

SinoPac Holdings and Subsidiaries

**Consolidated Financial Statements for the Three Months Ended
March 31, 2003 (Established on May 9, 2002)**

Together with Independent Accountants' Review 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 Criteria Governing the Preparation of Financial Reports of Financial Holding Companies, Criteria Governing the Preparation of Financial Reports of Securities Issuers, Criteria Governing the Preparation of Financial Reports by Securities Firms, Criteria Governing the Preparation of Financial Reports by Futures Commission Merchants 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 Accountants' Review Report

April 18, 2003

The Board of Directors and Stockholders
SinoPac Holdings

We have reviewed the accompanying consolidated balance sheet of SinoPac Holdings (established on May 9, 2002) as of March 31, 2003, and the related consolidated statement of income and cash flow for the three months then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these consolidated financial statements based on our review.

We conducted our review in accordance with Statement of Auditing Standards No. 36 "Review of Financial Statements" in the Republic of China except that described in the next paragraph. A review consists primarily of applying analytical procedures to financial data and making inquiries of personnel responsible for financial and accounting matters. It is substantially less in scope than an audit in accordance with auditing standards generally accepted in the Republic of China, the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an audit opinion.

As stated in Note 11 to the consolidated financial statements, the carrying amounts of the long-term equity investments accounted for by the equity method as of March 31, 2003 amounted to NT\$3,772,597 thousand, the related investment income for the three months then ended amounted to NT\$71,756 thousand, and additional disclosure of the Company and part of its investees stated in Note 45 to the consolidated financial statements are based on the investees' unreviewed financial statements.

Based on our review, except for the effects of such adjustments, if any, as might have been disclosed had we reviewed the financial statements of the investees as explained in the preceding paragraph, we are not aware of any material modifications, in all material respects, that should be made to the consolidated financial statements referred to in the first paragraph in order for them to be in conformity with Criteria Governing the Preparation of Financial Reports by Financial Holding Companies, Criteria Governing the Preparation of Financial Reports by Securities Issuers, Criteria Governing the Preparation of Financial Reports by Securities Firms, Criteria Governing the Preparation of Financial Reports by Futures Commission Merchants and accounting principles generally accepted in the Republic of China.

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

Notice to Readers

The accompanying consolidated 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 review such consolidated financial statements are those generally accepted and applied in the Republic of China.

English Translation of Financial Statements Originally Issued in Chinese

SINOPAC HOLDINGS AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

March 31, 2003

(In Thousands of New Taiwan Dollars, Except Par Value)

<u>ASSETS</u>	<u>Amount</u>	<u>%</u>	<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>	<u>Amount</u>	<u>%</u>
ASSETS			LIABILITIES		
Cash and cash equivalents (Note 4)	\$ 81,316,793	18	Short-term borrowings (Notes 14 and 32)	\$ 3,773,000	1
Due from banks	9,571,869	2	Commercial paper issued (Notes 15 and 32)	3,657,483	1
Due from Central Bank (Note 5)	7,689,921	2	Securities sold under agreements to repurchase (Notes 2, 16 and 31)	12,617,556	3
Securities purchased - net (Notes 2, 6 and 31)	43,452,574	10	Bond payable (Note 17)	1,000,000	-
Premiums paid for long options - nonhedging (Notes 2 and 40)	14,817	-	Warrant liabilities - net (Notes 2 and 18)	85,602	-
Accounts, interest and other receivables - net (Notes 2, 7 and 31)	24,167,632	6	Premiums received from short options (Notes 2 and 40)	2,382	-
Acceptances (Note 2)	1,277,303	-	Call loans and due to banks	55,940,658	13
Operating securities - net (Notes 2 and 8)	17,161,881	4	Accounts, interest and other payables (Notes 19 and 31)	10,610,502	2
Securities purchased under agreements to resell (Notes 2, 9 and 31)	622,039	-	Acceptances payable	1,277,303	-
Prepayments and other (Notes 2 and 31)	406,709	-	Deposits and remittances (Notes 20 and 31)	288,852,878	65
Loans, discounts and bills purchased - net (Notes 2, 10 and 31)	232,262,537	52	Bank debentures (Note 21)	8,500,000	2
Long-term equity investments (Notes 2 and 11)			Euro-convertible bonds (Notes 2 and 22)	8,250,280	2
Equity method	6,049,767	1	Other liabilities (Notes 2, 28 and 29)		
Cost method	2,423,822	1	Deferred income tax liabilities	257,471	-
Unrealized loss	(310,856)	-	Other	3,401,642	1
Net long-term equity investments	<u>8,162,733</u>	<u>2</u>	Total other liabilities	<u>3,659,113</u>	<u>1</u>
Properties (Notes 2, 12, 31 and 32)			Total Liabilities	<u>398,226,757</u>	<u>90</u>
Cost			STOCKHOLDERS' EQUITY (Note 23)		
Land	3,360,203	1	Capital stock, \$10 par value		
Buildings	3,066,904	1	Authorized - 10,000,000,000 shares		
Computer equipment	1,331,092	-	Issued - 3,748,126,974 shares	37,481,270	8
Transportation equipment	102,121	-	Capital surplus (Notes 2 and 23)	9,067,958	2
Office and other equipment	<u>3,228,029</u>	<u>1</u>	Retained earnings (Note 23)	2,138,789	1
Total cost	11,088,349	3	Equity adjustments		
Accumulated depreciation	<u>3,269,142</u>	<u>1</u>	Unrealized loss on long-term equity investments (Notes 2 and 11)	(326,092)	-
	7,819,207	2	Unrealized revaluation loss on long-term equity investments (Notes 2 and 11)	(37,428)	-
Advances on acquisitions of equipment and construction in progress	<u>215,576</u>	<u>-</u>	Cumulative translation adjustment (Notes 2 and 11)	324,442	-
Net properties	<u>8,034,783</u>	<u>2</u>	Treasury stock - at cost: 250,202,766 shares (Notes 2 and 24)	(3,245,570)	(1)
Other assets (Notes 2, 13 and 32)	<u>9,488,535</u>	<u>2</u>	Total Stockholders' Equity	<u>45,403,369</u>	<u>10</u>
			CONTINGENCIES AND COMMITMENTS (Notes 2, 31, 33 and 40)		
TOTAL ASSETS	<u>\$443,630,126</u>	<u>100</u>	TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$443,630,126</u>	<u>100</u>

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

(With T N Soong & Co review report dated April 18, 2003)

English Translation of Financial Statements Originally Issued in Chinese

SINOPAC HOLDINGS AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME

For the Three Months Ended March 31, 2003

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<u>Amount</u>	<u>%</u>
OPERATING REVENUES		
Interest (Notes 2, 10 and 31)	\$ 3,434,867	66
Stock affairs agent fees (Note 31)	27,646	1
Service fees (Notes 2, 25 and 31)	840,299	16
Gain on warrants issued (Note 2)	49,771	1
Commission and fees - futures (Note 31)	18,875	-
Gain from transactions of futures (Notes 2 and 31)	2,365	-
Income from securities - net (Notes 2 and 26)	507,769	10
Income from long-term equity investments under the equity method (Notes 2 and 11)	100,028	2
Other (Note 31)	<u>213,866</u>	<u>4</u>
Total Operating Revenues	<u>5,195,486</u>	<u>100</u>
OPERATING COSTS AND EXPENSES		
Interest (Notes 2 and 31)	1,712,510	33
Service charges (Note 31)	95,270	2
Foreign exchange loss - net (Note 2)	3,518	-
Provision for credit and trading losses (Notes 2, 7 and 10)	352,789	7
Operating and administrative expenses (Notes 2, 27, 28 and 31)	2,143,111	42
Other	<u>35,853</u>	<u>-</u>
Total Operating Costs and Expenses	<u>4,343,051</u>	<u>84</u>
OPERATING INCOME	852,435	16
NONOPERATING INCOME AND GAINS (Note 31)	54,794	1
NONOPERATING EXPENSES AND LOSSES	(<u>37,781</u>)	<u>-</u>
INCOME BEFORE INCOME TAX	869,448	17
INCOME TAX (Notes 2 and 29)	<u>261,932</u>	<u>5</u>
CONSOLIDATED NET INCOME	<u>\$ 607,516</u>	<u>12</u>
	<u>Pretax</u>	<u>After tax</u>
EARNINGS PER SHARE (Note 30)		
Basic and diluted earnings per share	<u>\$ 0.25</u>	<u>\$ 0.17</u>

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

(With T N Soong & Co review report dated April 18, 2003)

SINOPAC HOLDINGS AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Three Months Ended March 31, 2003

(In Thousands of New Taiwan Dollars)

	<u>Amount</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Consolidated net income	\$ 607,516
Adjustments to reconcile net income to net cash used in operating activities	
Depreciation and amortization	228,422
Provision for credit and trading losses	333,609
Provision for decline in market value of securities purchased	12,809
Provision for decline in market value of operating securities	137,243
Accrued interest-premium on Euro-Convertible Bonds	89,981
Loss on disposal of properties - net	8,004
Income from long-term equity investments under the equity method - net	(100,028)
Gain on warrants issued - net	(49,771)
Accrued pension cost	44,373
Deferred income taxes	15,620
Increase in securities purchased - for trading purposes	(1,900,708)
Increase in operating securities	(261,914)
Decrease in securities purchased under agreements to resell	900,085
Decrease in accounts, interest and other receivables	2,587,690
Increase in prepayments and other	(36,126)
Decrease in securities sold under agreements to repurchase	(1,454,713)
Increase in warrants liabilities - net	98,769
Decrease in accounts, interest and other payables	(1,699,141)
Other	(856)
Net Cash Used in Operating Activities	<u>(439,136)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Decrease in due from banks	1,731,822
Decrease in due from Central Bank	3,322,035
Increase in securities purchased - for investing purposes	(6,216,878)
Increase in loans, discounts and bills purchased	(7,608,668)
Increase in long-term equity investments	(603,761)
Decrease in long-term bond investments	346,309
Proceeds from sales of long-term equity investments	83,003
Acquisition of properties	(179,005)
Proceeds from sale of properties	750
Increase in other assets	(658,036)
Net Cash Used in Investing Activities	<u>(9,782,429)</u>

(Forward)

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	Amount
CASH FLOWS FROM FINANCING ACTIVITIES	
Decrease in short-term borrowings	(\$ 285,000)
Increase in commercial paper issued	1,039,504
Increase in call loans and due to banks	692,465
Increase in deposits and remittances	20,648,210
Increase in bank debentures	1,500,000
Decrease in other liabilities	(269,014)
Net Cash Provided by Financing Activities	<u>23,326,165</u>
INCREASE IN CASH AND CASH EQUIVALENTS	13,104,600
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>68,212,193</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 81,316,793</u>
SUPPLEMENTAL INFORMATION	
Interest paid	<u>\$ 1,650,620</u>
Income tax paid	<u>\$ 117,093</u>

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

(With T N Soong & Co review report dated April 18, 2003)

SINOPAC HOLDINGS AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(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 Act 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 GreTai Securities Market (OTC), respectively, while SinoPac Holdings became listed in TSE.

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 swap 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. As of March 31, 2003, the Company had a total of 43 employees.

Bank SinoPac obtained government approval to incorporate on August 8, 1991, and started operations on January 28, 1992. The Bank is engaged in commercial banking, trust, and foreign exchange operations as prescribed by the Banking Law. As of March 31, 2003, Bank SinoPac had a total of 2,104 employees.

As of March 31, 2003, Bank SinoPac's operating units include Banking, Trust, International Division of the Head Office, an Offshore Banking Unit (OBU), 42 domestic branches, 2 overseas branches and 1 overseas representative office.

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

On August 15, 1997, Bank SinoPac acquired Far East National Bank (FENB), through SinoPac Bancorp, by purchase of 100% of its shares. FENB was established in Los Angeles in 1974. It is a commercial bank engaged mainly in deposit taking and lending businesses. As of March 31, 2003, FENB had 15 branches in Los Angeles and San Francisco areas and one Beijing representative office. It also has 4 wholly-owned subsidiaries - Far East Capital Corporation, a small business investment bank, FENB Securities Inc., a small securities corporation, FENB Loan Corp., an asset management corporation, and FENB Film Corp., a motion picture asset management corporation. As of March 31, 2003, FENB had a total of 329 employees.

SinoPac Securities was established on October 11, 1988 and started operations on November 8, 1988. It engages in transactions involving marketable securities such as: (a) underwriting, dealing and brokerage, (b) financing the acquisition and short-sales by customers, (c) trading foreign securities on behalf of customers, and (d) introducing brokerage and dealing in futures. As of March 31, 2003, the SinoPac Securities has 49 branches in operation (including 7 branches merged from SPS). As of March 31, 2003, SinoPac Securities had a total of 2,038 employees.

SinoPac Life Insurance Agent Co., Ltd. (SinoPac Life Insurance Agent) and SinoPac Property Insurance Agent Co., Ltd. (SinoPac Property Insurance Agent) obtained government approval to incorporate and commenced operations on July 25, 2000 and July 24, 2000, respectively. These two companies are mainly engaged in life and property insurance agency and had a total of 16 and 1 employees, respectively as of March 31, 2003.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting policies, which conform to the Criteria Governing the Preparation of Financial Reports of Financial Holding Companies, Criteria Governing the Preparation of Financial Reports of Securities Issuers, Criteria Governing the Preparation of Financial Reports of Securities Firms, Criteria Governing the Preparation of Financial Reports of Futures Commission Merchants and accounting principles generally accepted in the Republic of China (ROC), are summarized below:

Consolidation

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

The operating revenues and total assets of the other investees - SinoPac Venture Capital Co., Ltd. (SinoPac Venture Capital), SinoPac Call Center Co., Ltd. (SinoPac Call Center), SinoPac Asset Management International (SinoPac Asset Management), SinoPac Marketing Consulting Co., Ltd. (SinoPac Marketing Consulting), SinoPac Leasing Corporation (SPL), SinoPac Capital Limited, SinoPac Financial Consulting Co., Ltd., SinoPac Futures Corp., SinoPac Securities (Cayman) Holdings Ltd., SinoPac Capital Management Corp 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.

The Company's two subsidiaries- SinoPac Life Insurance Agent and SinoPac Property Insurance Agent are "Insurance Subsidiaries" as promulgated in the Financial Holding Company Act. Accordingly, Criteria Governing the Preparation of Financial Reports of Financial Holding Companies require these two subsidiaries to be included in the consolidated entities, despite that their total assets and operating revenues are less than 10% of those of the Company.

Distinctions between current and non-current assets and liabilities

Whereas the operating cycle could not be reasonably identified in the banking industry, accounts in the financial statements of Bank SinoPac as consolidated with SinoPac Bancorp and its subsidiary, FENB, are not classified as current or non-current. Notwithstanding these accounts are properly categorized according to the nature of each account and sequenced by their liquidity. Please refer to Note 39 for maturity analysis of assets and liabilities.

Except for stated in the proceeding paragraph, assets which are expected to be converted into cash within one year are classified as current assets; others are classified as noncurrent assets. Obligations which are expected to be liquidated within one year are classified as current liabilities; others are classified as noncurrent liabilities.

As the banking industry accounts for a large proportion in the consolidation, accounts in the consolidated financial statements are categorized according to the nature of each account and sequenced by their liquidity rather than classified as current or noncurrent assets/liabilities.

Securities purchased

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

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

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

Operating securities

Stocks, except for Emerging Stocks, held by SinoPac Securities' Dealing and Underwriting departments, are stated at the lower of aggregate cost or market value. Emerging Stock is stated at cost. The aggregate market value of the stocks, except that of Emerging Stocks, is based on closing price as of the balance sheet date. The cost of stocks sold is determined using the moving-average method.

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

Allowance for loss is provided for the excess of the total cost of the securities over their market value. Any recovery of the market values of the securities to the extent of their original carrying values is recognized as income. The allowance is adjusted when the market value subsequently recovers.

Warrant liabilities and operating securities - hedging

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

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

Securities purchased or sold under agreements to resell or to repurchase

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

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

Margin loans and stock loans

Margin loans pertain to the provision of funds to customers for them to buy securities. Margin loans receivable represent the amount given to customers. The securities bought by customers are used to secure these loans and are recorded through memo entries as “collateral securities”. The collateral securities are returned when the loans are repaid.

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

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

Stock loans represent securities lent to customers for short sales. The deposits received from customers on securities lent are credited to “deposits on short sale”. The securities sold short are recorded through memo entries as “stock loans”. The proceeds from sales of securities lent to customers less any dealer's commission, financing charges and securities exchange tax are recorded under “short sales proceeds payable”. When the customers return the stock certificates to SinoPac Securities, SinoPac Securities gives back to customers the deposits received and the proceeds from sales of securities.

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

Nonperforming loans

Under guidelines issued by the MOF, the balance of loans and other credits extended by Bank SinoPac and the related accrued interest thereon are classified as nonperforming when the loan is six months overdue. In addition, upon approval by the board of directors, those loans which are less than six months overdue will also be classified as nonperforming.

