sciences Technology Fund	-	Long-term investments	50	116,343	25.00%	116,343	Note 6
	Bio Asia Investment, LLC/BDF II	-	Long-term investments	-	36,232	2.30%	36,232	Note 6
	NAVF II	-	Long-term investments	-	46,760	2.07%	46,760	Note 6
	<u>Stock (common stock)</u>							
	Ardent Pharmaceutica, Inc.	An investee accounted for by the cost method	Long-term equity investments	143	17,763	0.58%	17,763	Note 6
	TVIA, Inc.	An investee accounted for by the cost method	Long-term equity investments	167	10,206	0.75%	4,112	Note 7
	DiCon Fiberoptics, Inc.	An investee accounted for by the cost method	Long-term equity investments	221	34,747	0.20%	34,747	Note 6
	<u>Stock (preferred stock)</u>							
	Sunol Molecular Corp.	-	Long-term equity investments	100	17,540	0.92%	17,540	Note 6
	Phytoceutica, Inc.	-	Long-term equity investments	200	17,926	1.10%	17,926	Note 6
	Selective Genetics, Inc.	-	Long-term equity investments	50	10,789	0.43%	10,789	Note 6
	Immusol, Inc.	-	Long-term equity investments	75	10,658	0.16%	10,658	Note 6
Virtual Silicon Technology, Inc.	-	Long-term equity investments	120	10,650	0.31%	10,650	Note 6	
BioAgri Corp.	-	Long-term equity investments	63	10,426	1.08%	10,426	Note 6	
Divio, Inc.	-	Long-term equity investments	125	17,443	0.64%	17,443	Note 6	
Wal Tech International Corporation	<u>Stock (common stock)</u>							
	Intellisys Corp.	Subsidiary	Long-term equity investments	10,326	244,045	62.58%	120,552	Note 5
	Multiwin Asset Management Co., Ltd.	An investee accounted for by the equity method	Long-term equity investments	1,800	10,292	30.00%	10,292	Note 5

(Forward)

Name of Held Company	Type and Name of Marketable Securities	Relationship	Account of Financial Statement	December 31, 2002				Note
				Shares/Units/ Face Value (In Thousand)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
	Monmon Medza Technology Co., Ltd.	An investee accounted for by the equity method	Long-term equity investments	598	\$ 3,473	32.39%	\$ 3,473	Note 4
	Fu Po Electronics Corporation	An investee accounted for by the cost method	Long-term equity investments	1,650	29,700	1.50%	14,397	Note 4
	Webi & Neti Internet Services Inc.	An investee accounted for by the cost method	Long-term equity investments	63	625	2.63%	397	Note 4
	YesMobile Ltd.	An investee accounted for by the cost method	Long-term equity investments	400	12,000	2.00%	4,453	Note 4
