

## **SinoPac Holdings**

**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 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

January 30, 2003

The Board of Directors and the Stockholders  
SinoPac Holdings

We have audited the accompanying balance sheet of SinoPac Holdings as of December 31, 2002, and the related 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 financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these 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 Institution 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 financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SinoPac Holdings 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 and accounting principles generally accepted in the Republic of China.

We have also audited the consolidated financial statements of SinoPac Holdings as of December 31, 2002, and for the period from May 9, 2002 to December 31, 2002, on which we have issued an unqualified opinion thereon.

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

#### 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

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>
CURRENT ASSETS			CURRENT LIABILITIES		
Cash (Notes 3 and 15)	\$ 8,704,121	16	Short-term borrowings (Note 7)	\$ 250,000	-
Bonds purchased under agreements to resell (Notes 2, 4 and 15)	470,000	1	Payables	<u>18,541</u>	-
Receivables (Note 15)	21,154	-	Total Current Liabilities	268,541	-
Prepayments	<u>4,858</u>	-			
Total Current Assets	<u>9,200,133</u>	<u>17</u>	EURO-CONVERTIBLE BONDS (Notes 2 and 8)	8,160,299	16
LONG-TERM EQUITY INVESTMENTS (Notes 2, 5 and 15)	<u>43,894,064</u>	<u>82</u>	OTHER LIABILITIES (Note 11)	<u>3,200</u>	-
PROPERTIES (Notes 2, 6 and 15)			Total Liabilities	<u>8,432,040</u>	<u>16</u>
Cost					
Leasehold improvement	12,001	-	STOCKHOLDERS' EQUITY		
Computer equipment	2,231	-	Capital stock - \$10 par value, authorized 10,000,000,000 shares and issued		
Transportation equipment	4,180	-	3,748,126,974 shares	37,481,270	70
Office and other equipment	<u>6,079</u>	-	Capital surplus	9,067,958	17
Total cost	24,491	-	Retained earnings	1,531,273	3
Accumulated depreciation	1,952	-	Unrealized loss on long-term equity investments	( 321,429)	( 1)
Advances on acquisitions of equipment	<u>4,572</u>	-	Unrealized revaluation loss on long-term equity investments	( 40,695)	-
Net Properties	<u>27,111</u>	-	Cumulative translation adjustment	324,552	1
			Treasury stock - at cost: 250,202,767 shares	( 3,245,570)	( 6)
OTHER ASSETS (Note 2)	<u>108,091</u>	<u>1</u>	Total Stockholders' Equity	<u>44,797,359</u>	<u>84</u>
			CONTINGENCIES AND COMMITMENTS (Notes 2, 16 and 20)		
TOTAL ASSETS	<u>\$53,229,399</u>	<u>100</u>	TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$53,229,399</u>	<u>100</u>

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

English Translation of Financial Statements Originally Issued in Chinese

SINOPAC HOLDINGS

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 and 15)	\$ 71,773	4
Income from short-term investments (Note 15)	12,708	-
Income from long-term equity investments (Notes 2, 5 and 15)	<u>1,876,100</u>	<u>96</u>
Total Operating Revenues	<u>1,960,581</u>	<u>100</u>
OPERATING COSTS AND EXPENSES		
Interest (Note 2)	166,729	9
Operating and administrative expenses (Notes 2, 11, 12 and 15)	<u>243,601</u>	<u>12</u>
Total Operating Costs and Expenses	<u>410,330</u>	<u>21</u>
OPERATING INCOME	1,550,251	79
NON-OPERATING INCOME - NET	<u>896</u>	<u>-</u>
INCOME BEFORE INCOME TAX	1,551,147	79
INCOME TAX (Notes 2 and 13)	<u>2,541</u>	<u>-</u>
NET INCOME	<u>\$1,548,606</u>	<u>79</u>
	<u>Pre-tax</u>	<u>After Tax</u>
EARNINGS PER SHARE (Note 14)		
Basic earnings per share	<u>\$ 0.45</u>	<u>\$ 0.45</u>
Diluted earnings per share	<u>\$ 0.44</u>	<u>\$ 0.44</u>
Pro forma information under assumptions that shares of SinoPac Holdings held by its subsidiaries were not treated as treasury stock:		
	<u>Pre-tax</u>	<u>After Tax</u>
Basic earnings per share	<u>\$ 0.42</u>	<u>\$ 0.42</u>
Diluted earnings per share	<u>\$ 0.41</u>	<u>\$ 0.41</u>