Allowance for credit losses and provision for losses on guarantees

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

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

Bank SinoPac evaluates losses on particular loans based on its borrowers’/clients’ credit limit, collateral provided and estimated level of collectibility in accordance with “The Rules for Bank Asset Evaluation, Loss Reserve Provision, and Disposal of Overdue Loans and Bad Debts” (the “Rules”) issued by the MOF. The Rules require that the minimum provision for credit losses should not less than the aggregate of 50% of the doubtful credits and 100% of the unrecoverable credits.

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

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

Long-term equity in vestments

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

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

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

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

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

Properties

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

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

Depreciation computed using the straight-line method over service lives estimated as follows: buildings, 8 to 60 years; computer equipment, 3 to 5 years; transportation equipment, 5 years; office and other equipment, 2 to 15 years. For assets still in use beyond their original service lives, depreciation is calculated over newly estimated useful lives.

Amortization of issuance costs of Euro-convertible bonds

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

Intangible assets

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

Deferred charges

Deferred charges of SinoPac Securities (included in other assets), which include amounts paid for acquiring operating rights, and computer software as well as network construction and decoration or renovations, are capitalized and amortized over 5 years.

Collateral assumed

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

Properties leased to others

These properties are depreciated using the straight-line method over service lives of 50 years to 55 years.

Interest premium

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

Securities brokerage accounts

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

Reserve for default accounts

As required by the Rules Governing Securities Firms, for securities traded for customers' accounts SinoPac Securities should allocate monthly 0.0028% of the transaction price of the traded securities as a reserve for default accounts. When the accumulated reserve for default accounts reaches 2 billion, allocation will be suspended. This reserve should be used only for covering the losses caused by breach of contracts for trading on customers' accounts or for purposes approved by the Securities and Futures Commission (SFC).

Reserve for trading losses

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

Derivative financial instruments

a. Foreign exchange forward contracts

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

b. Forward rate agreements

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

c. Currency swap contracts

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

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

d. Cross-currency swaps

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

e. Options

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

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

f. Interest rate swaps

For Bank SinoPac, interest rate swaps, which do not involve exchanges of the notional principals, are not recognized as either assets and/or liabilities on the contract dates. The swaps were entered into for accommodating customers' needs or managing the Company's interest rate positions. The interest received or paid at each settlement date are recognized as interest revenue or expense. These instruments are marked to market as of the balance sheet dates.

For swaps entered into for hedging purposes, the net interest on each settlement is recorded as an adjustment to interest revenue or expense associated with the item being hedged.

For SinoPac Securities, interest rate swap contracts are recognized through memo entries while the transactions are initiated. Interest rate swap contracts are marked to market. The fair value of the contracts is presented as derivative financial assets and liabilities - OTC and is written off at the settlement date. The change in fair value is recognized as gain or loss from valuation of interest rate swap.

g. Asset swaps

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

h. Assets swap transactions - convertible bonds

There are three types of convertible bonds swap transactions for the market maker: fixed income transactions, short call options transactions and combination of the both types.

The nature of the fixed income transaction of a convertible bond swap is a convertible bond sold outright, plus an interest rate swap contract and long a call option on the convertible bond. The notional amount of the swap contract is recognized through a memo entry. The accounting treatment for a convertible bonds sold outright can be referred to the accounting policy of operating securities. The fair value of the interest rate swap contract and the premium paid for long a call option are both recognized as derivative financial assets - OTC and are marked to market. Gains or losses from changes in fair value are recognized as gains or losses from assets swap transactions.

For the short call options transactions type, the notional amount is recognized through a memo entry at the transaction date, and the premium received from short option is recognized as derivative financial liabilities - OTC. Gains or losses from marking to market are recognized as gains or losses from assets swap transactions.

i. Futures

Margin deposits paid by Bank SinoPac for interest rate futures contracts entered into for trading purposes are recognized as assets. Gains or losses resulting from marking to market and from the settlement of the interest rate futures contracts are recognized as current income.

Initial margin deposited paid by SinoPac Securities on future contracts and margin deposits maintained to reflect the fluctuation of market price of futures contracts are recognized as margin deposits - futures. Gains or losses, arising from daily marking to market of the carrying amounts of the futures contracts, from taking opposite positions and from settlement of futures contracts, are recognized as either gains or losses from futures transactions - nonhedging or gains or losses from futures transactions - hedging depending on the transaction purpose and are also differentiated between realized and unrealized portions.

Recognition of interest revenue and service fees

Interest revenue from deposits in banks recognized by the SinoPac Holdings and interest revenue on loans recognized by Bank SinoPac is recorded using the accrual method. No interest revenue is recognized in the accompanying financial statements on loans and other credits extended by Bank SinoPac that are classified as nonperforming loans. The interest revenue on those loans/credits is recognized upon collection. Under the regulations of the MOF, interest revenue on credits which agreements have been reached to extend their maturities is recognized upon collection. Service fees are recorded as revenue upon receipt and substantial completion of activities involved in the earnings process.

Dividend income from investing in cumulative and nonparticipating preferred stocks by SinoPac Holdings is accrued according to the related offering terms.

For SinoPac Securities, revenue from rendering service, such as brokerage and underwriting commissions and fees, stock affairs agent fees and futures commissions and fees, etc., is recognized under the stage of completion as of the balance sheet dates. Interest income is accrued on a time basis by referring to the principal outstanding and the effective interest rate. Dividend income from equity securities is recognized on ex-dividend dates or the stockholders' resolved dates.

Pension

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

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 reissue price and acquisition cost will be credited or charged to “additional paid-in capital surplus - treasury stock”, and the retained earnings if there is deficiency.

Under a directive of the SFC, treasury stock originally owned by a financial institution that later becomes a subsidiary of a financial holding company through a share swap, should continue to be treated as treasury stock in the subsidiary’s books after the swap. But if the subsidiary owns shares of another subsidiary under the same financial holding company, and the shares are later exchanged for the parent company’s shares, these shares should be treated as investments in subsidiary’s books, but as treasury stock in parent company’s books starting December 31, 2002.

Income tax

Inter-period income tax allocation is applied, whereby the 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 that are not certain to be realized.

Except for Bank SinoPac as consolidated with SinoPac Bancorp and its subsidiary FENB, deferred income tax assets and liabilities are classified as current or noncurrent based on the classification of the related assets or liabilities for financial reporting. A deferred income tax asset or liability which is not related to an asset or liability for financial reporting should be classified according to the expected reversal date of the temporary difference.

Tax credits - generated from acquisitions of equipment or technology, research and development expenditure and personnel training expenditures - are recognized as reduction of current income tax.

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

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

Contingencies

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

Foreign-currency transactions

For SinoPac Holdings and SinoPac Securities, foreign-currency transactions are recorded in New Taiwan dollars at the rates of exchange in effect when the transactions occur. Gains or losses resulting from the application of different foreign exchange rates when cash in foreign currency is converted into New Taiwan dollars, or when foreign-currency receivables or payable are settled, are credited or charged to income in the period of conversion or settlement. As of the balance sheet date, the balances of foreign-currency assets and liabilities are restated at the prevailing exchange rates, and resulting differences are credited or charged to current income.

Gains or losses resulting from restatement of period-end foreign-currency denominated long-term equity investments accounted for by the equity method are credited or charged to “cumulative translation adjustment” under stockholders’ equity.

Bank SinoPac records foreign-currency transactions in the respective currencies in which these are denominated. Foreign-currency denominated income and expenses are translated into New Taiwan dollars at month-end rates. Foreign-currency assets and liabilities are translated into New Taiwan dollars at closing rates as of the balance sheet dates. Realized and unrealized foreign exchange gains or losses are credited or charged to current income. Gains or losses resulting from restatement at period-end of foreign-currency denominated long-term equity investments accounted for by the equity method are credited or charged to “cumulative translation adjustment” under stockholders’ equity.

3. ELIMINATIONS OF SIGNIFICANT TRANSACTIONS BETWEEN PARENT COMPANY AND SUBSIDIARIES

<u>Name of Corporation</u>	<u>Elimination Account</u>	<u>Amount</u>	<u>Counterparties of Transaction</u>
SinoPac Holdings	Cash and cash equivalents	\$ 8,041,516	Bank SinoPac and subsidiaries
	Interest receivable	8,740	Bank SinoPac and subsidiaries
	Interest revenue	29,678	Bank SinoPac and subsidiaries
Bank SinoPac and subsidiaries	Deposits and remittances	1,191,195	SinoPac Securities
	Deposits and remittances	8,041,516	SinoPac Holdings
	Deposits and remittances	68,416	SinoPac Life Insurance Agent
	Loans, discounts and bills purchased	500,000	SinoPac Securities
	Interest payable	8,740	SinoPac Holdings
	Interest expense	29,678	SinoPac Holdings
SinoPac Securities	Cash and cash equivalents	61,195	Bank SinoPac and subsidiaries
	Pledged time deposits	1,130,000	Bank SinoPac and subsidiaries
	Short-term borrowings	500,000	Bank SinoPac and subsidiaries
SinoPac Life Insurance Agent	Cash and cash equivalents	68,416	Bank SinoPac and subsidiaries

4. CASH AND CASH EQUIVALENTS	March 31, <u>2003</u>
Negotiable certificates of deposit	\$ 77,581,104
Cash	1,661,175
Notes and checks in clearing	1,526,711
Deposits in Bank	<u>547,803</u>
	<u>\$ 81,316,793</u>

As of March 31, 2003, negotiable certificates of deposit aggregating \$24,071,606 have maturities over one year and may be withdrawn momentarily.

For Bank SinoPac, to comply with the Central Bank's clearing system of Real-time Gross Settlement (RTGS), negotiable certificates of deposit aggregating \$13,800,000 has been provided as collateral for the day-time overdrafts as of March 31, 2003, with the pledged amount which can be adjusted momentarily.

5. DUE FROM CENTRAL BANK

This account consists mainly of New Taiwan dollar (NTD) and foreign currency deposit reserves. Under a directive issued by the Central Bank of the ROC, NTD - denominated deposit reserves are determined monthly at prescribed rates on average balances of customers' NTD - denominated deposits. These reserves include \$5,576,788 as of March 31, 2003, which are subject to withdrawal restrictions.

In addition, the foreign-currency deposit reserves are determined at prescribed rates on balances of additional foreign-currency deposits. These reserves may be withdrawn momentarily and are non-interest bearing. As of March 31, 2003, the balance of foreign-currency deposit reserves was \$17,375.

6. SECURITIES PURCHASED	March 31, <u>2003</u>
Corporate bonds	\$ 17,147,507
Commercial papers	7,379,842
Floating rate notes	6,148,638
Government bonds	4,519,184
Beneficiary certificates	4,007,862
Treasury bills	3,089,452
Bank debentures	1,172,698
Listed and over-the-counter stocks	<u>200</u>
	43,465,383
Less - allowance for credit losses	<u>12,809</u>
Net	<u>\$ 43,452,574</u>

As of March 31, 2003, the aggregate market values or reference prices of corporate bonds, floating rate notes, government bonds, beneficiary certificates, bank debentures and listed and over-the-counter stocks, are as follows:

	<u>March 31, 2003</u>
Corporate bonds	\$ 17,392,519
Floating rate notes	6,151,984
Government bonds	4,554,670
Beneficiary certificates	3,996,219
Bank debentures	1,186,820
Listed and over-the-counter stocks	138

7. ACCOUNTS, INTEREST AND OTHER RECEIVABLES

	<u>March 31, 2003</u>
Margin loans receivable	\$ 11,025,836
Accounts receivable	10,032,048
Interest receivable	1,553,811
Accrued revenue	972,302
Tax refundable	183,456
Other	<u>557,552</u>
	24,325,005
Less - allowance for credit losses	<u>157,373</u>
Net	<u>\$ 24,167,632</u>

The balance of the accounts receivable as of March 31, 2003 included \$9,545,248 representing accounts receivable acquired from other parties in the factoring business.

8. OPERATING SECURITIES

	<u>March 31, 2003</u>
<u>Dealing department</u>	
Bonds	
Government bonds - interest rate: 1.375%-7.750%	\$ 7,295,445
Corporate bonds - interest rate: 2.20%-7.36%	3,392,518
Bank debentures - interest rate: 3.55%-6.04%	<u>652,422</u>
	11,340,385
Listed stocks and convertible corporate bonds	2,194,247
Over-the-counter stocks and convertible corporate bonds	1,572,075
Emerging stocks	411,694
Taiwan Innovative Growing Entrepreneurs	<u>24,108</u>
	15,542,509
Less - allowance for decline in market value	<u>87,366</u>
	<u>15,455,143</u>
(Forward)	

	March 31, 2003
<u>Underwriting department</u>	
Listed stocks	\$ 386,694
Over-the-counter stocks and convertible corporate bonds	<u>997,041</u>
	1,383,735
Less: Allowance for decline in market value	<u>39,833</u>
	<u>1,343,902</u>
<u>Securities for hedging purposes</u>	
Listed stocks	385,668
Less - allowance for decline in market value	<u>22,832</u>
	<u>362,836</u>
Net	<u>\$ 17,161,881</u>

The aggregate market values determined by the closing prices and reference prices as of March 31, 2003 were as follows:

	March 31, 2003
Dealing department - bonds	\$ 11,634,262
Dealing departments - listed stocks, over-the-counter stocks and convertible corporate bonds	3,389,825
Dealing departments - Taiwan Innovative Growing Entrepreneurs	19,362
Underwriting department - listed stocks, over-the-counter stocks and convertible corporate bonds	1,343,902
Securities for hedging purposes	362,899

9. SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL

As of March 31, 2003, securities purchased under agreements to resell will be sold for \$632,841 by September 2003.

10. LOANS, DISCOUNTS AND BILLS PURCHASED	March 31, 2003
Overdrafts	\$ 2,065,784
Short-term loans	55,410,618
Mid-term loans	58,621,863
Long-term loans	114,363,745
Import and export negotiations	1,599,601
Bills purchased	851
Non-performing loans	<u>2,822,348</u>
	234,884,810
Less- allowance for credit losses	2,482,384
- unearned loan fees	<u>139,889</u>
Net	<u>\$ 232,262,537</u>

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

As of March 31, 2003, the balance of non-accrual loans was \$3,602,432. The unrecognized interest revenue on non-accrual loans amounted to \$78,717 for the three months ended March 31, 2003.

For the three months ended March 31, 2003, the Company had not written off any credits for which legal proceedings had not been initiated.

The details and changes in allowance for credit losses of loans, discounts and bills purchased for the three months ended March 31, 2003, are summarized below:

	For the Three Months Ended March 31, 2003		
	For Losses on Particular Loans	For Loss on the Overall Loan Portfolio (Excluding the Particular Loans)	Total
Balance, beginning of period	\$ 1,211,727	\$ 1,154,692	\$ 2,366,419
Provision	262,445	56,131	318,576
Write-off	(223,599)	-	(223,599)
Recovery of written-off credits	20,955	-	20,955
Reclassifications	<u>27,195</u>	<u>(27,162)</u>	<u>33</u>
Balance, end of period	<u>\$ 1,298,723</u>	<u>\$ 1,183,661</u>	<u>\$ 2,482,384</u>

As of March 31, 2003, allowance for credit losses and provisions for losses on guarantees of the Company was \$2,672,903.

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

With this background, the Company's financial statements for the three months ended March 31, 2003, include provisions for loan losses and guarantee liabilities based on information available to the Company, including defaults to the extent they can be determined or estimated. However, these estimates do not include any adjustments that might be required when related contingent liabilities become probable or determinable in the future.

11. LONG-TERM INVESTMENTS	March 31, 2003
Equity method	
Unlisted stocks	<u>\$ 6,049,767</u>
Cost method	
Preferred stock	288,336
Unlisted stocks	1,381,729
Listed and over-the-counter stocks	655,716
Venture fund	<u>98,041</u>
	2,423,822
Less - unrealized losses	<u>310,856</u>
Net	<u>\$ 8,162,733</u>

As of March 31, 2003, the total market values in listed and over-the-counter stocks of long-term equity investments was \$344,860.

As of March 31, 2003, the unrealized loss on long-term equity investments resulted from market value decline of listed and over-the-counter stocks held by Bank SinoPac's investee accounted for by the equity method amounted to \$326,092. Also, the Company recognized the unrealized revaluation loss on long-term equity investments and cumulative translation adjustment proportionately from subsidiaries totaling \$37,428 and \$324,442, respectively.

The carrying amounts of the investments accounted for by the equity method as of March 31, 2003 totalling \$748,353, and the related investment income of \$1,219, for the three months then ended, were based on the investees' unreviewed financial statements for the same period. Accordingly, independent accountants have issued a qualified review report regarding the Company's consolidated financial statements. Adjustments may have to be made to these investments and investment income if such financial statements had been reviewed.

Bank SinoPac's carrying amounts of the investments accounted for by the equity method as of March 31, 2003 totalling \$3,024,244, and the related investment income of \$70,537 for the three months then ended, were based on the investees' unreviewed financial statements for the same period. Accordingly, independent accountants have issued a qualified review report regarding with Bank SinoPac's consolidated financial statements. Adjustments may have to be made to these investments and investment income if such financial statements had been reviewed.

SinoPac Securities' carrying amounts of the investments accounted for by the equity method as of March 31, 2003, totalling \$2,129,316 and the related investment income of \$34,911, for the three months then ended, were based on the investees' unreviewed financial statements for the same period. Adjustments may have to be made to these investments and investment income if such financial statements had been reviewed.