	SynTest Technologies, Inc., Taiwan	An investee accounted for by the cost method	Long-term equity investments	79	10,598	0.35%	658	Note 4
	Taiwan Leader Advanced Technology Co., Ltd.	An investee accounted for by the cost method	Long-term equity investments	1,575	15,000	1.53%	15,693	Note 4
	Ruentex Resources Integration Co., Ltd. (formerly Runhorn Pretech Engineering Co., Ltd.)	A subsidiary of Bank SinoPac's supervisor and an investee accounted for by the cost method	Long-term equity investments	2,361	24,114	2.47%	18,681	Note 4
	Media Reality Technologies, Inc.	An investee accounted for by the cost method	Long-term equity investments	800	13,598	1.78%	8,124	Note 5
	Advanced Power Electronics Corp.	An investee accounted for by the cost method	Long-term equity investments	660	14,520	1.32%	9,246	Note 4
	Nanya PCB Corporation	An investee accounted for by the cost method	Long-term equity investments	1,519	93,080	0.33%	27,569	Note 4
	ENE Technology Inc.	An investee accounted for by the cost method	Long-term equity investments	765	29,996	3.22%	9,324	Note 5
	SonicEdge Industries Corporation	An investee accounted for by the cost method	Long-term equity investments	580	14,500	3.00%	5,960	Note 4
	Maximum Venture I, Inc., Taiwan	An investee accounted for by the cost method	Long-term equity investments	7,000	70,350	8.33%	70,350	Note 6
	<u>Stock (preferred stock)</u> Silicon Motion Inc.	-	Long-term equity investments	90	12,523	0.31%	12,523	Note 6
Intellisys Corp.	<u>Beneficiary certificate</u> KGI Pioneer Fund	-	Short-term investments	200	2,000 (Note 3)	-	1,698	Note 7
	Apollo Nobel Fund	-	Short-term investments	10	100 (Note 3)	-	51	Note 7
	<u>Stock</u> Orion Financial Tech. Ltd.	An investee accounted for by the cost method	Long-term equity investments	81	525	2.31%	402	Note 4
SinoPac Life Insurance Agent Co., Ltd.	<u>Beneficiary certificate</u> Fuh-hwa Yu-Li Fund	-	Short-term investments	1,328	15,000	-	15,295	Note 7
	Fuh-hwa Bond Fund	-	Short-term investments	164	2,000	-	2,035	Note 7
	CP Bond Fund	-	Short-term investments	3,432	50,000	-	50,230	Note 7
SinoPac Property Insurance Agent Co., Ltd.	<u>Beneficiary certificate</u> CP Bond Fund	-	Short-term investments	104	1,500	-	1,526	Note 7
	ABN AMRO Bond Fund Cap	-	Short-term investments	71	1,000	-	1,012	Note 7
SinoPac Securities Corporation	<u>Stock</u> SinoPac Futures Corp. (formerly National Futures Corp.)	Subsidiary	Long-term equity investments	35,348	397,700	88.37%	397,700	Note 4