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

English Translation of Financial Statements Originally Issued in Chinese

SINOPAC HOLDINGS

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 (Note 9)		CAPITAL SURPLUS (Notes 2, 9 and 10)				RETAINED EARNINGS (Note 9)	UNREALIZED LOSS ON LONG-TERM EQUITY INVESTMENTS (Notes 2 and 5)	UNREALIZED REVALUATION LOSS ON LONG-TERM EQUITY INVESTMENTS (Notes 2 and 5)	CUMULATIVE TRANSLATION ADJUSTMENT (Note 2)	TREASURY STOCK (Notes 2 and 10)	TOTAL STOCKHOLDERS' EQUITY
	Shares	Amount	Additional Paid-in Capital	Treasury Stock	Other	Total						
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)	-	-	-	-	-	-
Net income for the period from May 9, 2002 to December 31, 2002	-	-	-	-	-	-	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 equity investments	-	-	-	-	-	-	( 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)	-	-	-	706,698	709,284
BALANCE, DECEMBER 31, 2002	<u>3,748,126,974</u>	<u>\$ 37,481,270</u>	<u>\$ 9,054,616</u>	<u>\$ 11,663</u>	<u>\$ 1,679</u>	<u>\$ 9,067,958</u>	<u>\$ 1,531,273</u>	<u>(\$321,429)</u>	<u>(\$40,695)</u>	<u>\$324,552</u>	<u>(\$3,245,570)</u>	<u>\$ 44,797,359</u>

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

English Translation of Financial Statements Originally Issued in Chinese

SINOPAC HOLDINGS

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)

CASH FLOWS FROM OPERATING ACTIVITIES	
Net income	\$ 1,548,606
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation and amortization	2,284
Income from long-term equity investments under equity method	( 1,874,109)
Cash dividends received from long-term equity investments under equity method	1,798,372
Increase in receivables	( 21,154)
Increase in prepayments	( 4,858)
Increase in payables	18,541
Increase in other liabilities	<u>3,200</u>
Net Cash Provided by Operating Activities	<u>1,470,882</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Increase in bonds purchased under agreements to resell	( 470,000)
Increase in long-term equity investments	( 569,574)
Acquisition of properties	( 29,063)
Increase in other assets	<u>( 108,423)</u>
Net Cash Used in Investing Activities	<u>( 1,177,060)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Increase in short-term borrowings	250,000
Issuance of Euro-convertible bonds	<u>8,160,299</u>
Net Cash Provided by Financing Activities	<u>8,410,299</u>
CASH, END OF PERIOD	<u>\$ 8,704,121</u>
SUPPLEMENTAL INFORMATION	
Interest paid	<u>\$ 321</u>
Income tax paid	<u>\$ 5,619</u>
THE COMPANY'S SHARES HELD BY ITS SUBSIDIARY WERE TREATED AS TREASURY STOCK	<u>\$ 2,896,922</u>

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

SINOPAC HOLDINGS

NOTES TO 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.

2. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies of the Company, which conform to accounting principles generally accepted in the Republic of China (ROC) are summarized below.

Disclosure of pro forma financial statements

The pro forma financial statements for the years ended December 31, 2002 and 2001 (shown in Table 6 and Table 7) are disclosed, respectively, pursuant to Guidelines for Financial Holding Company's Financial Reporting (the "Guidelines"). The Guidelines cover those companies formed through business combinations or exchange of shares to prepare the comparative pro forma financial statements as supplemental information and applicable to the period in which the combination or exchange of share was completed and the immediately succeeding year.

Securities purchased or sold under agreements to resell or to repurchase

Sales or purchases of short-term bills and bonds 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).

### 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.

Investments accounted for by the equity method are stated at cost, plus (or minus) a proportionate share in net earnings (losses) or changes in the net worth of the investees. Shares in net earnings (losses) are recognized as investment income (loss), and cash dividends received are accounted as reduction in the carrying value of the investments. Stock dividends result only in 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.

### 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 period.

Depreciation is calculated by the straight-line method, and based on estimated useful lives as follows: Leasehold improvement, 3 years; Computer equipment, 3 to 5 years; transportation equipment, 5 years; office and other equipment, 3 to 5 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.