The Company acquired 28,833,600 shares of preferred stock issued by AnShin Card Services as of October 30, 2002 at the cost of \$288,336. The aforementioned preferred stock bears annual interest rate of 4% and will be matured in October 2008 (the maturity date had been amended by the stockholders' meeting on March 25, 2006). The Company had accrued dividend income from preferred stock totaling \$2,844 for the three months ended March 31, 2003.

As of March 31, 2003, Bank SinoPac held the Company's 216,542,894 shares, with carrying value at \$2,896,922 and market value at \$2,796,868 based on the daily average closing price in March 2003. Accordingly, allowance for decline in market value amounting to \$100,054 had been provided. Since, the Company had treated these shares as treasury stock (please see Note 24), the investment income should be adjusted to increase by \$100,054.

12. PROPERTIES	<u>March 31, 2003</u>
Cost	<u>\$ 11,088,349</u>
Less - accumulated depreciation	
Buildings	415,963
Computer equipment	1,484,195
Transportation equipment	41,008
Office and other equipment	<u>1,327,976</u>
	3,269,142
Advances on acquisitions of equipment and construction in progress	<u>215,576</u>
Net	<u><u>\$ 8,034,783</u></u>
13. OTHER ASSETS	<u>March 31, 2003</u>
Pledged time deposits	\$ 2,862,400
Guarantee deposits	2,469,605
Value of options purchased	1,052,792
Intangible assets	928,159
Collateral assumed	414,042
Property held for lease - net	355,755
Computer system software	284,129
Suspense account	276,932
Other	<u>844,721</u>
	<u><u>\$ 9,488,535</u></u>

As of March 31, 2003, guarantee deposits included, \$1,960,438, which was in the forms of government bonds, corporate bonds, time deposits and bank debentures.

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

14. SHORT-TERM BORROWINGS

As of March 31, 2003, the Company had unused credit lines totaling \$3,450,000, which were available for short-term borrowings.

SinoPac Securities' short-term borrowings from banks as of March 31, 2003 were with interest rates ranging from 1.48% to 1.80% and will mature between April and May 2003.

15. COMMERCIAL PAPER ISSUED

The balance of issuing commercial paper which was guaranteed by financial institutions as of March 31, 2003 was due between April to May 2003 with discount rates ranging from 0.895% to 1.325%.

16. SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

As of March 31, 2003, securities sold under agreements to repurchase will be repurchased for \$12,625,492 by June 2003.

17. BONDS PAYABLE

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

18. WARRANT LIABILITIES - NET

	<u>March 31, 2003</u>
Warrant liabilities	\$ 122,000
Repurchase of warrants issued	<u>(36,398)</u>
	<u>\$ 85,602</u>

Details of warrant liabilities and repurchase of warrants issued as of March 31, 2003 are as follows:

<u>Warrant Name</u>	<u>Date of Issuance</u>	<u>Underlying Security</u>	<u>Units Issued</u>	<u>Price at Issuance (NTS)</u>	<u>Amount</u>	<u>Strike Price (NTS)</u>	<u>Leverage</u>
SinoPac Securities - 01	October 22, 2002	Compal Electronics Inc.	20,000,000	\$ 5.30	\$106,000	\$55.50	7.0
SinoPac Securities - 02	November 15, 2002	Uni-President Enterprises Corp.	20,000,000	2.50	50,000	12.10	4.8
SinoPac Securities - 03	January 8, 2003	Siliconware Precision Industries Co., Ltd.	20,000,000	3.85	77,000	18.30	4.8
SinoPac Securities - 04	January 24, 2003	Fubon Financial Holding Co., Ltd.	20,000,000	2.60	52,000	36.48	11.7
SinoPac Securities - 05	February 7, 2003	E.Sun Financial Holding Company, Ltd.	20,000,000	2.25	45,000	22.68	8.4
Less - gain on change in market value of warrants liabilities as of March 31, 2003					<u>(208,000)</u>		
Market value					<u>\$122,000</u>		

The warrants are American-type warrants. SinoPac Securities 03, 04 and 05 warrants issued expire six months after their respective issue dates while other warrants issued expire one year after their respective issue dates. At its option, SinoPac Securities can settle a warrant either by issuing the underlying securities or paying in cash.

The market values of warrant liabilities were calculated using their closing prices as of March 31, 2003.

<u>Warrant Name</u>	<u>March 31, 2003</u>	
	<u>Units Repurchased</u>	<u>Amount</u>
SinoPac Securities - 01	11,022,000	\$ 29,798
SinoPac Securities - 02	325,000	682
SinoPac Securities - 03	5,410,000	13,090
SinoPac Securities - 04	13,201,000	25,775
SinoPac Securities - 05	7,701,000	11,556
Less - loss on change in market value of warrants repurchased		(44,503)
Market value		<u>\$ 36,398</u>

The market values of warrants repurchased were calculated using the closing price of the warrants as of March 31, 2003.

19. ACCOUNTS, INTEREST AND OTHER PAYABLES

	<u>March 31, 2003</u>
Accounts payable	\$ 4,320,287
Notes and checks in clearing	2,547,572
Interest payable	1,328,240
Tax payable	1,020,918
Short sale proceeds payable	716,949
Accrued expenses	461,292
Other	<u>215,244</u>
	<u>\$ 10,610,502</u>

The balance of the accounts payable as of March 31, 2003 included \$3,897,128 from the factoring business.

20. DEPOSITS AND REMITTANCES

	<u>March 31, 2003</u>
Checking	\$ 5,916,438
Demand	44,991,043
Savings - demand	53,555,164
Time	125,703,064
Negotiable certificates of deposit	838,900

(Forward)

	March 31, 2003
Savings - time	\$ 57,718,100
Inward remittances	114,934
Outward remittances	<u>15,235</u>
	<u>\$ 288,852,878</u>

21. BANK DEBENTURES

	March 31, 2003	Maturity Date	Terms
First dominant bank debentures issued in 2001	\$5,000,000	2001.12.20-2006.12.20. Principal is repayable on maturity date.	Fixed interest rate of 3.08%. Interest is paid at the end of each year.
First subordinated bank debentures issued in 2002	2,000,000	2002.12.23-2008.03.23. Principal is repayable on maturity date.	Floating interest rate except for the first two years fixed at 2.15%. Interest is paid semiannually.
First dominant bank debentures issued in 2003	1,000,000	2003.02.14-2008.02.14. Principal is repayable on maturity date.	3.65% minus 6-month LIBOR. Interest is paid semiannually.
Second dominant bank debentures issued in 2003	500,000	2003.03.19-2008.09.19. Principal is repayable on maturity date.	3.48% minus 6-month LIBOR. Interest is paid semiannually.
	<u>\$8,500,000</u>		

22. EURO-CONVERTIBLE BONDS

	March 31, 2003
Euro-convertible bonds	\$ 7,993,280
Add: Interest premium payable	<u>257,000</u>
	<u>\$ 8,250,280</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.

23. STOCKHOLDERS' EQUITY

a. Capital stock

On June 26, 2002 the 1st special meeting, the stockholders resolved to increase its capital stock to \$37,481,270 and appropriate \$2,097,745 of capital surplus as capital stock by distributing 209,774,487 shares of stock dividends. The capital increase was approved by the SFC and took effect on September 3, 2002.

b. Capital surplus

Under the Company Law, capital surplus from stock issuance in excess of par can be transferred to capital stock if approved by the stockholders.

Capital surplus from long-term equity investments accounted for by the equity method can not be distributed for any purpose.

Under the Financial Holding Company Act and related SFC directives, if the capital surplus obtained by a financial holding company through the share swap comes from its subsidiaries' unappropriated retained earnings after legal and special reserves, the surplus is excluded from the restriction as prescribed in the Securities and Exchange Law.

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

c. Retained earnings and dividend policy

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

Employee bonus can be distributed either in cash or in stock. If it is 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, as well as other distribution of earnings shall be resolved by the stockholders in the following year and reflect in the financial statements of that year.

On April 7, 2003, the board of directors resolved the appropriation of earnings for the period from May 9, 2002 to December 31, 2002 as follows:

	<u>Amount</u>
Legal reserve	\$ 153,127
Special reserve	37,573
Bonus to employees	13,406
Remuneration to directors and supervisors	54,000
Cash dividends - NT\$0.65 per share	<u>2,414,404</u>
	<u>\$ 2,672,510</u>

This appropriation was composed of earnings totaling \$1,548,606 for the period from May 9, 2002 to December 31, 2002 less subsidiaries' deficit accounted for by the equity method amounting to \$17,333 and capital surplus derived from the subsidiaries' unappropriated retained earnings prior to the shares swap totaling \$1,141,237. The appropriation is subject to the resolution of the stockholders' meeting. The information on the related earnings appropriation can be viewed at Taiwan Stock Exchange Corporation Market Observation Post System (M.O.P.S) Website.

Under the Company Law, legal reserve should be appropriated until the reserve equals the aggregate amount of the Company's outstanding capital stock. This reserve can only be used to offset a deficit, when the reserve reaches 50% of the aggregate amount of the Company's outstanding capital stock, up to 50% thereof may be transferred to capital.

Under a SFC's directive, a special reserve should be at an amount equal to the debit balance of accounts in the stockholders' equity section (such as unrealized loss on long-term equity investments, unrealized revaluation loss on long-term equity investments and cumulative translation adjustments, but excluding treasury stock). The balance of the special reserve is adjusted to reflect any changes in the debit balance of the related accounts on 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.

The SFC has issued a directive to prevent a company from excessive earnings distribution, which will damage the Company's capital structure as well as stockholders' interest. Thus, if a parent company's shares held by subsidiaries decline in market value, the parent should appropriate a special reserve at an amount equal to the decline in market value multiplied by equity. If the market value recovers, the reserve can be reversed to the extent provided (please see Note 11).

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.

24. TREASURY STOCK

(Shares in Thousands)

Reasons	Shares at Beginning of Period	Shares Increased During the Period	Shares Decreased During the Period	Shares at Period- end
Reissuance to employees				
SinoPac Securities	33,660	-	-	33,660
Shares held by subsidiary (Bank SinoPac)	216,543	-	-	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.

SinoPac Securities acquired 53,330,000 shares of treasury stock for \$554,992. As a result of the share swap, the aforementioned capital stocks have been exchanged for 53,857,815 shares of the Company. Pursuant to a directive issued by the SFC, the Company treated those shares as treasury stock. Among these treasury stock, 20,197,943 shares held by SinoPac Securities, had been re-issued to their employees at NT\$10.826 per share (repurchase cost of \$206,344) in 2002. Pursuant to the Securities and Exchange Law, the remaining treasury stock shall be reissued to employees before November 2004. Any shares remaining should 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 shares swap described in Note 1. Those shares have been swapped 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 Act, the aforementioned treasury stock held by Bank SinoPac (i) may be reissued 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 reissued or sold, such shares should be cancelled and decrease the Company's capital. The Board of directors of the Company has resolved to reissue part of the aforementioned 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.

25. SERVICE FEES	For the Three Months Ended March 31, 2003
Brokerage	\$ 452,386
Factoring and financing	73,592
Mutual funds and structured notes	63,790
Custody	38,315
Underwriting	28,780
Guarantees	22,081
Loan documentation fee	13,830
Other	<u>147,525</u>
	<u>\$ 840,299</u>
26. INCOME FROM SECURITIES - NET	For the Three Months Ended March 31, 2003
Short-term bills	
Capital gain - net	\$ 11,216
Interest revenue	<u>402,301</u>
	<u>413,517</u>
Bonds	
Capital gain - net	327,193
Interest revenue	15,233
Provision for decline in market value	(<u>151,640</u>)
	<u>190,786</u>
Beneficiary certificates	
Capital loss - net	14,503
Provision for decline in market value	(<u>12,809</u>)
	<u>1,694</u>
Stock	
Capital gain - net	(81,948)
Provision for decline in market value	<u>24,441</u>
	(<u>57,507</u>)
Warrants	
Capital loss - net	(30,677)
Provision for decline in market value	(10,044)
	(<u>40,721</u>)
Net	<u>\$ 507,769</u>

27. OPERATING AND ADMINISTRATIVE EXPENSES	For the Three Months Ended March 31, <u>2003</u>
Personnel expenses	
Salaries and wages	\$ 832,662
Bonus and rewards	177,494
Pension	53,064
Labor insurance and national health insurance	51,184
Other	30,721
Depreciation	166,999
Rental	158,588
Taxes other than income tax	101,153
Professional service charges	74,019
Amortization	60,711
Insurance	35,129
Repair and maintenance	28,718
Postage	26,157
Promotion	25,991
Other	<u>320,521</u>
	<u>\$ 2,143,111</u>

28. PENSION

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

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

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

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

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

	For the Three Months Ended March 31, 2003
Balance, January 1	\$ 1,319,317
Contributions	84,873
Contributions from affiliates	1,359
Benefits paid	(9,303)
Interest income	<u>9,317</u>
Balance, March 31	<u>\$ 1,405,563</u>

b. The changes in the accrued pension cost (prepaid pension fund) are summarized below:

	For the Three Months Ended March 31		
	<u>SinoPac Holdings</u>	<u>Bank SinoPac</u>	<u>SinoPac Securities</u>
Balance, January 1	\$ 3,200	\$ 76,813	(\$ 163,744)
Provision	1,745	43,044	8,275
Contributions	(416)	(42,587)	(17,614)
Balance, March 31	<u>\$ 4,529</u>	<u>\$ 77,270</u>	<u>(\$ 173,083)</u>

Pension expense amounted to \$53,064 for the three months ended March 31, 2003.

29. INCOME TAX

a. The compositions of income tax are as follows:

	For the Three Months Ended March 31, 2003
Current income tax payable	\$ 150,501
Changes in deferred income taxes	15,620
Separation taxes on short-term bills interest revenue and others	82,244

(Forward)

	For the Three Months Ended March 31, 2003
Prior year's adjustment of subsidiaries	\$ 9,990
Tax on unappropriated earnings (10%)	<u>3,577</u>
Income tax	<u>\$ 261,932</u>

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

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

	For the Three Months Ended March 31, 2003
Tax on pretax income at statutory rate	\$ 427,479
Add (deduct) tax effects of:	
Tax-exempt income	(97,559)
Permanent difference	(151,169)
Temporary difference	(40,762)
Investment tax credit	(1,911)
Other	14,423
Currently payable	<u>\$ 150,501</u>

- c. Net deferred income tax assets (liabilities) as of March 31, 2003 consist of the tax effects of the following:

	March 31, 2003
Provision for credit losses	\$ 302,324
Allowance for bad debts	133,895
Contribution to employees welfare fund	1,918
Investment income under the equity method	(384,606)
Deferred loan fees	(174,422)
Goodwill amortization	(84,147)
Pension expense due to difference in calculation for accounting and tax purposes	(41,036)
Premium from issuance of warrants	(31,042)
Unrealized gain	(14,070)
Other	<u>33,715</u>
Net deferred income tax liabilities - net (included in other liabilities)	<u>(\$ 257,471)</u>

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

	Balance of Imputed Tax Credit Account as of <u>March 31, 2003</u>	2002 Projected Ratios of Imputed Tax Credit to <u>Earnings</u>
SinoPac Holdings	\$ 155,196	6.02%
Bank SinoPac	213,896	8.31%
SinoPac Securities	105,360	7.08%
SinoPac Life Insurance Agent	117	0.15%
SinoPac Property Insurance Agent	326	17.96%

The unappropriated retained earnings as of March 31, 2003 did not consist of earnings which were generated before January 1, 1998.

The tax credit allocated to stockholders are based on the balance of Imputation Credit Account (ICA) on the dividend distribution date. Accordingly, 2002 projected tax credit ratio may change because the actual tax credit may differ from the projected tax credit.

- e. For Bank SinoPac, income tax returns of 2000 and earlier except for 1996 and 1999, had been audited by the tax authorities. As a result of those examination, in the income tax returns for 1994, 1995, 1997, 1998 and 2000, the tax authorities had denied the deductibility of 10% withholding taxes on bonds interest income totaling \$69,766 attributable to period that those bonds were held by other investors. Bank SinoPac had appealed the decision to the supreme court on the tax controversy, and the decision made on the tax return for 1994 was later rescinded and other judgment was made. The income tax returns for 1996, 1999 and 2001 also reflected reduction in income tax obligations totaling \$41,443 attributable to similar type of withholding taxes; which returns were not audited by the tax authorities. Bank SinoPac had accrued all related tax liabilities totaling \$111,209 according to the financial judgement.
- f. For SinoPac Securities, the income tax returns through 1999 have been audited by the tax authorities. In connection with such audits, the tax authorities denied certain deduction items in 1994 to 1999 returns such as the allocation of the operating expenses, interest expenses and withholding taxes on bond interest income. SinoPac Securities has appealed the decision, but had accrued additional income tax expense for possible future assessment.