(Forward)

Name of Held Company	Type and Name of Marketable Securities	Relationship	Account of Financial Statement	December 31, 2002				Note
				Shares/Units/ Face Value (In Thousand)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
	SinoPac Securities (Cayman) Holdings Ltd. (formerly NSC (Cayman) Holdings Ltd.)	Subsidiary	Long-term equity investments	22,100	\$ 888,395	100.00%	\$ 888,395	Note 4
	SinoPac Capital Management Corp. (formerly Wan Sheng Securities Investment Consulting Co., Ltd.)	Subsidiary	Long-term equity investments	21,000	198,939	100.00	198,312	Note 4
	SinoPac Asset Management Corp. (B.V.I.)	Subsidiary	Long-term equity investments	16,000	612,056	100.00%	612,056	Note 4
	SinoPac Futures Co., Ltd.	Subsidiary	Long-term equity investments	19,994	193,826	99.97%	193,826	Note 4
	Honpang Venture Capital Corp.	An investee accounted for by the cost method	Long-term equity investments	8,000	80,000	10.00%	80,000	Note 6
	Shengtung Venture Capital Corporation	An investee accounted for by the cost method	Long-term equity investments	6,500	65,000	10.00%	65,000	Note 6
	Communicator II Venture Holding Ltd.	An investee accounted for by the cost method	Long-term equity investments	5,500	55,000	10.00%	55,000	Note 6
	Parawin Venture Capital Corporation	An investee accounted for by the cost method	Long-term equity investments	5,000	50,000	5.00%	50,000	Note 6
	Top Taiwan III Venture Capital Co., Ltd.	An investee accounted for by the cost method	Long-term equity investments	5,000	50,000	5.00%	50,000	Note 6
	Chiachen Chiayi Venture Capital Corporation	An investee accounted for by the cost method	Long-term equity investments	2,000	20,000	10.00%	20,000	Note 6
	China Power Venture Capital Co., Ltd.	An investee accounted for by the cost method	Long-term equity investments	7,000	70,000	7.00%	70,000	Note 6
	Hua VI Venture Capital Corp.	An investee accounted for by the cost method	Long-term equity investments	9,000	90,000	8.70%	90,000	Note 6
	Fu-Ban Securities Finance Co., Ltd.	An investee accounted for by the cost method	Long-term equity investments	2,945	29,037	0.50%	29,037	Note 6
	Global Securities Finance Co., Ltd.	An investee accounted for by the cost method	Long-term equity investments	2,628	23,562	0.35%	23,562	Note 6
	Taiwan Securities Central Depository Co., Ltd.	An investee accounted for by the cost method	Long-term equity investments	1,574	12,858	0.63%	12,858	Note 6
	Taiwan Future Exchange Co., Ltd.	An investee accounted for by the cost method	Long-term equity investments	1,120	11,560	0.56%	11,560	Note 7
	<u>Beneficiary certificate</u>							
	Jf (Taiwan) New America Trust	-	Short-term investments	1,000	10,035	-	8,770	Note 7
	Prudential Financial Global Bio-Health Fund	-	Short-term investments	2,000	20,050	-	21,800	Note 7
	The Global Fund	-	Short-term investments	3,120	31,197	-	33,474	Note 7
	Abnamro Global Leader Fund	-	Short-term investments	2,000	20,000	-	20,540	Note 7
	UBS Treasury Global Technology Biotech Fund	-	Short-term investments	1,000	10,000	-	9,340	Note 7
	Bsitc World Technology Fund	-	Short-term investments	1,000	10,000	-	10,000	Note 7
	Truswell Asian American Fund	-	Short-term investments	3,000	30,000	-	29,970	Note 7
	E. Sun Deng Feng Fund	-	Short-term investments	1,000	10,000	-	8,300	Note 7
	NT And High Yield Fund	-	Short-term investments	6,343	99,000	-	99,211	Note 7
	Sinkong Chi-Shun Fund	-	Short-term investments	5,081	69,427	-	70,374	Note 7
	The Wan Tai Bond Fund	-	Short-term investments	42,350	542,393	-	559,791	Note 7
	Fubon Ju-I II fund	-	Short-term investments	20,042	300,066	-	300,547	Note 7
	Sinkong Chi-Shin Fund	-	Short-term investments	11,118	150,000	-	150,310	Note 7
	Asia Pacific Bond Fund	-	Short-term investments	42,486	500,705	-	509,391	Note 7
	Sheng Hua 5599 Bond Fund	-	Short-term investments	19,509	204,924	-	205,376	Note 7
	President Home Run Bond Fund	-	Short-term investments	34,298	446,600	-	452,833	Note 7
	Prudential Financial Return Fund	-	Short-term investments	29,948	411,299	-	412,197	Note 7
	Cathay Bond Fund	-	Short-term investments	43,839	476,081	-	478,280	Note 7

(Forward)