### 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.

### Foreign-currency transactions

Foreign-currency transactions are recorded in the respective currencies denominated and then 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 (at exchange rate of NT\$34.753=US\$1). Realized and unrealized foreign exchange gains or losses are recorded to the income of respective periods.

### Pension

Pension expense is determined based on actuarial calculations.

### 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.

### Derivative financial instruments - cross currency swap contracts

For cross currency swap contracts intended for hedging purpose, the principal amount 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.

### Recognition of interest revenue

Interest revenue from deposits in banks is recognized on accrual basis.

### Income taxes

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

3. CASH	December 31, <u>2002</u>
Time deposits - due from January to August 2003, interest rates at 1.35%-2.03%	\$ 8,488,079
Checking deposits	185,091
Demand deposits	<u>30,951</u>
	<u>\$ 8,704,121</u>

### 4. BONDS PURCHASED UNDER AGREEMENTS TO RESELL

Bonds purchased under agreements to resell as of December 31, 2002 will be sold by January 2003 at \$470,123 with trading amount totaling \$470,000.

5. LONG-TERM EQUITY INVESTMENTS

	<u>December 31, 2002</u>	
	<u>Amount</u>	<u>%</u>
Equity method		
Unlisted companies		
Bank SinoPac	\$ 22,035,057	100.00
SinoPac Securities	21,322,310	100.00
AnShin Card Services	151,227	49.76
SinoPac Call Center	<u>97,134</u>	100.00
	43,605,728	
Preferred stock		
AnShin Card Services	<u>288,336</u>	60.07
	<u>\$43,894,064</u>	

The Company acquired 81,103,709 shares of Aetna Sinopac Credit Card Co., Ltd., which had been renamed as AnShin Card Services Company Limited (AnShin Card Services) on January 3, 2003, from Bank SinoPac in December 2002 at an acquisition cost of \$181,238 (based on the book value of AnShin Card Services), which had already been paid at the end of 2002.

As of December 31, 2002, the unrealized loss on long-term equity investments resulted from market value decline of listed stocks 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 AnShin Card Services and cumulative translation adjustment from subsidiaries totaling \$40,695 and \$324,552, respectively.

The carrying amounts of investments accounted for by the equity method as of December 31, 2002 and the related investment income for the period from May 9, 2002 to December 31, 2002 are as follows, all numbers are based on the subsidiaries' audited financial statements.

	<u>For the Period from May 9, 2002 to December 31, 2002</u>
Bank SinoPac	\$ 1,467,793
SinoPac Securities	438,352
AnShin Card Services	( 29,170)
SinoPac Call Center	<u>( 2,866)</u>
	<u>\$ 1,874,109</u>

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

The operating revenue and total assets of 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 Future Co., Ltd., SPS (Cayman) Holding Ltd. (formerly NSC (Cayman) Holding Ltd.), SPS Investment Consulting Co., Ltd. (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.

6. PROPERTIES	December 31, <u>2002</u>
Cost	<u>\$24,491</u>
Accumulated depreciation	
Leasehold improvement	1,125
Computer equipment	237
Transportation equipment	174
Office and other equipment	<u>416</u>
	<u>1,952</u>
Advances on acquisitions of equipment	<u>4,572</u>
Net	<u>\$27,111</u>

#### 7. SHORT-TERM BORROWINGS

The unsecured short-term borrowings from bank as of December 31, 2002 are with interest rates ranging from 1.75% to 2.45% and will mature in January 2003.

As of December 31, 2002, the Company has unused credit lines totaling about \$3,200,000, which are available for short-term borrowings.

8. 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.

## 9. STOCKHOLDERS' EQUITY

a. Capital stock

On June 26, 2002 the 1<sup>st</sup> 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 reminder 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.

## 10. TREASURY STOCK

(Shares in Thousands)

Reasons	Shares at Beginning of Period	Shares Increased During the Period	Shares Decreased During the Period	Shares at End of Period
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.

## 11. PENSION

The Company has a defined benefit contributory pension plan covering all regular employees. The Company 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.