30. EARNINGS PER SHARE

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

	Numerator (Amounts)		Denominator	EPS (NT\$)	
	<u>Pretax</u>	<u>After tax</u>	(Shares in Thousands)	<u>Pretax</u>	<u>After tax</u>
For the Three Months Ended <u>March 31, 2003</u>					
Basic and diluted EPS	<u>\$ 869,448</u>	<u>\$ 607,516</u>	<u>3,497,924</u>	<u>\$ 0.25</u>	<u>\$ 0.17</u>

31. RELATED-PARTY TRANSACTIONS

Significant transactions between the Company and related parties are summarized as follows:

Name	Relationship with the Company
National Electric Appliance Co., Ltd. (National Electric Appliance)	Same chairman
Hong Yue Finance Corp. (Hong Yue Finance)	Supervisor of SinoPac Holdings
Ruentex Interior Design Inc. (Ruentex Interior Design)	Related party in substance
Li-Seng Develop Company (Li-Seng Develop)	Related party in substance
SinoPac Call Center Co., Ltd. (SinoPac Call Center)	Subsidiary
AnShin Card Service Co., Ltd. (AnShin Card Service)	Investee accounted for by the equity method
SinoPac Leasing Corporation (SPL)	Subsidiary of Bank SinoPac
Grand Capital International Limited (Grand Capital)	Subsidiary of SPL
China Television Co., Ltd. (China Television)	Bank SinoPac is a director of the company
Ruentex Interior Design Inc.	Related party in substance of Bank SinoPac
Wal Tech International Corporation (Wal Tech International)	Affiliate of Bank SinoPac
SinoPac Futures Corporation (SinoPac Futures)	Subsidiary of SinoPac Securities
SinoPac Capital Management Corp (SinoPac Capital Management)	Subsidiary of SinoPac Securities
NITC Asset Management (Asia) Ltd	Investee under significant influence held by SinoPac Securities
Ruentex Industries Ltd. (Ruentex Industries)	Supervisor of Bank SinoPac
National Investment Trust Company (NITC)	Related party in substance of SinoPac Securities
Miss Ru-Mei Hsu	Director of NITC Asset Management (Asia) Ltd.
Other	Bank SinoPac's directors, supervisors and their relatives, managers, the investees accounted for by the equity method and subsidiaries of Bank SinoPac, etc.

a. Credit extended and deposits taken and placed

	March 31, 2003		For the Three
	Amount	% of Account Balance	Months Ended March 31, 2003
			Interest Rate (%)
Loans and discounts	\$ 1,608,238	0.69	1.55-12.35
Deposits	225,343	0.08	0-6.575

b. Lease

SinoPac Holdings leased certain office premises from National Electric Appliance for a period from May 2002 to December 2005. Rentals are paid annually at the beginning of each year. Rentals for the three months ended March 31, 2003 was \$595.

SinoPac Holdings leased certain apartments as employees' dormitory from Hong Yue Investment from May 2002 to May 2005 with monthly rental payment. Rental paid for the three months ended March 31, 2003 was \$881.

Bank SinoPac leased certain office premises from China Television, SPL and Ruentex Construction & Development for periods ranging from one to six years, and rentals are paid monthly or annually. Rentals for the three months ended March 31, 2003 were \$2,488, \$1,666 and \$879, respectively.

Bank SinoPac leased certain office premises from SinoPac Call Center for a three-year period with rentals paid monthly. Rentals for the three months ended March 31, 2003 was \$324.

SinoPac Securities leased office premises from National Electric Appliance and Hong Yue Investment. The rental contract between SinoPac Securities and National Electric Appliance lasts for 5 years ending May 2007. Rental for the first year of Po -Ai Building was \$7,623 and is subject to the yearly adjustment of price index for the following years. Additional three-year lease contract was expanded from March 2003. Rental for the first year was \$1,373 which is subject to a yearly adjustment based on price index. The rental contract of Wu-Tsang Building lasts for 3 years ending September 2004, with \$864 annual rental. The rental contract with Hung Yue Investment Corp. lasts for 3 years ending July 2003. Annual rental was \$10,830 and guarantee deposit of \$2,708 had been provided.

Rentals paid to aforementioned related parties by SinoPac Securities for the three months ended March 31, 2003 were \$4,788, and the prepaid rentals for the year then ended were \$4,783.

Rentals, included in nonoperating income, totaling \$1,099 and \$75 were paid to SinoPac Securities by SinoPac Futures and SinoPac Capital Management, respectively.

c. Guarantee

As of March 31, 2003, Bank SinoPac had provided guarantees on commercial papers issued by Wal Tech International with aggregate face value of \$119,000.

Guarantees and credits on Wal Tech International were collateralized by properties with total carrying amount of \$1,548,508 provided by SPL, Wal Tech International and Grand Capital International.

d. Professional service fees and advisory charges

Bank SinoPac has entered into several professional advisory contracts with its investees. The professional advisory charges paid for the three months ended March 31, 2003 amounted to \$30,508.

SinoPac Securities has offered brokerage and underwriting services to its affiliates. The commissions and fees received for the three months ended March 31, 2003 amounted to \$11,193.

SinoPac Securities has entered into consulting contracts with SinoPac Capital Management with the contract amount totaling \$7,000 for a one-year period, and advisory fees were paid quarterly.

SinoPac Securities entered into stock affairs agency contracts with National Investment Trust and generated related notes and accounts receivable totaling \$203 as of March 31, 2003 and stock affairs agency fees income totaling \$287 for the three months ended March 31, 2003.

e. Futures contracts

SinoPac Securities has entered into futures assistance contracts with SinoPac Futures and generated commissions income totaling \$18,875 for the three months ended March 31, 2003 and related notes and accounts receivable totaling \$6,406 as of March 31, 2003.

SinoPac Securities has paid SinoPac Futures \$324,282 as futures dealing deposits as of March 31, 2003 and \$1,593 as clearing and settlement charges for the three months ended March 31, 2003, of which \$516 remained unpaid as of March 31, 2003.

f. Due from affiliates

As of March 31, 2003, Bank SinoPac has made receivable from AnShin Card Services amounted to \$27,454.

g. Assets purchase contract

In June 2002, SinoPac Holdings acquired fixed assets from Ruentex Interior Design Inc. with amount of \$9,945. The purchase cost has already been fully paid before March 31, 2003.

On January 20, 2003, the board of directors has resolved to purchase a portion of office building to be built by Li-Seng Develop. The building will be located in Taipei City and used as the Company's future headquarters. The total purchase price is \$1,748,000, exclusive of the sales taxes and costs beard by the buyer. The transaction is currently under review by the authorities.

h. Short-term bonds transactions

Short-term bonds transactions with SinoPac Securities and related parties for the three months ended March 31, 2003 are as follows:

Bonds sold under agreements to repurchase

<u>Name</u>	<u>March 31, 2003</u>		<u>Interest Expense for the Three Months Ended March 31, 2003</u>
	<u>Face Amount</u>	<u>Cost</u>	
Mutual funds managed by NITC	\$ 1,562,214	\$ 1,576,235	\$ 4,287
Miss Ru-Mei Hsu	11,000	12,000	11
Hong Yue Investment Corp.	<u>5,000</u>	<u>5,000</u>	<u>27</u>
	<u>\$ 1,578,214</u>	<u>\$ 1,593,235</u>	<u>\$ 4,325</u>

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

1) SPL

	<u>March 31, 2003</u>
Bank loans - Bank SinoPac	\$ <u>496,000</u>

2) Grand Capital

	<u>March 31, 2003</u>
Bank loans - Bank SinoPac	\$ <u>562,295</u>

3) Wal Tech International

	<u>March 31, 2003</u>
Bank loans - Bank SinoPac	\$ <u>221,000</u>

As of March 31, 2003, the face amount of commercial papers guaranteed by Bank SinoPac amounted to \$119,000.

4) SinoPac Capital Limited (Overseas subsidiary of Bank SinoPac)

As of March 31, 2003, SinoPac Capital Limited had short-term borrowings amounting to \$200,183 from its subsidiary, SinoPac Capital (B.V.I.) Ltd.

5) SinoPac Asia Limited (Overseas grandson company of SinoPac Securities)

As of March 31, 2003, SinoPac Asia Limited was engaged in the transaction of bonds sold under agreements to repurchase amounting to \$106,699 and \$761,730, with its parent company, SinoPac Asset Management Corp. (B.V.I.) and its affiliate company, SinoPac Securities (Asia) Ltd., respectively.

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

In compliance with the Banking Law, except for consumer and government 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 unrelated parties.

32. PLEDGED OR MORTGAGED ASSETS

The assets pledged as guarantee on the issuance of commercial paper, acquiring bank loans and filing a petition for tax reassessment by SinoPac Securities as of March 31, 2003, are summarized as follows:

	<u>March 31,</u> <u>2003</u>
Other assets - pledged time deposits	\$ 2,862,400
Properties - carrying amount	596,337
Property held for lease - carrying amount	<u>284,945</u>
	<u>\$ 3,743,682</u>

33. CONTINGENCIES AND COMMITMENTS

Contingencies and commitments of the Company, in addition to financial instruments disclosed in Note 40, are summarized as follows:

a. Lease contract

Under different operating lease agreements, the Company leased certain office premises for periods ranging from one year 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>
April 1, to December 31, 2003	\$ 335,526
2004	369,593
2005	235,116
2006	171,550
2007	92,719

b. Land and buildings purchase contract

In January 2001, Bank SinoPac entered into contracts to purchase land and buildings located in Taipei for its own use. The total purchase price was \$199,900, of which \$198,830 had already been paid as of March 31, 2003.

c. Equipment purchase contract

Bank SinoPac entered into contracts to purchase computer hardware and software for \$134,269, of which \$63,665 had already been paid as of March 31, 2003.

d. Interior decoration contract

Bank SinoPac entered into contracts to do interior decoration of its office premises for \$94,860, of which \$72,538 has already been paid as of March 31, 2003.

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

As of March 31, 2003, short-term bills and bonds with a total face amount of \$17,624,800 were sold under agreements to repurchase at \$17,979,690 by Bank SinoPac between April and July 2003.

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

As of March 31, 2003, short-term bills with a total face amount of \$1,090,000 were purchased under agreements to resell at \$1,083,770 by Bank SinoPac between April and May 2003.

- g. The Securities and Futures Institute (SFI), on behalf of the investors of Cheng-Yi Food Co. (CYF) in respect to its Initial Public Offering (IPO), filed a civil suit with the District Court of Taipei against CYF, the major and co-underwriters (SinoPac Securities being a co-underwriter in the IPO) of CYF. The compensatory damages claimed by SFI amounted to \$71,018 plus 5% of interest. It is the opinion of SinoPac Securities' legal counsel that SinoPac Securities shall not be held liable for material damages incurred by the investors since the role of co-underwriter is limited to the distribution only and it has not advised CYF on matters related to the IPO.
- h. Mr. Chang, a customer of SinoPac Securities, initiated a lawsuit against SinoPac Securities and its two former employees, Mr. Lin and Mr. Huang, for embezzling his money. Mr. Chang claimed damages of \$32,872 plus 5% of interest. In the opinion of SinoPac Securities' legal counsel, SinoPac Securities should not have been involved in the lawsuit since the act of Mr. Lin and Mr. Huang stipulated in the lawsuit is not connected to their work as employees of SinoPac Securities. Thus, SinoPac Securities did not accrue any liability in respect to this case.
- i. Taichung Commercial Bank initiated a lawsuit against Mr. Wu, a former employee of Wan Sheng Securities (which was acquired by SinoPac Securities), for violating the securities and money laundry law by providing accounts to Kuangsan Enterprise Group (Kuangsan) for conducting certain unlawful acts. The compensatory damages claimed amounted to \$97,069 plus 5% of interest. SinoPac Securities undertakes Wan Sheng's lawsuits because of merger. In the opinion of SinoPac Securities' legal counsel, the lawsuit should be a dispute between Taichung Commercial Bank and Mr. Wu since his act is not within his duty at work in Wan Sheng Securities. Thus, SinoPac Securities should not be liable for this case.

34. SIGNIFICANT SUBSEQUENT EVENTS

Pursuant to the Financial Holding Company Law, article 39, Financial Holding Company's short-term capital could be drawn on investment of bank debentures. On April 7, 2003, the Company's board of directors resolved to invest in subordinated bank debentures issued by FENB. Chief Executive Officer is empowered to authorize the investment within the limit amount of US\$40,000,000.

35. 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 prohibit 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, the 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, prohibit the bank from declaring any cash dividend. As of December 31, 2002, Bank SinoPac's standalone and consolidated capital adequacy ratios were 12.85% and 10.76%, respectively.

The Rules Governing Securities Firms and the regulations of securities company capital adequacy ratio require the securities company to maintain a capital adequacy ratio of at least 150%. Pursuant to such rules 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%.

36. FINANCIAL RATIOS OF FUTURES SUBSIDIARY

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

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

37. 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, %)

Name	Aggregate Amount of Credit Extensions, Guarantees or Other Transactions	% of the Net Worth
Taiwan Power Company	\$ 5,043	11.26
Formosa Petrochemical Corp. and its affiliates	4,333	9.67
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
Capital Securities Corp. and its affiliates	2,321	5.18
First Global Investment Trust Co., Ltd. and its affiliates	2,252	5.03
Taishin Financial Holding Co., Ltd. and its affiliates	2,122	4.74

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.

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

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

	<u>For the Three Months Ended March 31, 2003</u>	
	<u>Average Balance</u>	<u>Average Rate (%)</u>
<u>Interest-earning assets</u>		
Cash - negotiable certificates of deposit	\$ 70,555,928	1.20
Due from banks	7,300,787	1.33
Call loans (placement)	5,017,950	1.34
Due from Central Bank	5,516,838	2.19
Securities purchased	40,583,788	2.86
Loans, discounts and bills purchased	226,678,510	4.67

(Forward)

	For the Three Months Ended March 31, 2003	
	Average Balance	Average Rate (%)
<u>Interest-bearing liabilities</u>		
Due to banks	\$ 2,391	0.54
Call loans (taken)	59,797,771	1.29
Demand deposits	41,047,576	0.87
Savings - demand deposits	52,854,908	0.89
Time deposits	129,091,739	1.69
Savings - time deposits	58,048,240	2.26
Negotiable certificates of deposit	843,880	1.76

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

39. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

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

	March 31, 2003			
	Due in One Year	Due Between One Year and Five Years	Due After Five Years	Total
<u>Assets</u>				
Cash	\$ 80,767,515	\$ -	\$ -	\$ 80,767,515
Due from banks	9,571,869	-	-	9,571,869
Due from Central Bank	7,689,921	-	-	7,689,921
Securities purchased	42,589,207	-	-	42,589,207
Receivables	13,555,375	-	-	13,555,375
Loans, discounts and bills purchased (excluding non-performing loans)	<u>71,736,169</u>	<u>31,666,981</u>	<u>128,659,312</u>	<u>232,062,462</u>
	<u>\$ 225,910,056</u>	<u>\$ 31,666,981</u>	<u>\$ 128,659,312</u>	<u>\$ 386,236,349</u>
<u>Liabilities</u>				
Call loans and due to banks	\$ 55,940,658	\$ -	\$ -	\$ 55,940,658
Payables	10,225,308	48,284	21,362	10,294,954
Deposits and remittances	267,948,477	20,904,401	-	288,852,878
Bank debentures	-	8,000,000	500,000	8,500,000
	<u>\$ 334,114,443</u>	<u>\$ 28,952,685</u>	<u>\$ 521,362</u>	<u>\$ 363,588,490</u>

40. DISCLOSURE OF FINANCIAL INSTRUMENTS

a. Derivative financial instruments

SinoPac Holdings

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

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

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

<u>Financial Instruments</u>	<u>March 31, 2003</u>		
	<u>Contract (Notional) Amount</u>	<u>Credit Risk</u>	<u>Fair Value</u>
For hedging purposes:			
Cross-currency swap contracts	<u>\$ 1,398,780</u>	<u>\$ 31,051</u>	<u>\$ 31,051</u>

The fair values were based on the proprietary models, assumptions and certain financial information from reliable sources provided by the counter-parties. 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 three months ended March 31, 2003 were as follows:

	<u>Amount</u>	<u>For the Three Months Ended March 31, 2003</u>
	For hedging purposes:	
Cross-currency swap contracts		
Realized	Interest revenue	\$ 7,359
	Interest expense	(3,341)

Bank SinoPac and subsidiaries

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

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

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

<u>Financial Instruments</u>	<u>March 31, 2003</u>		
	<u>Contract (Notional) Amount</u>	<u>Credit Risk</u>	<u>Fair Value</u>
For hedging purposes:			
Interest rate swap contracts	\$ 3,061,000	\$ 42,277	(\$ 52,532)
For the purposes of accommodating customers' needs or managing Bank SinoPac and subsidiaries' exposures:			
Forward contracts			
- Buy	34,662,445	193,994	168,691
- Sell	28,809,755	229,098	87,227
Forward rate agreements			
- Buy	12,825,471	232	(17,523)
- Sell	18,453,306	23,056	19,499
Currency swap contracts	57,845,778	294,993	(289,841)
Interest rate swap contracts	42,414,025	480,682	(45,759)
Future contracts			
Long position	6,800,130	1,661	1,661

<u>Financial Instruments</u>	March 31, 2003		
	<u>Contract (Notional) Amount</u>	<u>Credit Risk</u>	<u>Value of Options Purchased/ Written</u>
For the purpose of accommodating customers' needs or managing Bank SinoPac and subsidiaries' exposures:			
Options			
As buyer	\$ 63,418,008	\$ 336,595	\$ 1,052,792
As seller	59,301,545	-	1,040,753

The fair value of each contract is determined using the quotations from Reuters Information System. The fair value of each future contract refers to the closing price published by LIFFE as of the balance sheet date.