Name of Held Company	Type and Name of Marketable Securities	Relationship	Account of Financial Statement	December 31, 2002				Note
				Shares/Units/ Face Value (In Thousand)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
	President James Bond Fund	-	Short-term investments	13,111	\$ 190,281	-	\$ 190,693	Note 7
	Ta Chong Gallop Bond Fund	-	Short-term investments	26,573	271,267	-	272,156	Note 7
	Diamond Bond Fund	-	Short-term investments	8,409	90,000	-	90,774	Note 7
	Abnamro Select Bond Fund	-	Short-term investments	28,064	300,000	-	300,466	Note 7
	Ta Chong Enterpriser Fund	-	Short-term investments	692	10,000	-	7,372	Note 7
	GP ROC Bond Fund	-	Short-term investments	14,216	200,000	-	200,226	Note 7
	Apollo B.B. Bond Fund	-	Short-term investments	9,394	100,000	-	100,040	Note 7
	Sinkong Great China Fund	-	Short-term investments	2,000	20,020	-	18,620	Note 7
	Chung Hsing Taiwan Fund	-	Short-term investments	947	9,475	-	8,415	Note 7
	Water Land Vision Fund	-	Short-term investments	5,000	50,000	-	46,750	Note 7
	Cathay Technology Fund	-	Short-term investments	3,000	30,030	-	27,090	Note 7
	Fuh-Hwa Small Capital Fund	-	Short-term investments	1,969	20,099	-	19,331	Note 7
	Union Taiwan Knowledge Fund	-	Short-term investments	1,000	10,000	-	8,410	Note 7
	President Jump Fund	-	Short-term investments	2,000	20,060	-	19,080	Note 7
	Capital Asset Allocation Fund	-	Short-term investments	870	10,025	-	8,364	Note 7
	Grand Cathay Balance Fund	-	Short-term investments	3,000	30,060	-	31,470	Note 7
	Zurich Balanced Fund	-	Short-term investments	2,000	20,000	-	20,000	Note 7
	Tai-Yu High Tech Fund	-	Short-term investments	1,992	10,000	-	9,821	Note 7
	APIT II Fund	-	Short-term investments	3,584	20,030	-	18,817	Note 7
	Central Chiao Tung Hi-Tech Fund	-	Short-term investments	3,112	30,000	-	28,351	Note 7
	AIG TW Growth Fund	-	Short-term investments	1,600	8,000	-	7,840	Note 7
	Jin Sun American Growth Fund	-	Short-term investments	2,004	20,040	-	20,040	Note 7
	Shinkong Asia Equity Fund	-	Short-term investments	2,000	20,000	-	20,000	Note 7
SinoPac Futures Corp.	<u>Stock</u> Taiwan Future Exchange Co., Ltd.	An investee accounted for by the cost method	Long-term equity investments	500	5,000	0.25%	5,000	Note 6
SinoPac Securities (Cayman) Holdings Ltd.	<u>Stock</u> SinoPac Securities (Europe) Ltd. (formerly NSC Securities (Europe) Limited)	Subsidiary	Long-term equity investments	1,000	44,102	100.00%	44,102	Note 4
	SinoPac Securities (Asia) Ltd. (formerly NSC Securities (Asia) Ltd.)	Subsidiary	Long-term equity investments	10	547,603	100.00%	547,603	Note 4
	SinoPac Futures (Asia) Ltd. (formerly NSC Futures (Asia) Ltd.)	Subsidiary	Long-term equity investments	10,000	81,565	100.00%	81,565	Note 4
	SinoPac Capital (Asia) Ltd. (formerly NSC Capital (Asia) Ltd.)	Subsidiary	Long-term equity investments	30,000	136,232	100.00%	136,232	Note 4
	NSC Asia Ltd.	Subsidiary	Long-term equity investments	1	869	100.00%	869	Note 4
	SinoPac Securities (U.S.A.) Ltd.	Subsidiary	Long-term equity investments	2	45,561	100.00%	45,561	Note 4
	NITC Asset Management (Asia) Ltd.	An investee accounted for by the equity method	Long-term equity investments	1,360	15,708	34.00%	15,708	Note 4

(Forward)

Name of Held Company	Type and Name of Marketable Securities	Relationship	Account of Financial Statement	December 31, 2002				Note
				Shares/Units/ Face Value (In Thousand)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
SinoPac Securities (Asia) Ltd.	<u>Stock</u> SinoPac Securities (Asia) Nominees Ltd. (formerly NSC Securities (Asia) Nominees Ltd.)	Subsidiary	Long-term equity investments	0.002	\$ 0.009	100.00%	\$ 0.009	Note 4
	SinoPac (Asia) Nominees Ltd. (formerly NSC (Asia) Nominees Ltd.)	Subsidiary	Long-term equity investments	0.002	0.009	100.00%	0.009	Note 4
SinoPac Capital Management Corp.	<u>Beneficiary certificate</u> NITC Bond Fund	-	Short-term investments	359	55,385	-	55,671	Note 7
SinoPac Asset Management Corp. (B.V.I.)	<u>Stock</u> SinoPac Securities (H.K.) Limited	Subsidiary	Long-term equity investments	25,000	109,646	100.00%	109,646	Note 5
	SinoPac Asia Limited (formerly SP Asset Management Corp., Ltd.)	Subsidiary	Long-term equity investments	6,000	282,924	100.00%	282,924	Note 5
SinoPac Futures Co., Ltd.	<u>Stock</u> Taiwan Future Exchange Co., Ltd.	An investee accounted for by the cost method	Long-term equity investments	1	10	-	10	Note 6

Note 1: Foreign-currency amounts are translated to New Taiwan dollars at the exchange rate as of the balance sheet date.