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

	For the Period from May 9, 2002 to December 31, <u>2002</u>
Balance, beginning of period	\$ -
Contributions	546
Interest income	<u>1</u>
Balance, end of period	<u>\$ 547</u>

b. The change in the accrued pension cost is summarized as follows:

	For the Period from May 9, 2002 to December 31, <u>2002</u>
Balance, beginning of period	\$ -
Contributions	546
Net pension cost	<u>( 3,747)</u>
Accrued pension cost	<u>(\$ 3,201)</u>

c. The reconciliation of the funded status of the plan and accrued pension cost as of December 31, 2002 is as follows:

	<u>December 31, 2002</u>
Benefit obligation	
Vested benefit obligation	\$ 530
Nonvested benefit obligation	<u>2,234</u>
Accumulated benefit obligation	2,764
Additional benefits based on future salaries	<u>990</u>
Projected benefit obligation	3,754
Fair value of plan assets	<u>( 550)</u>
Funded status	3,204
Unrecognized net transition obligation	-
Unrecognized prior service cost	-
Unrecognized pension loss	<u>( 3)</u>
Additional pension liability	<u>-</u>
Accrued pension cost	<u>\$ 3,201</u>

d. Vested benefit \$ 582

	<u>December 31, 2002</u>
e. Actuarial assumptions	
1) Discount rate used in determining present values	4.0%
2) Future salary increase rate	4.0%
3) Expected rate of return on plan assets	4.0%

## 12. OPERATING AND ADMINISTRATIVE EXPENSES

	<u>For the Period from May 9, 2002 to December 31, 2002</u>
Professional service charges	\$ 59,328
Salaries and wages	54,626
Rental	18,249
Promotion	18,124
Other	<u>93,274</u>
	<u>\$ 243,601</u>

## 13. INCOME TAX

The operating revenues for the period from May 9, 2002 to December 31, 2002 mainly consist of income from long-term equity investments, which was tax-exempt in ROC, and generated no related income tax. The income tax for the period from May 9, 2002 to December 31, 2002 resulted from withholding taxes on interest income of short-term bills.

The projected ratio of imputed tax credit to earnings for 2002 is 6.02% and the actual ratio of imputed tax credit to earnings for 2001 was 5.70%.

The balance of imputed tax credit account as of December 31, 2002 amounted to \$155,165.

## 14. EARNINGS PER SHARE

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

	Numerator (Amounts)		Denominator (Shares in Thousands)	EPS (NT\$)	
	<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	\$ 1,551,147	\$ 1,548,606	3,462,481	<u>\$ 0.45</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>\$ 1,717,521</u>	<u>\$ 1,714,980</u>	<u>3,925,396</u>	<u>\$ 0.44</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	\$ 1,551,147	\$ 1,548,606	3,712,684	<u>\$ 0.42</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>\$ 1,717,521</u>	<u>\$ 1,714,980</u>	<u>4,175,599</u>	<u>\$ 0.41</u>	<u>\$ 0.41</u>

#### 15. RELATED PARTY TRANSACTIONS

Significant transactions of amounts over NT\$100 million between the Company and related parties, which include its subsidiaries, are summaries as follows:

##### a. Related parties

<u>Name</u>	<u>Nature of Relationship with the Company</u>
Bank SinoPac	Subsidiary of the Company
SinoPac Securities	Subsidiary of the Company
National Electric Appliance Co., Ltd.	Same chairman
Hong Yue Investment Co.	Supervisor of the Company
Far East National Bank (FENB)	Subsidiary of Bank SinoPac
Ruentex Interior Design Inc.	Chairman is a director of Bank SinoPac

##### b. Significant transactions between the Company and related parties

###### 1) Cash - deposits in bank

	<u>December 31, 2002</u>	
	<u>Amount</u>	<u>% of Account Balance</u>
Bank SinoPac	\$ 5,906,212	67.86
FENB	2,622,421	30.13

###### 2) Bonds purchased under agreements to resell

<u>Type of Transaction</u>	<u>December 31, 2002</u>	
	<u>Cost</u>	<u>Face Amount</u>
Bonds purchased under agreements to resell from SinoPac Securities	<u>\$ 470,000</u>	<u>\$ 424,000</u>

For the period from May 9, 2002 to December 31, 2002, income generated from the aforementioned securities transactions with Bank SinoPac and SinoPac Securities amounted to \$12,796.

3) Interest receivable

	<u>December 31, 2002</u>	
	<u>Amount</u>	<u>% of Account Balance</u>
Bank SinoPac	\$ 9,537	45.08
FENB	9,543	45.11
SinoPac Securities	72	0.34

4) Interest revenue

	<u>For the Period from May 9, 2002 to December 31, 2002</u>	
	<u>Amount</u>	<u>% to Total</u>
Bank SinoPac	\$ 46,028	64.13
FENB	25,618	35.69
SinoPac Securities	88	0.12

5) Lease

The Company 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.