As of March 31, 2003, Bank SinoPac and its subsidiaries entered into asset swap contracts for hedging purposes with total notional amount of \$6,088,375. All counterparties are with good splendid worldwide rankings and credit ratings, 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 counter-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 three months ended March 31, 2003 are as follows:

	<u>Account</u>	<u>For the Three Months Ended March 31, 2003</u>
For hedging purposes:		
Cross currency swap contracts		
- Realized	Interest revenue	\$ 1,466
For the purposes of accommodating customers' needs or managing Bank SinoPac and subsidiaries' exposures:		
Forward contracts		
- Realized	Foreign exchange gain	2,620
- Unrealized	Foreign exchange loss	(38,950)
Forward rate agreements		
- Realized	Loss from derivative financial transactions	(1,913)
- Unrealized	Income from derivative financial transactions	1,285
Currency swap contracts		
- Realized	Interest revenue	93,757
	Interest expense	(83,090)
Interest rate swap contracts		
- Realized	Interest revenue	147,065
	Interest expense	(161,872)
- Unrealized	Income from derivative financial transactions	14,244

(Forward)

	Account	For the Three Months Ended March 31, 2003
Options contracts		
- Realized	Income from derivative financial transactions	\$ 94,782
	Foreign exchange gain	20,916
- Unrealized	Income from derivative financial transactions	16,821
Interest rate futures contracts		
- Realized	Income from derivative financial transactions	280
- Unrealized	Income from derivative financial transactions	1,661

Income from derivative financial transactions - net (included in other operating revenue) for the three months ended March 31, 2003 was \$127,160.

The gains and losses on derivative financial instruments form Bank SinoPac's subsidiary, FENB, for the three months ended March 31, 2003 were insignificant.

SinoPac Securities

1) Warrants

a) The objectives of issuing warrants and strategies to achieve such objectives

SinoPac Securities issues warrants for trading purposes. 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 the market risks by buying securities with prices correlate closely with the warrants issued. Their effectiveness of hedging is re-assessed periodically.

b) Credit risk

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

c) Market risk

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

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

The warrant premiums have been collected in advance when issued. SinoPac Securities also uses its own capital to build positions for hedging purposes. The liquidity risks of the underlying securities held for hedging purposes 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 July and November 2003. Except for the cash inflows and outflows arising from hedging, no additional cash is required.

e) Please refer to Note 18 for leverage ratios of the warrants.

2) Interest rate swaps

a) The objectives of entering into interest rate swap (IRS) contracts and strategies for achieving such objectives

SinoPac Securities has entered into Interest Rate Swap contracts for trading purposes in order to earn interest spread based on management's judgements on the future interest rate trends.

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

	<u>March 31, 2003</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>\$ 11,996</u>	<u>(\$ 28,213)</u>

The counter-parties to the IRS contracts are verified strictly. SinoPac Securities transactions with counter-parties based on their credit ranking and within the trading limits. Therefore, no significant credit risk is expected. The fair values are determined by the present values of future interest revenue or expenses discounted by market interest rates.

As of March 31, 2003, the net contract amount recognized as derivatives financial assets - OTC and liabilities - OTC under the IRS contracts were \$23,937 and \$52,150, respectively.

c) Market risk

SinoPac Securities has used Value-at-Risks (VAR), which is based on statistical analysis of interest rate data and foreign industrial standards, to evaluate market risks of the IRS contracts for trading purposes. As of March 31, 2003, the VAR was \$4,437.

d) Cash flows and demands

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

e) For the three months ended March 31, 2003, the valuation loss recognized under the IRS contracts was \$5,201.

3) Stock index futures and options

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

SinoPac Securities holds stock index futures and options contracts for trading purposes since May 2002. SinoPac Securities is using these contracts to provide more investment vehicles and services to its customers, and increase overall capital efficiency.

b) Notional amounts, fair values and credit risks

Item	Transaction Type	March 31, 2003			
		Unsettlement Positions		Contract Amount	Fair Value
		Buyer/ Seller	Contract Number		
TAIEX futures	Stock index futures contracts	Buyer	148	\$ 127,402	\$ 127,847
TAIEX options	Stock index options contracts - call	Buyer	2,464	13,079	14,817
TAIEX options	Stock index options contracts - put	Seller	971	(2,621)	(2,382)

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

As of March 31, 2003, the fair values of TAIEX options recognized as call options - nontrading and put options - nontrading were \$14,817 and \$2,382, respectively.

c) Market risk

Market risks are caused by the price fluctuation for stock index futures and options. SinoPac Securities has established risk control mechanism and has set up stop loss points to monitor price fluctuation of positions held. When the balance of the trading margin account is lower than the maintenance margin, SinoPac Securities will recognize a loss by either closing the position or putting in additional margin.

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

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

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

For the three months ended March 31, 2003, gain or losses from stock index futures and options for trading purposes were as follows:

	<u>Gain on Stock Index Futures</u>	<u>Gain (Loss) on Options</u>
Realized - nontrading	\$ 1,920	(\$ 8,722)
Unrealized - nontrading	<u>445</u>	<u>1,977</u>
	<u>\$ 2,365</u>	<u>(\$ 6,745)</u>

4) Asset swap transactions - convertible corporate bonds

a) The objective of convertible corporate bonds asset swap and strategies to achieve this objective:

Under the convertible corporate bonds asset swap transaction, SinoPac Securities sells convertible corporate bonds acquired from dealing and underwriting to counter-parties. The selling price received was taken as a nominal amount. During the contract period, SinoPac Securities took the pre-agreed interest rate in exchange of the coupon rate and the interests compensation of the convertible bonds with counter-parties. It also acquired the right to purchase the convertible bonds from the counter-parties anytime before the expiration date of the contract.

According to the contract, convertible corporate bonds asset swap can be separated into three transactions: Fixed income transactions, short call options transactions and combined of the both types. SinoPac Securities engaged this transactions since the first quarter of 2003, in order to diversify the financial instruments, to lower the capital pressure of underwriting convertible corporate bonds, to enforce the ability of underwriting bonds, to lower risks, and to animate the second market of convertible corporate bonds.

b) The information on the outstanding convertible corporate bonds was as follows:

	<u>March 31, 2003</u>			
	<u>Nominal Amount</u>	<u>Premiums (Received) Paid</u>	<u>Fair Value</u>	<u>Credit Risk</u>
Fixed income transactions				
- IRS	\$ 40,000	\$ -	\$ 3,743	\$ 3,743
- Long a call option on convertible corporate bonds	-	1,506	5,174	-
Short a call option on convertible corporate bonds	100	(4)	(7)	-

Fair values are computed by the module approved by OTC. The parameters in the module (including market prices of convertible corporate bonds, targeted stock price and interest rates, etc.) are public and fair market information. Accordingly, there is no risk-free arbitrage opportunity.

SinoPac Securities has established high threshold for screening the counter-parties of fixed income transactions and engages with counter-parties based on their credit ranking and within the trading limits. Therefore, no significant credit risk is expected. In addition, since the premiums have been collected in advance when transactions occurred, there is no credit risk to be expected.

c) Market risk

SinoPac Securities has used Value-at-Risks (VAR), base on statistical analysis of market data (including interest rate, market price of convertible corporate bonds, and option's theoretical value, etc.) and foreign industrial standards, in evaluating market risks of the convertible corporate bonds swap contracts. As of March 31, 2003, the VAR was \$626.

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

The underlying convertible bonds, which were acquired from dealing and underwriting transactions, were sold to counter-parties and SinoPac Securities received the selling price amount. In addition, SinoPac Securities took the pre-agreed interest rate in exchange of the coupon rate and the interests compensation of the convertible bonds with counter-parties. Further, it is SinoPac Securities who acquired the right to repurchase the convertible bonds with counter-parties. Therefore, there is no significant liquated risks and the cash demand is not significant.

e) Gain (loss) from convertible corporate bonds swap transactions.

For the three months ended March 31, 2003, gains of \$1 were generated from marking to market the interest rate swap contracts of fixed income transactions, gains of \$3,668 were generated from marking to market long call options of fixed income transactions, and losses of \$3 were generated from marking to market short call options.

b. Fair values of nonderivative financial instruments

	<u>March 31, 2003</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>
Assets		
Financial assets - with fair values approximating carrying amounts	\$ 124,631,467	\$ 124,631,467
Securities purchased	43,452,574	43,751,644
Operating securities	17,161,881	17,161,944
Loans, discounts and bills purchased	232,262,537	232,262,537
Long-term investments	8,162,733	8,162,733
Other assets - guarantee deposits	5,332,005	5,335,636

(Forward)

	March 31, 2003	
	<u>Carrying Amount</u>	<u>Fair Value</u>
<u>Liabilities</u>		
Financial liabilities - with fair values approximating carrying amounts	\$ 87,876,502	\$ 87,876,502
Bonds payable	1,000,000	1,000,000
Deposits and remittances	288,852,878	288,852,878
Bank debentures	8,500,000	8,500,000
Euro-convertible bonds	8,250,280	8,631,900
Other liabilities	136,193	136,193

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

- 1) The carrying amounts of cash and cash equivalents, due from banks, due from Central Bank, accounts and notes receivables, margin loans receivables, refinancing deposits receivables, interest and other receivables, acceptances, margin deposits - futures, securities purchased under agreements to resell, short-term borrowings, commercial paper payables, securities sold under agreement to repurchase, call loans and due to banks, accounts and notes payables, acceptances payable, deposits on short sales, short sales proceeds payables, interest and other payables and remittance approximate their fair values because of the short maturities of these instruments.
- 2) The fair values of securities purchased, operating securities and long-term investments are based on their market prices, if such market prices are available. Otherwise, fair values are estimated at their carrying amounts.
- 3) Pledged time deposits, bans, discounts and bills purchased, deposits, bank debentures and funds received for loans are interest-earning assets and interest-bearing liabilities. Thus, their carrying amounts represent fair values. Fair value of non-performing loans is based on the carrying amount, which is net of the allowance for credit losses.
- 4) The fair values of government bonds, corporate bonds and bank debentures submitted as guarantee deposits are based on their market prices while certificates of deposits are estimated at their carrying amounts. Fair values of other guarantee deposits are estimated at their carrying amounts since such deposits do not have specific due dates.
- 5) Bonds payable - since the bonds bear fixed rate, the fair value of the bonds is derived by the discounting the expected cash flows. The discount rate used is the rate of bonds that have similar characteristics as the bonds held by the Company.
- 6) 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 nonfinancial instruments are excluded from disclosure requirement. Accordingly, the aggregate fair values presented above do not necessarily represent the total values of the Company.

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

Bank SinoPac and subsidiaries have significant credit commitments principally relating to customer financing activities. Most of the credit commitments are with terms under seven years and loan interest rates for the three months ended March 31, 2003, ranging from 0.20% to 20.00%. Bank SinoPac and subsidiaries also issue financial guarantees and standby letters of credit to guarantee the performance of a customer obligated to a third party. These guarantees are usually with terms of less than one year and with maturity dates not in any particular period.

The contract amounts of financial instruments with off-balance-sheet credit risks as of March 31, 2003 are as follows:

	<u>March 31,</u> <u>2003</u>
Irrevocable loan commitments	\$ 18,535,190
Financial guarantees and standby letters of credit	11,953,895
Credit card commitments for credit cards	60,639

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

Bank SinoPac and subsidiaries make credit commitments and issues financial guarantees and standby letters of credit only after through evaluation of customers' credit standing. Based on the result of the credit evaluation, Bank SinoPac and subsidiaries may require collateral before draw down against the credit facilities. As of March 31, 2003, secured loans amounted to about 79% of the total loans. Collaterals include cash, inventories, marketable securities, and other property. When the customers default, Bank SinoPac and subsidiaries will, as required by circumstances, foreclose the collateral or execute other rights arising out of the guarantees given.

41. INFORMATION ON CONCENTRATION OF RISK

The Company has no concentrated credit risk in any industry, individual counter-party or groups of counterparties engaged in similar business activities. Industries with 5% or more of the outstanding loans as of March 31, 2003 are as follows:

	<u>March 31, 2003</u>	
	<u>Amount</u>	<u>%</u>
Natural person	\$ 139,513,268	59
Real estate	27,188,313	12
Foreign corporation	26,172,293	11
Manufacturing	15,481,725	7

The net position on foreign-currency transactions as of March 31, 2003 is insignificant.

42. CONDENSED BALANCE SHEETS AND STATEMENTS OF
INCOME OF BANK, SECURITIES AND INSURANCE SUBSIDIARIES

a. Condensed balance sheets

BANK SINOPAC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

March 31, 2003

(In Thousands of New Taiwan Dollars)

<u>Assets</u>	<u>Amount</u>	<u>Liabilities</u>	<u>Amount</u>
Cash	\$ 80,767,515	Call loans and due to banks	\$ 55,940,658
Due from banks	9,571,869	Payables	10,294,954
Due from Central Bank	7,689,921	Deposits and remittances	298,156,273
Securities purchased - net	42,489,153	Bank debentures	8,500,000
Receivables - net	13,442,511	Other liabilities	<u>2,500,617</u>
Prepayments	225,870	Total liabilities	375,392,502
Loans, discounts and bills purchased - net	232,759,823	<u>Stockholders' equity</u>	
Long-term equity investments - net	4,291,844	Capital stock	19,443,975
Properties - net	5,315,872	Capital surplus	125,208
Other assets	<u>4,389,500</u>	Retained earnings	6,086,998
		Equity adjustments	(<u>104,805</u>)
		Total stockholders' equity	<u>25,551,376</u>
Total assets	<u>\$ 400,943,878</u>	Total liabilities and stockholders' equity	<u>\$ 400,943,878</u>

SINOPAC SECURITIES CORPORATION

BALANCE SHEET

March 31, 2003

(In Thousands of New Taiwan Dollars)

<u>Assets</u>	<u>Amount</u>	<u>Liabilities</u>	<u>Amount</u>
Current assets	\$ 38,117,977	Current liabilities	\$ 23,884,383
Long-term equity investments	2,686,344	Other liabilities	<u>404,998</u>
Properties - net	2,687,802	Total liabilities	<u>24,289,381</u>
Other assets	2,141,736	<u>Stockholders' equity</u>	
Securities brokerage debit account - net	<u>14,090</u>	Capital stock	15,269,020
		Capital surplus	2,321,997
		Retained earnings	4,013,044
		Equity adjustments	(<u>245,493</u>)
		Total stockholders' equity	<u>21,358,568</u>
Total assets	<u>\$ 45,647,949</u>	Total liabilities and stockholders' equity	<u>\$ 45,647,949</u>

SINOPAC LIFE INSURANCE AGENT CO., LTD.

BALANCE SHEET
March 31, 2003
(In Thousands of New Taiwan Dollars)

<u>Assets</u>	<u>Amount</u>	<u>Liabilities</u>	<u>Amount</u>
Current assets	\$135,632	Current liabilities	<u>\$ 40,443</u>
Properties - net	3,159		
Other assets	670	Stockholders' equity	
		Capital stock	2,000
		Retained earnings	<u>97,018</u>
		Total stockholders' equity	<u>99,018</u>
Total assets	<u>\$139,461</u>	Total liabilities and stockholders' equity	<u>\$139,461</u>

SINOPAC PROPERTY INSURANCE AGENT CO., LTD.

BALANCE SHEET
March 31, 2003
(In Thousands of New Taiwan Dollars)

<u>Assets</u>	<u>Amount</u>	<u>Liabilities</u>	<u>Amount</u>
Current assets	\$ 4,808	Current liabilities	<u>\$ 1,341</u>
Other assets	<u>600</u>		
		Stockholders' equity	
		Capital stock	2,000
		Retained earnings	<u>2,067</u>
		Total stockholders' equity	<u>4,067</u>
Total assets	<u>\$ 5,408</u>	Total liabilities and stockholders' equity	<u>\$ 5,408</u>

b. Condensed statements of income

BANK SINOPAC AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME
For the Three Months Ended March 31, 2003
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<u>Amount</u>
Operating revenues	\$ 4,195,532
Operating costs and expenses	<u>3,472,353</u>
Operating income	723,179
Non-operating income and gains	37,013
Non-operating expenses and losses	(<u>27,002</u>)
Income before income tax	<u>733,190</u>
Net income	<u>\$ 560,361</u>
Pretax earnings per share	<u>\$0.38</u>
After tax earnings per share	<u>\$0.29</u>

SINOPAC SECURITIES CORPORATION

STATEMENT OF INCOME

For the Three Months Ended March 31, 2003

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<u>Amount</u>
Operating revenues	\$ 956,362
Operating costs and expenses	<u>859,234</u>
Operating income	97,128
Non-operating income and gains	93,265
Non-operating expenses and losses	<u>70,418</u>
Income before income tax	<u>119,975</u>
Net income	<u>\$ 36,624</u>
Pre-tax earnings per share	<u>\$0.08</u>
After tax earnings per share	<u>\$0.02</u>

SINOPAC LIFE INSURANCE AGENT CO., LTD.