Note 2: Market prices of listed and over-the-counter stocks are determined by average daily closing prices for the last month of the accounting period.

Note 3: The amounts are before deducting related unrealized losses.

Note 4: Net asset values are based on the investees' unaudited or unreviewed financial statements for the latest period.

Note 5: Net asset values are based on the investees' audited or reviewed financial statements for the latest period.

Note 6: Net asset values are based on the carrying values.

Note 7: Market prices are determined by the closing prices of the last day of the accounting period.

Note 8: The shares include 33,660 thousand shares of treasury stock.

SINOPAC HOLDINGS AND INVESTEES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE ISSUED CAPITAL

For the Year Ended December 31, 2002

(Amounts Expressed in Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Account of Financial Statement	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Units/ Face Value (In Thousand)	Amount	Shares/ Units/ Face Value (In Thousand)	Amount (Note 3)	Shares/ Units/ Face Value (In Thousand)	Amount	Carrying Value (Note 6)	Gain (Loss) on Disposal	Shares/ Units/ Face Value (In Thousand)	Amount
SinoPac Holdings (Note 1)	<u>Stock (common stock)</u> Bank SinoPac	Long-term equity investments	-	-	-	\$ -	1,944,398 (Note 2)	\$ 24,931,979 (Notes 3 and 4)	-	\$ -	\$ 2,896,922 (Note 7)	\$ -	1,944,398	\$ 22,035,057
	SinoPac Securities Corporation	Long-term equity investments	-	-	-	-	1,526,902 (Note 2)	21,322,310 (Notes 3, 4 and 5)	-	-	-	-	1,526,902 (Note 2)	21,322,310
	SinoPac Securities Co., Ltd.	Long-term equity investments	-	-	-	-	317,916	3,595,117 (Note 3)	317,916	-	3,595,117 (Note 8)	-	-	-
	AnShin Card Services Co., Ltd.	Long-term equity investments	Bank SinoPac	Subsidiary	-	-	81,104	151,227 (Note 4)	-	-	-	-	81,104	151,227
	SinoPac Call Center Co., Ltd.	Long-term equity investments	-	-	-	-	10,000	97,134 (Note 4)	-	-	-	-	10,000	97,134
	<u>Stock (preferred stock)</u> AnShin Card Services Co., Ltd.	Long-term equity investments	-	-	-	-	28,834	288,336	-	-	-	-	28,834	288,376
Bank SinoPac	<u>Stock</u> SinoPac Bancorp	Long-term equity investments	-	-	20	4,425,056	-	607,967 (Note 4)	-	-	-	-	20	5,033,023
	AnShin Card Services Co., Ltd.	Long-term equity investments	SinoPac Holdings	Parent company	81,104	349,264	-	-	81,104	180,695 (Note 9)	349,264	(38,451)	-	-
SinoPac Bancorp	<u>Stock</u> Far East National Bank	Long-term equity investments	-	-	170	4,367,729	5	551,477 (Note 4)	-	-	-	-	175	4,919,206
SinoPac Capital (B.V.I.) Ltd.	<u>Stock</u> Cyberpac Holding Ltd. (B.V.I.)	Long-term equity investments	-	-	0.002	(38,675)	3,999.998	91,903 (Note 4)	-	-	-	-	4,000	53,228
Cyberpac Holding Ltd. (B.V.I.)	<u>Stock</u> Wal Tech International Corporation	Long-term equity investments	-	-	4,997	30,007	21,500	178,236 (Note 4)	-	-	-	-	26,497	208,243
Wal Tech International Corporation	<u>Stock</u> Intellisys Corp.	Long-term equity investments	Gin An Investment, Ltd., Ruentex Industries Ltd., et al.	Affiliate	2,970	138,027	7,356	106,028 (Note 4)	-	-	-	-	10,326	245,055

Note 1: The Company is established by Bank SinoPac, SinoPac Securities Corporation (formerly NSC) and SinoPac Securities Co., Ltd. through the stock conversion.