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

6) Assets transactions

In August 2002, the Company entered into contracts with Bank SinoPac and SinoPac Securities to purchase properties and computer software totaling \$450 and \$6,371, respectively. All proceeds had been paid as of December 31, 2002. The Company also acquired property from Ruentex Interior Design Inc. with amount of \$9,945. These purchase costs had already been paid for \$9,377 as of December 31, 2002.

The Company acquired 81,103,709 shares of AnShin Card Services from Bank SinoPac in December 2002 at an acquisition cost of \$181,238 (based on the net worth of AnShin Card Services) which had already been paid before the end of 2002.

For the transactions with related parties, the terms are similar to those transacted with non-related parties.

c. Related party transactions of subsidiaries with amounts over NT\$100 million

1) Bank SinoPac

Significant transactions with related parties, which include the Company, SinoPac Securities, SinoPac Call Center, AnShin Card Services and the Bank SinoPac's parent directors, supervisors and their relatives, managers, the investees accounted for by the equity method and the subsidiaries of the Bank SinoPac, are summarized as follows:

a) Credit extended, deposits taken and placed and due from banks

<u>December 31, 2002</u>	<u>Amount</u>	<u>% of Account Balance</u>	<u>Interest/Fee Rate</u>
Deposits	\$6,775,576	2.87	0%-6.95%
Loans and discounts	2,123,235	1.14	1.70%-12.50%
Due from banks	220,368	2.08	-

None of the related parties transaction individually accounts for more than 10% of the respective account balances.

b) Outright sales and purchases of bonds and bills, and bills sold under agreements to repurchase

	<u>For the Year Ended December 31 2002</u>
Outright sales and purchases of bonds and bills	
SinoPac Holdings	
Trading amount of outright sales	\$ 2,275,381
SinoPac Securities	
Trading amount of outright purchases	1,950,955
Trading amount of outright sales	3,027,335
Bills sold under agreements to repurchase	
SinoPac Holdings	1,307,750
SinoPac Securities	271,779

None of the related parties individually accounts for 10% or more of the respective account balances.

c) Guarantee and securities purchased

As of December 31, 2002, Bank SinoPac had provided guarantees on commercial papers issued by Wal Tech International Corporation (an affiliate), with aggregate face values of \$168,000.

Guarantees on Wal Tech International are collateralized by the following assets provided by SinoPac Leasing Corporation (SPL, a subsidiary of Bank SinoPac), 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>

For the transactions between Bank SinoPac and 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.

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.

2) SinoPac Securities

a) Bonds sold under repurchase agreements to repurchase

Name	Balance as of December 31, 2002	
	Face Amount	Cost
Mutual funds managed by NITC (The major stockholder of its board of directors (the "BOD") is the same as the one of BOD of SinoPac Securities)	\$ 1,672,200	\$ 1,678,576
SinoPac Holdings	<u>424,000</u>	<u>470,000</u>
	<u>\$ 2,096,200</u>	<u>\$ 2,148,576</u>

b) Short-term borrowings and pledged time deposits

As of December 31, 2002, SinoPac Securities had short-term borrowings amounting to \$200,000 from Bank SinoPac. Time deposits amounting to \$1,130,000 was pledged as collateral of credit lines for issuance of commercial papers, short-term borrowings and overdrafts.

c) Futures trading margins - the position of SinoPac Securities

SinoPac Securities provided \$117,793 as future trading margins to SinoPac Futures Corp. (a subsidiary of SinoPac Securities) to engage in futures dealing business.

3) Far East National Bank (a subsidiary of Bank SinoPac)

	For the Period from May 9, 2002 to December 31, <u>2002</u>
a) Deposits - SinoPac Holdings	\$ 2,622,421
b) Due to banks - Bank SinoPac	220,368
4) SPL	
	<u>December 31, 2002</u>
Short-term borrowings - Bank SinoPac	\$ 200,000
Long-term borrowing - Bank SinoPac	496,000
5) 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>
6) Wal Tech International	
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.	