STATEMENT OF INCOME

For the Three Months Ended March 31, 2003

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<u>Amount</u>
Operating revenues	\$ 41,680
Operating costs and expenses	<u>18,928</u>
Operating income	22,752
Nonoperating income and gains	<u>48</u>
Income before income tax	<u>22,800</u>
Net income	<u>\$ 17,109</u>
Pretax earnings per share	<u>\$ 114.00</u>
After tax earnings per share	<u>\$ 85.54</u>

SINOPAC PROPERTY INSURANCE AGENT CO., LTD.

STATEMENT OF INCOME
For the Three Months Ended March 31, 2003
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<u>Amount</u>
Operating revenues	\$ 789
Operating costs and expenses	<u>606</u>
Operating income	183
Nonoperating income and gains	<u>2</u>
Income before income tax	<u>185</u>
Net income	<u>\$ 149</u>
Pretax earnings per share	<u>\$ 0.93</u>
After tax earnings per share	<u>\$ 0.74</u>

43. JOINT MARKETING INFORMATION

In February 2003, Bank SinoPac signed an agreement with SinoPac Securities to impose the rules of their joint marketing activities and promotions as well as the allocation of expenses for the sharing of operating equipment and premises. For the three months ended March 31, 2003, Bank SinoPac paid SinoPac Securities promotion expenses and rentals totalling \$3,414, while SinoPac Securities had no related joint marketing expenses in the same period.

In February 2003, SinoPac Life Insurance Agent and SinoPac Property Insurance Agent contracted with Bank SinoPac and SinoPac Securities, respectively, to impose the rules of their joint marketing activities and promotions as well as the allocation of expenses for the sharing of operating equipment and premises. For the three months ended March 31, 2003, there was no related joint marketing expenses between the aforesaid parties.

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

a. Assets quality

(In Thousands of New Taiwan Dollars, %)

Item	March 31, 2003
Overdue loans (including nonperforming loans)	\$ 4,085,982
Nonperforming loans	2,222,130
Overdue loans ratio (Note 1)	2.12
Classified loans (Note 2)	1,723,417
Ratios of classified loans to total loans	0.90
Allowance for credit losses	1,502,611

Note 1: Overdue loans ratio = Overdue loans (including nonperforming loans)/(outstanding loan balance + Nonperforming loans). If overdue loans (including nonperforming loans)/total credits, the overdue loans ratio as of March 31, 2003 was 1.79%.

Note 2: Loans subject to observation are medium and long-term loans repayable in installments repayment on which is delinquent for more than three months but less than six months; other loans(the repayment of) principal on which is overdue by less than three months and interest thereon is overdue by more than three months but less than six months that would normally be required to be reported as an overdue loan but for having been exempted from such reporting (including loans for which an agreement has been reached to repay such loan in installments, loans for which a credit insurance fund will cover such repayment (as evidenced by) a sufficient certificate of deposit or reserve, loans for which repayment has, by agreement, been extended due to the September 21, 1999 earthquake, loans for which the collateral has been sold at auction and the proceeds of such auction are yet to be distributed, and loans extended under other approved exempt loan programs.

b. Management information

1) Concentration of credit extensions

(In Thousands of New Taiwan Dollars, %)

	March 31, 2003	
Credit extensions to interested parties	\$4,224,398	
Ratio of credit extensions to interested parties	1.86	
Ratio of credit extensions secured by pledged stock	1.03	
Industry concentration	Industry	Percentage
	Manufacturing	8.13
	Wholesaling	3.02
	Finance and insurance	2.60
	Real estate and leasing	2.65
	Government organizations	1.71
	Natural person	79.41
Other	2.48	

2) Information of investees of Bank SinoPac

March 31, 2003
(In Thousands of New Taiwan Dollars and Foreign Currencies, %)

Name of Investee	Original Investment Amount	Percentage of Ownership
SinoPac Bancorp	US\$ 112,306	100.00
Rocorp Holding S.A.	3,531	33.33
SinoPac Leasing Corporation	999,940	99.77
SinoPac Capital Limited	HK\$ 229,998	99.99
SinoPac Financial Consulting 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 losses on particular loans and overall credit portfolio, considering the balances of loans, discounts and bills purchased, accounts, interest and other receivables, and nonperforming 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 on the basis of 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 require that the minimum provision for credit losses should not be less than the aggregate of 50% of the doubtful credits and 100% of the unrecoverable credits.

Write-offs of loans falling under the MOF guidelines, upon approval by the board of directors, are offset against the recorded allowance for credit losses.

4) Matters requiring special notation

March 31, 2003

	Summary and Amount
Within the past one year, a responsible person or professional employee, in the course of business, violated the law, resulting in an indictment by a prosecutor.	A former employee sued by Bank SinoPac for violating the related regulations of the Bank 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 \$1,295.
Within the past one year, a fine was levied on Bank SinoPac for violations of the Banking Law.	None
Within the past one year, misconduct occurred that resulted in the Ministry of Finance imposing strict corrective measures.	None
Within the past one year, the loss from one incident or the total losses from employee corruption, periodic events of a material nature, or failure to abide by the "Guidelines for the Maintenance of Soundness of Financial Institutions" exceeded NT\$50 million dollars.	None
Other	None

Note: The term "within the past one year" means the one year prior to the balance sheet date.

c. Profitability

Item	For the Three Months Ended March 31, 2003
Return on total assets	0.78%
Return on net worth	10.46%
Profit margin	18.91%

Note 1: Return on total 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

Note 4: Income before income tax represents the income for the three months ended March 31, 2003.

The quarterly profitability data listed above is expressed on an annual basis.

d. Liquidity

MATURITY ANALYSIS OF ASSETS AND LIABILITIES
March 31, 2003

(In Thousands of New Taiwan Dollars)

	Total	Amounts for the Remaining Period Prior to the Maturity Date				
		0-30 Days	31-90 Days	91-180 Days	181 Days to One Year	Over One Year
Assets	\$ 322,511,000	\$ 50,470,000	\$ 37,468,000	\$ 32,006,000	\$ 25,716,000	\$ 176,851,000
Liabilities	325,312,000	85,871,000	46,129,000	45,608,000	47,644,000	100,060,000
Gap	(2,801,000)	(35,401,000)	(8,661,000)	(13,602,000)	(21,928,000)	76,791,000
Accumulated gap	(2,801,000)	(35,401,000)	(44,062,000)	(57,664,000)	(79,592,000)	(2,801,000)

Note: The above amounts include only New Taiwan Dollar amounts held in the onshore branch by Bank SinoPac (i.e. excludes foreign currency).

e. Market risk sensitivity

Item	March 31, 2003
Ratio of interest-rate sensitive assets to liabilities	83.82%
Ratio of interest-rate sensitive gap to net worth	74.12%

Note 1: Ratio of interest-rate sensitive assets to liabilities = Interest-rate sensitive assets/Interest-rate sensitive liabilities (with maturities of less than one year in New Taiwan Dollars)

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

45. ADDITIONAL DISCLOSURES

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

- 1) Financing provided: Table 1;
- 2) Endorsement/guarantee provided: Table 2;
- 3) Marketable securities held: 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: Table 4;
- 5) Names, locations, and other information of investees on which the Company exercises significant influences: Table 5;

- 6) Derivative financial transactions: Note 40. The derivative financial instruments of AnShin Card Services are summarized as follows:

AnShin Card Services

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

- a) As of March 31, 2003, the unsettled nominal amount, credit risk and fair value of interest rate swap contracts were as follows:

<u>Financial instruments</u>	<u>March 31, 2003</u>		
	<u>Nominal Amount</u>	<u>Credit Risk</u>	<u>Fair Value</u>
Interest rate swap contract	<u>\$ 2,500,000</u>	<u>\$ -</u>	<u>(\$ 75,222)</u>

The amount of credit risk is a potential loss of AnShin Card Services if the counter-party 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 is based on the quotations 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, 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 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 immaterial.

- d) For the three months ended March 31, 2003, realized interest expenses recognized as nonoperating expenses under the interest rate swap contracts amounted to \$18,151. The unrealized revaluation losses based on fair value amounted to \$75,222 were recognized as other liabilities and a deduction item to stockholders' equity.

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

SINOPAC HOLDINGS AND INVESTEES

FINANCING PROVIDED
For the Three Months Ended March 31, 2003
(In Thousands of New Taiwan Dollars)

No.	Financing Name	Counter-party	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	\$ 563	\$ 563	-	Short-term financing	\$ -	Working capital	\$ -	-	\$ -	\$ 20,000	\$ 49,500
		Intellisys Shanghai Corporation	Temporary payments	296	296	-	Short-term financing	-	Working capital	-	-	-	20,000	49,500

Note: The stockholders of Intellisys Corp. approved the limit on total financing amounts 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 INVESTEEES
 ENDORSEMENT/GUARANTEE PROVIDED
 For the Three Months Ended March 31, 2003
 (In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

No.	Endorsement/Guarantee Provider	Counter-party		Limits on Individual Endorsement/Guarantee Amounts	Maximum Balance for the Period	Ending Balance	Endorsement/Guarantee Amount Collateralized by Properties	Ratio of Accumulated Amount of Endorsement/Guarantee to Net Equity of the Latest Financial Statement	Maximum Endorsement/Guarantee Amounts Allowable
		Name	Nature of Relationship						
1	SinoPac Securities Corporation	SinoPac Securities (Asia) Ltd.	Wholly-owned grandson company	\$8,543,427 (Note 2)	\$ 608,038 (Note 1) (US\$17,500 thousand dollars)	\$ -	\$ -	-	\$8,543,427 (Note 2)
2	SinoPac Leasing Corporation	Grand Capital International Limited	Subsidiary	3,774,396 (Note 3)	2,052,555	2,052,555	-	109% (Note 5)	9,435,991 (Note 4)
		Wal Tech International Corporation	Affiliate company	3,774,396 (Note 3)	409,500	409,500	-	22% (Note 6)	9,435,991 (Note 4)

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

Note 2: The limits on individual and total endorsement or guarantee amounts are both up to 40% of the net asset value (Note 5) of SinoPac Securities Corporation.

Note 3: The limit on individual endorsement or guarantee amount is up to 200% of the net asset value (Note 6) of SinoPac Leasing Corporation. But no limit applied on any subsidy of SinoPac Leasing Corporation.

Note 4: The maximum amount of endorsement or guarantee is up to 500% of the net asset value (Note 6) of SinoPac Leasing Corporation. But no limit applied on any subsidy of SinoPac Leasing Corporation.

Note 5: The net asset value of the aforementioned corporation is based on its reviewed financial statements as of March 31, 2003.

Note 6: The net asset value of the aforementioned corporation is based on its unreviewed financial statements as of March 31, 2003.

SINOPAC HOLDINGS AND INVESTEEES

MARKETABLE SECURITIES HELD

March 31, 2003

(In Thousands of New Taiwan Dollars)

Name of Held Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	March 31, 2003				Note
				Shares/Units/ Face Amount (In Thousand)	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 2)	
SinoPac Holdings	<u>Stock (common stock)</u>							
	Bank SinoPac	Subsidiary	Long-term equity investments	1,944,398	\$22,697,898	100.00%	\$25,551,376	Note 5
	SinoPac Securities Corporation	Subsidiary	Long-term equity investments	1,526,902 (Note 8)	21,358,568	100.00%	21,358,568	Note 5
	AnShin Card Services Co., Ltd.	Investee accounted for by the equity method	Long-term equity investments	81,104	147,855	49.76%	147,855	Note 5
	SinoPac Life Insurance Agent Co., Ltd.	Subsidiary	Long-term equity investments	200	99,018	100.00%	99,018	Note 5
	SinoPac Property Insurance Agent Co., Ltd.	Subsidiary	Long-term equity investments	200	4,067	100.00%	4,067	Note 5
	SinoPac Venture Capital Co., Ltd.	Subsidiary	Long-term equity investments	50,000	494,696	100.00%	494,696	Note 4
	SinoPac Call Center Co., Ltd.	Subsidiary	Long-term equity investments	10,000	99,205	100.00%	99,205	Note 4
	SinoPac Asset Management International	Subsidiary	Long-term equity investments	10,000	104,472	100.00%	104,472	Note 4
	SinoPac Marketing Consulting Co., Ltd.	Subsidiary	Long-term equity investments	5,000	49,980	100.00%	49,980	Note 4
	<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	5,113,078	100.00%	5,113,078	Note 5
	Rocorp Holding S.A.	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	2,099,885	99.77%	1,882,826	Note 4
	SinoPac Capital Limited	Subsidiary	Long-term equity investments	229,998	917,977	99.9991%	917,977	Note 4
	SinoPac Financial Consulting Co., Ltd.	Subsidiary	Long-term equity investments	194	2,851	97.00%	2,825	Note 4
	Ruentex Industries 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%	171,625	Note 2
	Mega Financial Holding Company	Investee accounted for by the cost method	Long-term equity investments	3,998	110,732 (Note 3)	0.04%	65,516	Note 2
	Vate Technology Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	186	6,272 (Note 3)	0.25%	1,000	Note 2
	China Television Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	12,468	364,539 (Note 3)	3.42%	105,977	Note 2
Global Securities Finance Corp.	Investee accounted for by the cost method	Long-term equity investments	11,719	100,000	1.56%	133,697	Note 4	

(Forward)

Name of Held Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	March 31, 2003				Note
				Shares/Units/ Face Amount (In Thousand)	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 2)	
	Z-Com, Inc.	Investee accounted for by the cost method	Long-term equity investments	1,040	\$ 13,230	1.58%	\$ 11,256	Note 4
	Taipei Forex Inc.	Investee accounted for by the cost method	Long-term equity investments	80	800	0.40%	1,225	Note 4
	Taiwan Future Exchange Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	899	8,990	0.45%	10,650	Note 4
	Taiwan Leader Advanced Technology Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	1,103	16,554	1.07%	9,595	Note 5
	Apack Technology Inc.	Investee accounted for by the cost method	Long-term equity investments	1,694	14,476	1.31%	12,736	Note 4
	Fuh-Hwa Investment Trust Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	2,400	24,000	7.77%	33,899	Note 4
	Financial Information Services Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	4,550	45,500	1.14%	67,132	Note 4
	Taiwan Asset Management Corporation	Investee accounted for by the cost method	Long-term equity investments	5,000	50,000	0.28%	50,740	Note 5
	Taiwan Financial Asset Service Corporation	Investee accounted for by the cost method	Long-term equity investments	5,000	50,000	2.94%	50,725	Note 4
	Prudence Venture Investment Corporation	Investee accounted for by the cost method	Long-term equity investments	5,000	50,000	2.50%	49,954	Note 4
	Mondex Taiwan Inc.	Investee accounted for by the cost method	Long-term equity investments	2,000	25,000	6.47%	15,995	Note 4
SinoPac Bancorp	<u>Stock</u> Far East National Bank	Subsidiary	Long-term equity investments	175	5,169,244	100.00%	5,169,244	Note 5
Far East National Bank	<u>Stock</u> Far East Capital Corporation	Subsidiary	Long-term equity investments	350	79,199	100.00%	79,199	Note 5
	FENB Securities, Inc.	Subsidiary	Long-term equity investments	2.5	18,594	100.00%	18,594	Note 5
	FENB Loan Corp.	Subsidiary	Long-term equity investments	0.1	(14,045)	100.00%	(14,045)	Note 5
	FENB Film Corp.	Subsidiary	Long-term equity investments	0.1	(53,611)	100.00%	(53,611)	Note 5
	Federal Reserve Bank	Investee accounted for by the cost method	Long-term equity investments	65	112,293	-	112,293	Note 6
	Federal Home Loan Bank	Investee accounted for by the cost method	Long-term equity investments	76	264,152	-	264,152	Note 6
	Southern California Business Development Corporation (SCBDC)	Investee accounted for by the cost method	Long-term equity investments	40	1,390	-	1,390	Note 6
	California Economic Development Lending Initiative (CEDLI)	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	-	47,025	-	47,025	Note 6
	California Tax Credit Fund LLC	-	Long-term investments	-	28,516	-	28,516	Note 6
	Bay Area Smart Growth Fund LLC	-	Long-term investments	-	22,499	-	22,499	Note 6
Far East Capital Corporation	<u>Stock (common stock)</u> Metropolis Digital	Investee accounted for by the cost method	Long-term equity investments	1,257	4,369	8.00%	4,369	Note 6
	Hollywood International Financial Inc.	Investee accounted for by the cost method	Long-term equity investments	0.3	10	15.10%	-	Note 4
	PCRS Capital Partners, LLC	Investee accounted for by the cost method	Long-term equity investments	-	2,182	4.00%	2,182	Note 6
	TVIA, Inc.	Investee accounted for by the cost method	Long-term equity investments	33	8,687	0.20%	741	Note 7
	<u>Stock (preferred stock)</u> AgraQuest, Inc.	-	Long-term equity investments	100	8,166	0.80%	8,166	Note 6
	iPhysician Net, Inc.	-	Long-term equity investments	115	14,126	0.30%	14,126	Note 6