Note 2: Treasury stocks are included in the shares.

- Note 3: Mainly consist of the beginning investment amount transferred from each subsidiary's net asset value through the stock conversion on May 9, 2002 amounting to \$23,976,716, \$17,971,400 and \$3,595,117, respectively.
- Note 4: Consist of acquisition costs, investment income (loss) recognized under the equity method and cumulative translation adjustment for the year ended December 31, 2002.
- Note 5: Except for Note 3, the amount also consists of the amount of \$3,469,100 transferred from long-term equity investments on SinoPac Securities Co., Ltd. (please see Note 8).
- Note 6: Consist of investment loss recognized under the equity method, cash dividends, unrealized loss on long-term equity investments, unrealized revaluation loss on long-term equity investments and cumulative translation adjustments for the period from May 9, 2002 to December 31, 2002.
- Note 7: The amount includes the carrying value of treasury stock held by Bank SinoPac.
- Note 8: Consist of the book value of long-term equity investments on SinoPac Securities Co., Ltd. totaling \$3,469,100 (of which investment loss amounting to \$93,077 recognized for the period from May 9, 2002 to July 21, 2002 had been included through consolidation).
- Note 9: Consist of investment loss recognized under the equity method, unamortized portion of the compensation for the transfer of the credit card accounts and personnel, adjustments for additional paid-in capital, and unrealized revaluation loss.
- Note 10: Foreign-currency amounts are translated to New Taiwan dollars at the exchange rate as of the balance sheet date.

SINOPAC HOLDINGS AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE

For the Year Ended December 31, 2002

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2002			Net Income (Loss) of the Investee (Note 1)	Recognized Gains (Loss) on Investment (Note 1)	Note
				December 31, 2002 (Note 1)	December 31, 2001 (Note 1)	Shares (Thousand)	Percentage of Ownership (%)	Carrying Value (Note 1)			
SinoPac Holdings	Bank SinoPac	Taipei	Commercial bank	\$ 23,976,716 (Note 3)	\$ -	1,944,398	100.00	\$ 22,035,057	\$ 2,255,049	\$ 1,467,793 (Note 2)	Subsidiary
	SinoPac Securities Corporation	Taipei	Brokerage, dealing and underwriting of securities	21,440,500 (Notes 3 and 4)	-	1,526,902	100.00	21,322,310	1,629,284	438,352 (Note 2)	Subsidiary
	AnShin Card Services Co., Ltd.	Taipei	Credit card business	181,238	-	81,104	49.76	151,227	(384,746)	(29,170) (Note 5)	An investee under significant influence held by SinoPac Holdings
	SinoPac Call Center Co., Ltd.	Taipei	Data processing, manpower and agency services	100,000	-	10,000	100.00	97,134	(2,866)	(2,866)	Subsidiary
Bank SinoPac	SinoPac Bancorp	California	Stock holding Company	3,328,915	2,979,015	20	100.00	5,033,023	380,855	290,205	Grandson corp.