16. CONTINGENCIES AND COMMITMENTS

Contingencies and commitments of the Company, in addition to financial instruments disclosed in Note 20, are summarized as follows:

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

Year	Amount
2003	\$ 23,902
2004	23,755
2005	12,654

## 17. 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.

## 18. 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 capital adequacy ratio was 12.85%.

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:

	<u>Calculation</u>	<u>Benchmark</u>	<u>Financial Ratios</u>
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

19. 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.

20. DISCLOSURE OF FINANCIAL INSTRUMENTS

a. Derivative financial instruments – cross currency swap contracts

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 risk and fair values of outstanding contracts are 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:			
Cross currency swap contracts	\$ 174,500	\$ _____ -	(\$ 837)

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>Account</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)

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	\$ 8,730,289	\$ 8,730,289
Bonds purchased under agreements to resell	470,000	470,000
Long-term equity investments	43,894,064	43,894,064
<u>Liabilities</u>		
Financial liabilities - with fair values approximating carrying amounts	21,741	21,741
Short-term borrowings	250,000	250,000
Euro-convertible bonds	8,160,299	8,662,620

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

- 1) The carrying amounts of cash, receivables, bonds purchased under agreements to resell, short-term borrowings, payables and other liabilities, approximate their fair values because of the short maturities of these instruments.
- 2) The fair values of long-term equity investments for unlisted company stocks are estimated at the underlying net asset values.
- 3) The fair values of guarantee deposits are estimated at their carrying amounts since such deposits do not have specific due dates.
- 4) 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.

## 21. CONDENSED BALANCE SHEETS AND STATEMENTS OF INCOME OF SUBSIDIARIES

### a. Condensed balance sheets

BANK SINOPAC			
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	\$ 66,128,225	Call loans and due to banks	\$ 52,070,588
Due from banks	10,583,049	Payables	8,079,631
Due from Central Bank	11,011,956	Deposits and remittances	235,996,703
Securities purchased	24,551,850	Bank debentures	7,000,000
Receivables - net	14,818,476	Other liabilities	<u>2,559,811</u>
Prepayments	169,053	Total liabilities	<u>305,706,733</u>
Loans, discounts and bills purchased - net	187,068,957		
Long-term equity investments	8,817,462	<u>Stockholders' equity</u>	
Properties - net	4,793,116	Capital stock	19,443,975
Other assets	<u>2,760,263</u>	Capital surplus	125,208
		Retained earnings	5,526,647
		Equity adjustments	( <u>100,156</u> )
		Total stockholders' equity	<u>24,995,674</u>
Total assets	<u>\$330,702,407</u>	Total liabilities and stockholders' equity	<u>\$330,702,407</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

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	\$ 15,144,749
Operating expenses	<u>12,494,165</u>
Operating income	2,650,584
Non-operating income	165,472
Non-operating expenses	<u>55,663</u>
Income before income tax	<u>2,760,393</u>
Net income	<u>\$ 2,255,049</u>
Pre-tax earnings per share	<u>\$1.44</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>

22. 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 in 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.

23. THE SUBSIDIARIES' CONTINGENCIES AND COMMITMENTS

Bank SinoPac

a. Lease contract

Under different operating lease agreements, Bank SinoPac leased certain office premises for periods ranging from one 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	\$ 226,666
2004	211,267
2005	118,694
2006	103,934
2007	66,471

Rentals for the years beyond 2007 amount to \$19,414, the present value of which is about \$17,990 as discounted at Bank SinoPac's one-year time deposit rate of 1.5% on January 1, 2003.

b. Land and buildings purchase contract

In January 2001, Bank SinoPac entered into contracts to purchased land and buildings 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.

c. Equipment purchase contract

Bank SinoPac entered into contracts to purchase computer hardware and software for \$115,910, of which \$66,882 has already 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

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

f. Short-term bills purchased under agreements to resell

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

g. Balance sheet and trust property of trust accounts

BALANCE SHEET OF TRUST ACCOUNTS  
December 31, 2002

Trust Assets

\$40,808,630

Trust Liabilities

\$40,808,630

TRUST PROPERTY OF TRUST ACCOUNTS  
December 31, 2002

Investment Portfolio	Amount
Demand deposit	\$ 69,903
Certificates of deposit	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>

SinoPac Securities

- a. 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 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 of CYF shares only and it has not advised CYF on matters related to the IPO.
  
- b. 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.
  
- c. 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\$985,062.5. After the subsequent bankruptcy of CAC, Tai Sheng sued CAC, the major and co-underwriters for US\$985,062.5 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.

- d. 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 deducting 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.