(Forward)

Name of Held Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	March 31, 2003				Note
				Shares/Units/ Face Amount (In Thousand)	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 2)	
SinoPac Leasing Corporation	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
	<u>Stock</u>							
	Grand Capital International Limited	Subsidiary	Long-term equity investments	29,900	1,376,182	100.00%	1,376,182	Note 4
	Bank of Overseas Chinese	Investee accounted for by the cost method	Long-term equity investments	4,829	29,914	0.29%	31,485	Note 2
	Chain Yarn Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	1,969	38,444	1.90%	24,170	Note 4
	Tekcon Electronics Corp.	Investee accounted for by the cost method	Long-term equity investments	832	20,768	1.51%	6,841	Note 4
	Global Securities Finance Corp.	Investee accounted for by the cost method	Long-term equity investments	1,423	15,664	0.19%	16,284	Note 4
	Z-Com, Inc.	Investee accounted for by the cost method	Long-term equity investments	330	6,600	0.50%	3,573	Note 4
Walton Advanced Engineering, Inc.	Investee accounted for by the cost method	Long-term equity investments	1,528	23,616	0.34%	12,968	Note 4	
Telexpress Corp.	Investee accounted for by the cost method	Long-term equity investments	525	7,835	5.00%	5,304	Note 5	
Grand Capital International Limited	<u>Venture fund</u>							
World Wide Multimedia L.P.	-	Long-term investments	0.005	59,191	16.67%	51,448	Note 4	
	<u>Stock (preferred stock)</u>							
@Network, Inc.	-	Long-term equity investments	106	10,425	0.49%	10,425	Note 6	
Best 3C. Com, Inc.	-	Long-term equity investments	600	15,638	1.85%	15,638	Note 6	
e21 Corp.	-	Long-term equity investments	200	10,425	0.79%	10,425	Note 6	
Netvista (B.V.I.) Holding Company Ltd.	-	Long-term equity investments	600	10,425	3.30%	10,425	Note 6	
	<u>Stock (common stock)</u>							
Ciphergen Biosystems, Inc.	Investee accounted for by the cost method	Long-term equity investments	45	9,928	0.17%	9,928	Note 6	
SinoPac Capital Limited	<u>Stock</u>							
SinoPac Capital (B.V.I.) Ltd.	Subsidiary	Long-term equity investments	4,450	140,637	100.00%	140,637	Note 4	
Shanghai Land Holding Ltd.	-	Short-term investments	400	1,443	0.01%	1,069	Note 2	
ASM Pacific	-	Short-term investments	250	18	0.07%	21,106	Note 2	
Phoenix TV	-	Short-term investments	5,000	17,622	0.10%	17,821	Note 2	
TPV Holdings	-	Short-term investments	1,060	11,956	0.08%	9,917	Note 2	
Sino Golf	-	Short-term investments	8,044	31,732	2.66%	34,045	Note 2	
Guangdong Kelon	-	Short-term investments	4,467	23,023	0.97%	22,090	Note 2	
BEP International Holding	-	Short-term investments	5,450	17,102	2.27%	17,482	Note 2	
Haier-CCT	-	Short-term investments	40,000	35,474	0.40%	48,115	Note 2	
Hong Kong Exchange	-	Short-term investments	1,000	39,751	0.10%	38,982	Note 2	
UTStarcom	-	Short-term investments	80	50,767	0.07%	56,184	Note 2	
	<u>Bond</u>							
Chiam International	-	Short-term investments	US\$ 2,000	69,500	-	69,500	Note 7	

(Forward)

Name of Held Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	March 31, 2003				Note
				Shares/Units/ Face Amount (In Thousand)	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 2)	
	<u>Convertible bill and bond</u>							
	Sino-Wood Partners	-	Short-term investments	US\$ 1,000	\$ 34,750	-	\$ 34,750	Note 2
	Sinbon Electronics Co., Ltd.	-	Short-term investments	US\$ 1,000	34,750	-	34,793	Note 2
	Micro Star Int'l Co., Ltd.	-	Short-term investments	US\$ 3,000	104,250	-	107,319	Note 2
	Siliconware Precision	-	Short-term investments	US\$ 1,000	34,750	-	35,125	Note 2
	Hannstar Display	-	Short-term investments	US\$ 3,000	104,250	-	102,730	Note 2
	<u>Other</u>							
	U.S. Stock Portfolio Investment	-	Short-term investments	-	69,500	-	62,769	Note 2
SinoPac Capital (B.V.I.) Ltd.	<u>Stock</u>							
	Cyberpac Holding Ltd. (B.V.I.)	Subsidiary	Long-term equity investments	4,000	42,093	100.00%	42,093	Note 4
	Allstar Venture Ltd. (B.V.I.)	Subsidiary	Long-term equity investments	0.002	(141,734)	100.00%	(141,734)	Note 4
	Shanghai International Asset Management (Hong Kong) Co., Ltd.	Subsidiary	Long-term equity investments	4,800	32,450	60.00%	23,986	Note 4
	Pinnacle Investment Management Ltd.	Subsidiary	Long-term equity investments	200	4,303	99.9995%	4,303	Note 4
Cyberpac Holding Ltd. (B.V.I.)	<u>Venture fund</u>							
	3V Source One LP	-	Long-term investments	2,000	71,006	71.43%	71,006	Note 6
	<u>Stock</u>							
	Wal Tech International Corporation	Subsidiary	Long-term equity investments	26,500	203,057	100.00%	197,658	Note 4
	RSP Information Service Company Limited	Subsidiary	Long-term equity investments	999.999	4,456	99.9999%	4,456	Note 6
	Telexpress Corp.	Investee accounted for by the equity method	Long-term equity investments	3,900	50,259	34.21%	34,302	Note 4
	Hollywood International Finance Inc.	Investee accounted for by the cost method	Long-term equity investments	0.098	3	4.90%	-	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	84,893	6.25%	84,893	Note 6
	UOB	-	Long-term investments	26	77,539	8.62%	80,054	Note 4
	MDS Life Sciences Technology Fund	-	Long-term investments	50	117,731	25.00%	108,886	Note 4
	Bio Asia Investment, LLC/BDF II	-	Long-term investments	-	36,229	2.30%	44,559	Note 4
	NAVF II	-	Long-term investments	-	46,756	2.07%	29,746	Note 4
	<u>Stock (common stock)</u>							
	Ardent Pharmaceutica, Inc.	Investee accounted for by the cost method	Long-term equity investments	143	17,762	0.58%	763	Note 4
	TVIA, Inc.	Investee accounted for by the cost method	Long-term equity investments	167	10,205	0.75%	3,714	Note 7
	DiCon Fiberoptics, Inc.	Investee accounted for by the cost method	Long-term equity investments	221	34,744	0.20%	34,744	Note 6
	<u>Stock (preferred stock)</u>							
	Sunol Molecular Corp.	-	Long-term equity investments	100	17,538	0.92%	17,538	Note 6
	Phytoceutica, Inc.	-	Long-term equity investments	200	17,925	1.10%	17,925	Note 6

(Forward)

Name of Held Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	March 31, 2003				Note	
				Shares/Units/ Face Amount (In Thousand)	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 2)		
Wal Tech International Corporation	Selective Genetics, Inc.	-	Long-term equity investments	50	\$ 10,788	0.43%	\$ 10,788	Note 6	
	Immusol, Inc.	-	Long-term equity investments	75	10,657	0.16%	10,657	Note 6	
	Virtual Silicon Technology, Inc.	-	Long-term equity investments	120	10,649	0.31%	10,649	Note 6	
	BioAgri Corp.	-	Long-term equity investments	63	10,425	1.08%	10,425	Note 6	
	Divio, Inc.	-	Long-term equity investments	125	17,442	0.64%	17,442	Note 6	
	<u>Stock (common stock)</u>								
	Intellisys Corp.	Subsidiary	Long-term equity investments	10,326	242,455	62.58%	121,666	Note 4	
	Multiwin Asset Management Co., Ltd.	Investee accounted for by the equity method	Long-term equity investments	1,800	8,864	30.00%	10,722	Note 4	
	Monmon Medza Technology Co., Ltd.	Investee accounted for by the equity method	Long-term equity investments	598	3,137	32.39%	2,987	Note 4	
	Fu Po Electronics Corporation	Investee accounted for by the cost method	Long-term equity investments	1,650	29,700	1.50%	13,768	Note 4	
	Webi & Neti Internet Services Inc.	Investee accounted for by the cost method	Long-term equity investments	63	625	2.63%	392	Note 4	
	YesMobile Ltd.	Investee accounted for by the cost method	Long-term equity investments	400	12,000	2.00%	2,451	Note 4	
	SynTest Technologies, Inc., Taiwan	Investee accounted for by the cost method	Long-term equity investments	79	10,598	0.35%	480	Note 5	
	Taiwan Leader Advanced Technology Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	1,575	15,000	1.53%	13,729	Note 5	
	Ruentex Resources Integration 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%	21,568	Note 5	
	Media Reality Technologies, Inc.	Investee accounted for by the cost method	Long-term equity investments	800	13,598	1.78%	8,775	Note 5	
	Advanced Power Electronics Corp.	Investee accounted for by the cost method	Long-term equity investments	660	14,520	1.32%	9,246	Note 4	
	Nanya PCB Corporation	Investee accounted for by the cost method	Long-term equity investments	1,519	93,080	0.32%	26,915	Note 4	
	ENE Technology Inc.	Investee accounted for by the cost method	Long-term equity investments	765	29,996	3.22%	10,079	Note 4	
	SonicEdge Industries Corporation	Investee accounted for by the cost method	Long-term equity investments	580	14,500	2.99%	5,133	Note 4	
Maximum Venture I, Inc., Taiwan	Investee accounted for by the cost method	Long-term equity investments	7,000	70,350	8.33%	60,025	Note 5		
SinoPac Financial Consulting Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	6	91	3.00%	87	Note 4		
<u>Stock (preferred stock)</u>									
Intellisys Corp.	Silicon Motion Inc.	-	Long-term equity investments	90	12,522	0.11%	12,522	Note 6	
	<u>Beneficiary certificate</u>								
	KGI Pioneer Fund	-	Short-term investments	200	2,000 (Note 3)	-	1,500	Note 7	
	Apollo Fund	-	Short-term investments	15	100 (Note 3)	-	73	Note 7	
<u>Stock</u>									
SinoPac Securities Corporation	Orion Financial Tech. Ltd.	Investee accounted for by the cost method	Long-term equity investments	81	525	2.31%	300	Note 4	
	SinoPac Futures Corporation	Subsidiary	Long-term equity investments	35,348	402,112	88.37%	402,112	Note 4	
	SinoPac Securities (Cayman) Holdings Ltd.	Subsidiary	Long-term equity investments	22,100	913,187	100.00%	913,187	Note 4	

(Forward)

Name of Held Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	March 31, 2003				Note
				Shares/Units/ Face Amount (In Thousand)	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 2)	
	SinoPac Capital Management Corporation	Subsidiary	Long-term equity investments	21,000	\$ 195,891	100.00%	\$ 195,305	Note 4
	SinoPac Asset Management Corp. (B.V.I.)	Subsidiary	Long-term equity investments	16,000	618,126	100.00%	618,126	Note 4
	Honpang Venture Capital Corp.	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	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.	Investee accounted for by the cost method	Long-term equity investments	5,500	55,000	9.82%	55,000	Note 6
	Parawin Venture Capital Corporation	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.	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	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.	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.	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.	Investee accounted for by the cost method	Long-term equity investments	2,945	29,037	0.47%	29,037	Note 6
	Global Securities Finance Co., Ltd.	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.	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.	Investee accounted for by the cost method	Long-term equity investments	1,120	11,571	0.56%	11,571	Note 6
	<u>Beneficiary certificate</u>							
	Abnamro Global Leader Fund	-	Short-term investments	2,000	20,000	-	18,680	Note 7
	UBS Treasury Global Technology Biotech Fund	-	Short-term investments	1,000	10,000	-	8,750	Note 7
	Truswell Asian American Fund	-	Short-term investments	3,000	30,000	-	30,180	Note 7
	NT And High Yield Fund	-	Short-term investments	6,343	99,000	-	99,726	Note 7
	The Wan Tai Bond Fund	-	Short-term investments	24,657	316,372	-	327,315	Note 7
	Fubon Ju-I Fund	-	Short-term investments	20,007	300,143	-	301,531	Note 7
	Sinkong Chi-Shin Fund	-	Short-term investments	11,118	150,000	-	151,051	Note 7
	Asia Pacific Bond Fund	-	Short-term investments	18,296	215,622	-	220,583	Note 7
	Sheng Hua 5599 Bond Fund	-	Short-term investments	19,509	204,924	-	206,477	Note 7
	President Home Run Bond Fund	-	Short-term investments	30,741	400,290	-	407,857	Note 7
	Ta Chong Gallop Bond Fund	-	Short-term investments	19,573	199,810	-	201,509	Note 7
	Diamond Bond Fund	-	Short-term investments	8,409	90,000	-	91,282	Note 7
	Ta Chong Enterpriser Fund	-	Short-term investments	692	10,000	-	6,189	Note 7
	GP ROC Bond Fund	-	Short-term investments	14,216	200,000	-	201,039	Note 7
	Apollo B.B. Bond Fund	-	Short-term investments	9,351	100,000	-	100,065	Note 7
	Transcend Fortune Bond Fund	-	Short-term investments	20,323	233,072	-	233,976	Note 7
	Grand Cathay Bond Fund	-	Short-term investments	13,474	165,000	-	165,300	Note 7
	Sinkong Great China Fund	-	Short-term investments	2,000	20,020	-	16,320	Note 7
	Chung Hsing Taiwan Fund	-	Short-term investments	947	9,476	-	8,008	Note 7
	Water Land Vision Fund	-	Short-term investments	3,000	30,000	-	26,100	Note 7
	Cathay Technology Fund	-	Short-term investments	3,000	30,030	-	25,440	Note 7
	Fuh-Hwa Small Capital Fund	-	Short-term investments	1,969	20,099	-	17,638	Note 7
	President Jump Fund	-	Short-term investments	2,000	20,060	-	18,200	Note 7
	Capital Asset Allocation Fund	-	Short-term investments	870	10,025	-	7,972	Note 7
	Grand Cathay Balance Fund	-	Short-term investments	3,000	30,060	-	28,890	Note 7

(Forward)

Name of Held Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	March 31, 2003				Note
				Shares/Units/ Face Amount (In Thousand)	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 2)	
	Tai-Yu High Tech Fund	-	Short-term investments	1,992	\$ 10,000	-	\$ 9,223	Note 7
	APIT II Fund	-	Short-term investments	3,584	20,030	-	16,272	Note 7
	Central Chiao Tung Hi-Tech Fund	-	Short-term investments	3,112	30,000	-	24,647	Note 7
	AIG Local Growth Trend Fund	-	Short-term investments	1,600	8,000	-	7,264	Note 7
	Taiwan Enterprise Century Fund	-	Short-term investments	1,000	10,000	-	9,830	Note 7
	Jihsun Topfive Fund	-	Short-term investments	1,473	10,020	-	8,762	Note 7
	Fuh-hwa Digital Economy Fund	-	Short-term investments	1,495	10,050	-	9,103	Note 7
	Fubon Precision Fund	-	Short-term investments	450	10,020	-	8,604	Note 7
	Prudential Essence Fund	-	Short-term investments	567	10,010	-	8,215	Note 7
	Prudential Financial High Growth Fund	-	Short-term investments	400	10,000	-	8,645	Note 7
	Transcend Prosperity Fund	-	Short-term investments	868	10,020	-	8,950	Note 7
	Capital Small-and-medium Corp. Fund	-	Short-term investments	794	10,025	-	9,087	Note 7
	ING CHB Taiwan Superior Selection Equity Fund	-	Short-term investments	1,161	10,030	-	8,978	Note 7
	Chung Hsing Small Capital Fund	-	Short-term investments	1,000	10,020	-	10,000	Note 7
	Shinkong Asia Equity Fund	-	Short-term investments	2,000	20,000	-	19,960	Note 7
	Ta Chong China Fund	-	Short-term investments	2,000	20,020	-	19,760	Note 7
	Fuhwa New Balance Fund	-	Short-term investments	2,000	20,020	-	20,000	Note 7
	Prudential Financial Bond Fund	-	Short-term investments	29,948	411,299	-	414,371	Note 7
	Aig Taiwan Giant Fund	-	Short-term investments	2,092	10,000	-	9,540	Note 7
	Dresdner Technology Dam Fund	-	Short-term investments	1,623	10,000	-	10,065	Note 7
	KGI Technology Fund	-	Short-term investments	1,113	10,030	-	9,432	Note 7
	Cathay Bond Fund	-	Short-term investments	9,128	100,000	-	100,000	Note 7
	<u>Short-term bills</u>							
	Fuhua Securities Co., Ltd.	-	Short-term investments	20,000	19,986	-	19,986	Note 7
SinoPac Futures Corporation	Taiwan Future Exchange Co., Ltd.	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.	Subsidiary	Long-term equity investments	1,000	43,646	100.00%	43,646	Note 4
	SinoPac Securities (Asia) Ltd.	Subsidiary	Long-term equity investments	10	537,966	100.00%	537,966	Note 4
	SinoPac Futures (Asia) Ltd.	Subsidiary	Long-term equity investments	10,000	81,558	100.00%	81,558	Note 4
	SinoPac Capital (Asia) Ltd.	Subsidiary	Long-term equity investments	30,000	137,888	100.00%	137,888	Note 4
	NSC Asia Ltd.	Subsidiary	Long-term equity investments	1	1,911	100.00%	1,911	Note 4
	SinoPac Securities (U.S.A.) Ltd.	Subsidiary	Long-term equity investments	2	42,117	100.00%	42,117	Note 4
	NITC Asset Management (Asia) Ltd.	Investee accounted for by the equity method	Long-term equity investments	2,992	15,603	29.92%	15,603	Note 4
SinoPac Securities (Asia) Ltd.	<u>Stock</u>							
	SinoPac Securities (Asia) Nominees Ltd.	Subsidiary	Long-term equity investments	0.002	0.009	100.00%	0.009	Note 4
	SinoPac (Asia) Nominees Ltd.	Subsidiary	Long-term equity investments	0.002	0.009	100.00%	0.009	Note 4