	Rocorp Holding S.A.	Luxembourg	Stock holding Company	3,531	3,531	0.11	33.33	3,531	-	-	An investee under significant influence held by SinoPac Holdings' subsidiary
	SinoPac Leasing Corporation	Taipei	Engaged in leasing of aircraft and machinery equipment	999,940	999,940	149,652	99.77	2,040,696	146,000	143,295	Grandson corp.
	SinoPac Capital Limited	Hong Kong	Lending and financing	1,001,108	1,001,108	229,998	99.99	898,618	(42,758)	(42,906)	Grandson corp.
	SinoPac Financial Consulting Co., Ltd.	Taipei	Investment advisory and business management advisory	1,940	1,940	194	97.00	3,284	1,304	1,258	Grandson corp.
	SinoPac Securities Co., Ltd.	Taipei	Brokerage, dealing, and underwriting of securities	-	2,944,784	-	-	-	149,455	172,386	Grandson corp.
	AnShin Card Services Co., Ltd.	Taipei	Credit card business	-	811,037	-	-	-	(384,746)	(164,186)	Grandson corp.
	SinoPac Life Insurance Agent Co., Ltd. SinoPac Property Insurance Agent Co., Ltd.	Taipei Taipei	Life insurance agent Property insurance agent	1,940 1,940	1,940 1,940	194 194	97.00 97.00	79,451 3,801	79,830 1,813	77,435 1,751	Grandson corp. Grandson corp.
SinoPac Bancorp	Far East National Bank	California	Commercial bank	3,153,965	2,979,015	175	100.00	4,919,206	389,530		Great-grandson corp.
Far East National Bank	Far East Capital Corporation	California	Investment bank	121,636	121,636	350	100.00	82,433	2,156		Great-great-grandson corp.
	FENB Securities, Inc.	California	Brokerage of securities	24,368	3,475	3	100.00	13,521	6,782		Great-great-grandson corp.
	FENB Loan Corp.	California	Asset management corporation	35	35	0.1	100.00	(14,046)	(14,005)		Great-great-grandson corp.
	FENB Film Corp.	California	Motion picture assets management	35	35	0.1	100.00	(41,033)	(14,005)		Great-great-grandson corp.
SinoPac Leasing Corporation	Grand Capital International Limited	British Virgin Islands	Oversea trading, leasing, lending and financing	914,066	914,066	29,900	100.00	1,347,751	124,291		Great-grandson corp.
SinoPac Capital Limited	SinoPac Capital (B.V.I.) Ltd.	British Virgin Islands	Financial advisory	154,651	154,651	4,450	100.00	148,653	(13,890)		Great-grandson corp.
SinoPac Capital (B.V.I.) Ltd.	Cyberpac Holding Ltd. (B.V.I.)	British Virgin Islands	Investment and advisory business	139,012	0.07	4,000	100.00	53,228	(45,795)		Great-great-grandson corp.
	Allstar Venture Ltd. (B.V.I.)	British Virgin Islands	Investment corporation	0.07	0.07	0.002	100.00	(135,570)	(35,030)		Great-great-grandson corp.
	Shanghai International Asset Management (Hong Kong) Co., Ltd.	Hong Kong	Asset management corporation	44,562	44,562	4,800	60.00	33,143	888		Great-great-grandson corp.
	Pinnacle Investment Management Ltd.	Hong Kong	Asset management corporation	6,951	6,951	200	99.9995	4,466	(1,081)		Great-great-grandson corp.