#### 24. 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 parities 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 include 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 (Note2)	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 Bank SinoPac, which are denominated 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

## 25. 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 NT\$100 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 20. The derivative financial instruments of the investees are summarized as follows:

Bank SinoPac

Bank SinoPac 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's strategy is to hedge most of the market risk it is exposed through 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 is exposed to credit risks in the event of counter parties default. Bank SinoPac enters into contracts with customers that have satisfied its 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 under taken.

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's exposure:			
Forward contracts			
Buy	24,868,277	264,793	178,243
Sell	20,890,261	252,601	116,617
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)

<u>Financial Instruments</u>	<u>December 31, 2002</u>		
	<u>Contract (Notional) Amount</u>	<u>Credit Risk</u>	<u>Value of Options Purchased/ Written</u>
For the purposes of accommodating customers' needs or managing Bank SinoPac's exposure:			
Options			
As buyer	\$47,935,279	\$ 531,332	\$ 1,124,421
As seller	48,700,237	-	1,119,744

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

As of December 31, 2002, Bank SinoPac 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's 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)
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
	Foreign exchange loss	( 48,152)
- Unrealized	Income from derivative financial transactions	17,007
Interest rate futures contracts		
- Realized	Loss from derivative financial transactions	( 3,423)

### SinoPac Securities

#### a) Warrants

##### i. 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.

##### ii. Credit risk

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

iii. 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.

iv. 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 in November 2003. Except for the cash inflows and outflows arising from hedging, no additional cash is required.

v. Leverage ratios of warrants

	December 31, 2002						
	Date of Issuance	Underlying Securities	Units Issued	Price at Issuance (in New Taiwan Dollars)	Amount	Strike Price (in New Taiwan Dollars)	Leverage at Issuance
National Securities - 11	January 7, 2002	United Microelectronics Corp.	19,000,000	\$ 11.2	\$ 212,800	\$ 54.26	4.6
SinoPac Securities - 01	October 22, 2002	Compal Electronics, Inc.	20,000,000	5.3	106,000	55.5	7.0
SinoPac Securities - 02	November 15, 2002	Uni-president Enterprise Corp.	20,000,000	2.5	50,000	12.1	4.8
Less: Gain on change in market value of warrants liabilities as of December 31, 2002					( 286,850 )		
							<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 an exercise of a warrant either through the issuance of the underlying securities or in cash.

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

b) Interest rate swaps

- i. 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.

- ii. 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.

- iii. 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.

- iv. 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.

- v. 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.

c) Stock index future and options

- i. The objective 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 working capital efficiency.

- ii. 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 with TAIEX, no significant credit risk is expected.

- iii. 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.

- iv. 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.

- v. 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 its transaction involving options transactions.

### 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.
- c. Supplementary information of pro forma comparative financial statements: Please see Tables 6 and 7.

## 26. SEGMENT AND GEOGRAPHICAL INFORMATION

The Company is engaged only in investing and managing the businesses related to the financial institutions activities as prescribed by the related regulations and has no single customer that accounts for 10% or more of the Company's operating revenues. No overseas unit individually represent more than 10% of the Company's operating revenues or 10% of its total assets. Accordingly, no segment and geographic information is required to be disclosed.

SINOPAC HOLDINGS AND INVESTEES  
 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 INVESTEES  
 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 were 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 INVESTEEES  
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
	Zone Reactor, Inc.	-	Long-term equity investments	300	2,085	1.50%	2,085	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	<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	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	
	<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	
SinoPac Capital Limited	<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> Wall 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 INVESTEEES

## 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	79,829 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.

## SINOPAC HOLDINGS

## PRO FORMA BALANCE SHEETS

December 31, 2002 and 2001

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

ASSETS	2002		2001		LIABILITIES AND STOCKHOLDERS' EQUITY	2002		2001	
	Amount	%	Amount	%		Amount	%	Amount	%
CASH	\$ 8,454,180	16	\$ 245,923	1	LIABILITIES				
SHORT-TERM INVESTMENTS	416,703	1	-	-	Payables	\$ 274,890	1	\$ 158,164	-
BONDS PURCHASED UNDER AGREEMENTS TO RESELL	652,402	1	-	-	Euro-convertible bonds	8,031,140	15	-	-
RECEIVABLES	34,572	-	2,869	-	Total Liabilities	8,306,030	16	158,164	-
LONG-TERM EQUITY INVESTMENTS	43,871,602	82	41,356,214	99	STOCKHOLDERS' EQUITY				
PROPERTIES	18,933	-	23,307	-	Capital stock - \$10 par value; authorized 10,000,000 thousand shares; issued 3,748,127 thousand shares as of December 31, 2002 and 3,538,353 thousand shares as of December 31, 2001	37,481,270	70	35,383,524	85
OTHER ASSETS	107,231	-	-	-	Capital surplus	5,038,875	9	7,136,622	17
					Retained earnings				
					Legal reserve	255,345	-	-	-
					Special reserve	100,571	-	-	-
					Unappropriated	5,126,788	10	2,553,445	6
					Unrealized loss on long-term equity investments	( 398,029)	( 1)	( 302,530)	-
					Unrealized revaluation loss on long-term equity investments	( 43,517)	-	( 35,746)	-
					Cumulative translation adjustments	340,975	1	346,736	1
					Treasury stock - at cost: 250,203 thousand shares as of December 31, 2002 and 321,071 thousand shares as of December 31, 2001	( 2,652,685)	( 5)	( 3,611,902)	( 9)
					Total Stockholders' Equity	45,249,593	84	41,470,149	100
TOTAL ASSETS	\$53,555,623	100	\$41,628,313	100	TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$53,555,623	100	\$41,628,313	100

Basic assumptions of pro forma balance sheets

1. Assuming the Company was established as of January 1, 2001.
2. Long-term equity investments are estimated by recognizing the investment income of the subsidiaries accounted for by the equity method.
3. Cash is estimated by subsidiaries' cash dividend distribution and the Company's working capital demands.

TABLE 7

## SINOPAC HOLDINGS

## PRO FORMA STATEMENTS OF INCOME

For the Years Ended December 31, 2002 and 2001

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

	2002		2001	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
OPERATING REVENUES				
Interest	\$ 48,062	1	\$ 2,869	-
Income from long-term equity investments - net	<u>3,679,910</u>	<u>99</u>	<u>2,881,156</u>	<u>100</u>
Total Operating Revenues	<u>3,727,972</u>	<u>100</u>	<u>2,884,025</u>	<u>100</u>
OPERATING COSTS AND EXPENSES				
Interest	116,727	3	-	-
Operating and administrative expenses	<u>357,786</u>	<u>10</u>	<u>330,580</u>	<u>11</u>
Total Operating Costs and Expenses	<u>474,513</u>	<u>13</u>	<u>330,580</u>	<u>11</u>
OPERATING INCOME	3,253,459	87	2,553,445	89
NON-OPERATING INCOME - NET	<u>4,658</u>	-	-	-
INCOME BEFORE INCOME TAX	3,258,117	87	2,553,445	89
INCOME TAX	-	-	-	-
NET INCOME	<u>\$3,258,117</u>	<u>87</u>	<u>\$2,553,445</u>	<u>89</u>
	<u>Pre-tax</u>	<u>After Tax</u>	<u>Pre-tax</u>	<u>After Tax</u>
EARNINGS PER SHARE				
Basic earnings per share	<u>\$ 0.95</u>	<u>\$ 0.95</u>	<u>\$ 0.79</u>	<u>\$ 0.79</u>
Diluted earnings per share	<u>\$ 0.88</u>	<u>\$ 0.88</u>	<u>\$ -</u>	<u>\$ -</u>

Pro forma information under assumptions that shares of SinoPac Holdings held by its subsidiaries were not treated as treasury stock:

	<u>Pre-tax</u>	<u>After Tax</u>	<u>Pre-tax</u>	<u>After Tax</u>
Basic earnings per share	<u>\$ 0.89</u>	<u>\$ 0.89</u>	<u>\$ 0.74</u>	<u>\$ 0.74</u>
Diluted earnings per share	<u>\$ 0.83</u>	<u>\$ 0.83</u>	<u>\$ -</u>	<u>\$ -</u>

Basic assumptions of pro forma statements of income

1. Assuming the Company was established as of January 1, 2001.
2. Interest revenue is mainly derived from bank deposits with average interest rate at 1.5% and 2.0% for the years ended December 31, 2002 and 2001, respectively.
3. Income from long-term equity investments are estimated by recognizing subsidiaries' current income.
4. General and administrative expenses are primarily estimated based on the employees' salaries and the future salary increasing adjustments.