(Forward)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2002			Net Income (Loss) of the Investee (Note 1)	Recognized Gains (Loss) on Investment (Note 1)	Note
				December 31, 2002 (Note 1)	December 31, 2001 (Note 1)	Shares (Thousand)	Percentage of Ownership (%)	Carrying Value (Note 1)			
Cyberpac Holding Ltd. (B.V.I.)	Wal Tech International Corporation	Taipei	Leasing, international trading, and sale of machinery equipment	\$ 272,160	\$ 57,160	26,497	99.99	\$ 208,243	(\$ 36,287)		Great-great- great- grandson corp.
	BSP Venture Management (B.V.I.) Ltd.	British Virgin Islands	Investment management corporation	1,738	1,738	50	100.00	1,168	(9)		Great-great- great- grandson corp.
	Telexpress Corp.	Cayman Islands	Investment corporation	54,215	54,215	3,900	34.21	51,942	1,630		An investee under significant influence held by SinoPac Holdings' great-great-grandson corp.
Wal Tech International Corporation	Intellisys Corp.	Taipei	Computer and peripheral system integration engineering, software development and design	258,836	148,500	10,326	62.58	244,045	4,236		Great-great-great- great-grandson corp.
	Mutiwin Asset Management Co., Ltd.	Taipei	Asset management corporation	18,000	18,000	1,800	30.00	10,292	1,051		An investee under significant influence held by SinoPac Holdings' great-great-great-grandson corp.
	Monmon Medza Technology	Taipei	Software products retail and distribution service	5,980	5,980	598	32.39	3,473	(7,861)		An investee under significant influence held by SinoPac Holdings' great-great-great-grandson corp.
SinoPac Securities Corporation	SinoPac Futures Corp.	Taipei	Brokerage of futures contracts	353,480	353,480	35,348	88.37	397,700	35,971	\$ 29,605	Grandson corp.
	SinoPac Securities (Cayman) Holdings Ltd.	Cayman Islands, British West Indies	Investment holding company	733,226	733,226	22,100	100.00	888,395	38,456	38,456	Grandson corp.
	SinoPac Capital Management Corp.	Taipei	Investment consulting	146,028	144,864	21,000	100.00	198,939	(24,793)	(24,917)	Grandson corp.
	SinoPac Asset Management Corp. (B.V.I.)	British Virgin Islands	Securities brokerage and investment advisory	524,857	524,857	16,000	100.00	612,056	84,752	84,752	Grandson corp.
	SinoPac Futures Co., Ltd.	Taipei	Brokerage of futures contracts	199,940	199,940	19,994	99.97	193,826	(6,793)	(6,816)	Grandson corp.
SinoPac Securities (Cayman) Holdings Ltd.	SinoPac Securities (Europe) Ltd.	London, UK	European agent business	52,616	52,616	1,000	100.00	44,102	(2,834)		Great-grandson corp.
	SinoPac Securities (Asia) Ltd.	Hong Kong	Hong Kong stock brokerage	449,739	449,739	10	100.00	547,603	41,477		Great-grandson corp.
	SinoPac Futures (Asia) Ltd.	Hong Kong	Futures brokerage business	41,877	41,877	10,000	100.00	81,565	795		Great-grandson corp.
	SinoPac Capital (Asia) Ltd.	Hong Kong	IPO underwriting business	134,216	134,216	30,000	100.00	136,232	1,106		Great-grandson corp.
	NSC Asia Ltd.	British Virgin Islands	Derivatives instruments business	25,856	25,856	1	100.00	869	726		Great-grandson corp.
	NITC Asset Management (Asia) Ltd.	Hong Kong	Asset management and investment consulting	5,491	5,491	1,360	34.00	15,708	16,003		An investee under significant influence held by SinoPac Holdings' grandson corp.
	SinoPac Securities (U.S.A.) Ltd.	California	Collecting and analyzing financial market information	64,224	8,688	2	100.00	45,561	(12,719)		Great-grandson corp.
SinoPac Asset Management Corp. (B.V.I.)	SinoPac Securities (H.K.) Limited	Hong Kong	Securities brokerage, investment advisory, fund management and security business	111,383	111,383	25,000	100.00	109,646	11,925		Great-grandson corp.
	SinoPac Asia Limited	British Virgin Islands	Securities brokerage, investment advisory and consulting business	208,518	208,518	6,000	100.00	282,924	83,230		Great-grandson corp.
SinoPac Securities (Asia) Ltd.	SinoPac Securities (Asia) Nominees Ltd.	Hong Kong	Hong Kong stock trust business	0.009	0.009	0.002	100.00	0.009	-		Great-great-grandson corp.
	SinoPac (Asia) Nominees Ltd.	Hong Kong	Nominee trust account for oversea stock holdings	0.009	0.009	0.002	100.00	0.009	-		Great-great-grandson corp.

Note 1: Except for foreign-currency denominated income and expenses are translated to New Taiwan dollars at the average exchange rate for the year ended December 31, 2002 and foreign-currency denominated original investment amounts that Bank SinoPac and SinoPac Leasing Corporation had invested in are translated to New Taiwan dollars at the historical exchange rate, other foreign-currency amounts are translated at the exchange rate as of the balance sheet date.

Note 2: The Company recognized the investment income for the period from May 9 to December 31, 2002.

Note 3: Mainly consist of the beginning investment amount transferred from each subsidiary's net asset value through the stock conversion on May 9, 2002 amounting to \$23,976,716, \$19,791,400 and \$3,595,117, respectively.

Note 4: Except for Note 3, the amount also consists of the amount of \$3,469,100 transferred from long-term equity investments on SinoPac Securities Co., Ltd.

Note 5: The Company recognized the investment income for December 2002.