(Forward)

Name of Held Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	March 31, 2003				Note
				Shares/Units/ Face Amount (In Thousands)	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 2)	
SinoPac Capital Management Corporation	<u>Beneficiary certificate</u> NITC Bond Fund	-	Short-term investments	343	\$ 52,820	-	\$ 53,391	Note 7
SinoPac Asset Management Corp. (B.V.I.)	<u>Stock</u> SinoPac Securities (H.K.) Limited	Subsidiary	Long-term equity investments	25,000	109,115	100.00%	109,115	Note 4
	SinoPac Asia Limited	Subsidiary	Long-term equity investments	6,000	284,533	100.00%	284,533	Note 4
SinoPac Life Insurance Agent Co., Ltd.	<u>Beneficiary certificate</u> Fuh-hwa Yu-Li Fund	-	Short-term investments	1,328	15,015	-	15,393	Note 7
	Fuh-hwa Bond Fund	-	Short-term investments	164	2,000	-	2,047	Note 7
	Prudential Aggressive Growth 2 Bond Fund	-	Short-term investments	3,432	50,000	-	50,492	Note 7
SinoPac Property Insurance Agent Co., Ltd.	<u>Beneficiary certificate</u> Prudential Aggressive Growth 2 Bond Fund	-	Short-term investments	104	1,500	-	1,534	Note 7
	ABN AMRO Bond Fund Cap	-	Short-term investments	71	1,000	-	1,016	Note 7
SinoPac Venture Capital Co., Ltd.	<u>Beneficiary certificate</u> NITC Bond Fund	-	Short-term investments	2,506	388,826	-	391,299	Note 7
	<u>Stock</u> Global Sun Technology Inc.	Investee accounted for by the cost method	Long-term equity investments	388	29,565	0.65%	29,565	Note 6
	Pandisk Technology Company Ltd.	Investee accounted for by the cost method	Long-term equity investments	616	10,780	2.95%	10,780	Note 6
	Skahex Technology Inc.	Investee accounted for by the cost method	Long-term equity investments	231	9,004	0.28%	9,004	Note 6
	Chinesegamer International Corp.	Investee accounted for by the cost method	Long-term equity investments	200	34,000	0.07%	34,000	Note 6
	ENE Technology Inc.	Investee accounted for by the cost method	Long-term equity investments	33	1,320	0.14%	1,320	Note 6
	Wistron Corp.	Investee accounted for by the cost method	Long-term equity investments	800	20,234	0.10%	20,234	Note 6
SinPac Asset Management International	<u>Beneficiary certificate</u> NITC Bond Fund	-	Short-term investments	337	52,269	-	52,474	Note 7
	<u>Stock</u> China Steel Corporation	-	Short-term investments	1,000	22,673 (Note 3)	0.0001%	20,320	Note 2
	Taiwan Cellular Corp.	-	Short-term investments	500	13,269 (Note 3)	0.011%	12,230	Note 2
	National Venture Capital Corp.	Investee accounted for by the cost method	Long-term equity investments	2,000	14,800	3.69%	19,098	Note 4

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

Note 2: Market prices of listed and over-the-counter stocks are determined by average daily closing prices in March 2003.

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 amounts.

Note 7: Market prices are determined at the closing prices on March 31, 2003.

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

TABLE 4

SINOPAC HOLDINGS AND INVESTEEES

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

For the Three Months Ended March 31, 2003

(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counter-party	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Units/ Face Value (In Thousand)	Amount	Shares/ Units/ Face Amount (In Thousand)	Amount	Shares/ Units/ Face Amount (In Thousand)	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares/ Units/ Face Amount (In Thousand)	Amount
SinoPac Holdings	<u>Stock</u> SinoPac Venture Capital Co., Ltd.	Long-term equity investments	-	-	-	\$ -	50,000	\$ 494,696 (Note 1)	-	\$ -	\$ -	\$ -	50,000	\$ 494,696
	SinoPac Asset Management International	Long-term equity investments	-	-	-	-	10,000	104,472 (Note 2)	-	-	-	-	10,000	104,472
SinoPac Securities Corporation	<u>Beneficiary certificate</u> Grand Cathay Bond Fund	Short-term investments	-	-	-	-	13,474	165,000	-	-	-	-	13,474	165,000
	The Wan Tai Bond Fund	Short-term investments	-	-	42,350	543,393	-	-	17,693	234,053	227,021	7,032	24,657	316,372
	Asia Pacific Bond Fund	Short-term investments	-	-	42,486	500,705	-	-	24,190	290,409	285,083	5,326	18,296	215,622
	Apollo B. B. Bond Fund	Short-term investments	-	-	9,394	100,000	18,726	200,000	18,769	200,252	200,000	252	9,351	100,000
	Cathay Bond Fund	Short-term investments	-	-	43,839	476,081	9,128	100,000	43,839	478,797	476,081	2,716	9,128	100,000
	President James Bond Fund	Short-term investments	-	-	13,111	190,281	-	-	13,111	190,771	190,281	490	-	-
	ABN AMRO Select Bond Fund	Short-term investments	-	-	28,064	300,000	-	-	28,064	300,514	300,000	514	-	-
	Fubon Ju-I Fund	Short-term investments	-	-	20,042	300,066	6,305	95,000	6,340	95,091	94,923	168	20,007	300,143
	Fubon Ju-I II Fund	Short-term investments	-	-	-	-	7,278	100,000	7,278	100,137	100,000	137	-	-
	Transcend Fortune Bond Fund	Short-term investments	-	-	-	-	25,723	295,000	5,400	62,074	61,928	146	20,323	233,072
SinoPac Venture Capital Co., Ltd.	<u>Beneficiary certificate</u> NITC Bond Fund	Short-term investments	National Investment Trust Company Limited	Related party in substance	-	-	3,220	499,500	714	110,900	110,674	226	2,506	388,826
SinoPac Asset Management International	<u>Beneficiary certificate</u> NITC Bond Fund	Short-term investments	National Investment Trust Company Limited	Related party in substance	-	-	696	108,000	359	55,800	55,731	69	337	52,269
SinoPac Capital Limited	<u>Convertible bill and bond</u> Hannstar Display	Short-term investments	-	-	-	-	US\$ 3,000	104,250 (Note 3)	-	-	-	-	US\$ 3,000	104,250

Note 1: Consist of original investment amount of \$500,000 and investment loss recognized under the equity method of \$5,304.

Note 2: Consist of original investment amount of \$100,000 and investment income recognized under the equity method of \$4,472.

Note 3: Foreign-currency amounts are translated to New Taiwan dollars at the exchange rate as of the balance sheet date.

TABLE 5

SINOPAC HOLDINGS AND INVESTEEES

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

For the Three Months Ended March 31, 2003

(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of March 31, 2003			Net Income (Loss) of the Investee (Note 1)	Investment Gains (Loss) (Note 1)	Note
				March 31, 2003 (Note 1)	December 31, 2002 (Note 1)	Shares (Thousand)	Percentage of Ownership (%)	Carrying Amount (Note 1)			
SinoPac Holdings	Bank SinoPac	Taipei	Commercial bank	\$ 23,976,716	\$ 23,976,716	1,944,398	100.00	\$ 22,697,898	\$ 560,351	\$ 667,489	Subsidiary
	SinoPac Securities Corporation	Taipei	Brokerage, dealing and underwriting of securities	21,440,500	21,440,500 (Note 3 and 4)	1,526,902	100.00	21,358,568	36,624	36,382	Subsidiary
	AnShin Card Services Co., Ltd.	Taipei	Credit card business	181,238	181,238	81,104	49.76	147,855	(8,609)	(6,639)	Investee under significant influence held by SinoPac Holdings
	SinoPac Life Insurance Agent Co., Ltd.	Taipei	Life insurance agent	81,909	-	200	100.00	99,018	17,109	17,109	Subsidiary
	SinoPac Property Insurance Agent Co., Ltd.	Taipei	Property insurance agent	3,919	-	200	100.00	4,067	149	149	Subsidiary
	SinoPac Venture Capital Co., Ltd.	Taipei	Venture capital investment	500,000	-	50,000	100.00	494,696	(5,304)	(5,304)	Subsidiary
	SinoPac Call Center Co., Ltd.	Kaohsiung	Data processing, manpower and agency services	100,000	100,000	10,000	100.00	99,205	2,071	2,071	Subsidiary
	SinoPac Asset Management International	Taipei	Business management advisory, investment and venture capital investment advisory	100,000	-	10,000	100.00	104,472	4,472	4,472	Subsidiary
SinoPac Marketing Consulting Co., Ltd.	Taipei	Agent service, investment advisory and overdue accounts receivable management	50,000	-	5,000	100.00	49,980	(20)	(20)	Subsidiary	
Bank SinoPac	SinoPac Bancorp	California	Stock holding	US\$ 112,306	US\$ 112,306	20	100.00	5,113,078	101,243	80,367	Grandson corp.
	Rocorp Holding S.A.	Luxembourg	Stock holding	3,531	3,531	0.11	33.33	3,531	-	-	Investee under significant influence held by SinoPac Holdings' subsidiary
	SinoPac Leasing Corporation	Taipei	Leasing aircraft and machinery equipment	999,940	999,940	149,652	99.77	2,099,885	51,613	51,494	Grandson corp.
	SinoPac Capital Limited	Hong Kong	Lending and financing	HK\$ 229,998	HK\$ 229,998	229,998	99.9991	917,977	33,309	19,476	Grandson corp.
SinoPac Financial Consulting Co., Ltd.	Taipei	Investment advisory and business management advisory	1,940	1,940	194	97.00	2,851	(446)	(433)	Grandson corp.	
SinoPac Bancorp	Far East National Bank	California	Commercial bank	US\$ 107,306	US\$ 107,306	175	100.00	5,169,244	107,381		Great-grandson corp.
Far East National Bank	Far East Capital Corporation	California	Investment bank	US\$ 3,500	US\$ 3,500	350	100.00	79,199	(2,829)		Great-great-grandson corp.
	FENB Securities, Inc.	California	Securities brokerage	US\$ 25	US\$ 25	2.5	100.00	18,594	4,865		Great-great-grandson corp.
	FENB Loan Corp.	California	Asset management	US\$ 1	US\$ 1	0.1	100.00	(14,045)	-		Great-great-grandson corp.
	FENB Film Corp.	California	Motion picture asset management	US\$ 1	US\$ 1	0.1	100.00	(53,611)	-		Great-great-grandson corp.
SinoPac Leasing Corporation	Grand Capital International Limited	British Virgin Islands	Oversea trading, leasing, lending and financing	US\$ 29,900	US\$ 29,900	29,900	100.00	1,376,182	31,255		Great-grandson corp.
SinoPac Capital Limited	SinoPac Capital (B.V.I.) Ltd.	British Virgin Islands	Financial advisory	US\$ 4,450	US\$ 4,450	4,450	100.00	148,302	15,230		Great-grandson corp.

(Forward)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of March 31, 2003			Net Income (Loss) of the Investee (Note 1)	Investment Gains (Loss) (Note 1)	Note
				March 31, 2003 (Note 1)	December 31, 2002 (Note 1)	Shares (Thousand)	Percentage of Ownership (%)	Carrying Amount (Note 1)			
SinoPac Capital (B.V.I.) Ltd.	Cyberpac Holding Ltd. (B.V.I.)	British Virgin Islands	Investment and advisory	US\$ 4,000	US\$ 4,000	4,000	100.00	\$ 50,038	(\$ 11,149)		Great-great-grandson corp.
	Allstar Venture Ltd. (B.V.I.)	British Virgin Islands	Investment	US\$ 0.002	US\$ 0.002	0.002	100.00	(141,734)	(6,167)		Great-great-grandson corp.
	Shanghai International Asset Management (Hong Kong) Co., Ltd.	Hong Kong	Asset management	HK\$ 10,000	HK\$ 10,000	4,800	60.00	32,450	630		Great-great-grandson corp.
	Pinnacle Investment Management Ltd.	Hong Kong	Asset management	US\$ 200	US\$ 200	200	99.9995	4,303	(163)		Great-great-grandson corp.
Cyberpac Holding Ltd. (B.V.I.)	Wal Tech International Corporation	Taipei	Leasing, international trading, and sale of machinery equipment	272,182	272,160	26,500	100.00	203,057	(5,103)		Great-great- great- grandson corp.
	Telexpress Corp.	Cayman Islands	Investment	US\$ 1,560	US\$ 1,560	3,900	34.21	50,259	(3,206)		Investee under significant influence held by SinoPac Holdings' great-great-grandson corp.
	RSP Information Service Company Limited	Hong Kong	General trading and providing internet - based service	HK\$ 999,999	-	999,999	99.9999	4,456	-		Great-great- great- grandson corp.
Wal Tech International Corporation	Intellisys Corp.	Taipei	Computer and peripheral system integration engineering, software development and design	258,836	258,836	10,326	62.58	244,455	4,456		Great-great-great- grandson corp.
	Mutiwin Asset Management Co., Ltd.	Taipei	Asset management	18,000	18,000	1,800	30.00	8,864	1,435		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	2,987	(1,378)		Investee under significant influence held by SinoPac Holdings' great-great-great-grandson corp.
SinoPac Securities Corporation	SinoPac Futures Corporation	Taipei	Brokerage of futures contracts	353,480	353,480	35,348	88.37	402,112	4,870	\$ 4,411	Grandson corp.
	SinoPac Securities (Cayman) Holdings Ltd.	Cayman Islands, British West Indies	Stock holding	733,226	733,226	22,100	100.00	913,187	25,126	25,126	Grandson corp.
	SinoPac Capital Management Corporation	Taipei	Investment consulting	146,028	146,028	21,000	100.00	195,891	(3,002)	(3,047)	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	618,126	6,102	6,102	Grandson corp.
	SinoPac Futures Co., Ltd.	Taipei	Brokerage of futures contracts	-	199,940	-	-	-	2,320	2,319	Grandson corp.
SinoPac Securities (Cayman) Holdings Ltd.	SinoPac Securities (Europe) Ltd.	London, UK	European agent business	US\$ 1,514	US\$ 1,514	1,000	100.00	43,646	(486)		Great-grandson corp.
	SinoPac Securities (Asia) Ltd.	Hong Kong	Hong Kong stock brokerage	US\$ 12,941	US\$ 12,941	10	100.00	537,966	26,370		Great-grandson corp.
	SinoPac Futures (Asia) Ltd.	Hong Kong	Futures brokerage business	US\$ 1,205	US\$ 1,205	10,000	100.00	81,558	-		Great-grandson corp.
	SinoPac Capital (Asia) Ltd.	Hong Kong	IPO underwriting business	US\$ 3,862	US\$ 3,862	30,000	100.00	137,888	1,631		Great-grandson corp.
	NSC Asia Ltd.	British Virgin Islands	Derivatives instruments business	US\$ 744	US\$ 744	1	100.00	1,911	1,041		Great-grandson corp.
	NITC Asset Management (Asia) Ltd.	Hong Kong	Asset management and investment consulting	US\$ 158	US\$ 158	2,992	29.92	15,603	625		Investee under significant influence held by SinoPac Holdings' grandson corp.
	SinoPac Securities (U.S.A.) Ltd.	California	Collecting and analyzing financial market information	US\$ 1,848	US\$ 1,848	2	100.00	42,117	(3,400)		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	US\$ 3,205	US\$ 3,205	25,000	100.00	109,115	(520)		Great-grandson corp.
	SinoPac Asia Limited	British Virgin Islands	Securities brokerage, investment advisory and consulting business	US\$ 6,000	US\$ 6,000	6,000	100.00	284,533	1,631		Great-grandson corp.

(Forward)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of March 31, 2003			Net Income (Loss) of the Investee (Note 1)	Investment Gains (Loss) (Note 1)	Note
				March 31, 2003 (Note 1)	December 31, 2002 (Note 1)	Shares (Thousand)	Percentage of Ownership (%)	Carrying Amount (Note 1)			
SinoPac Securities (Asia) Ltd.	SinoPac Securities (Asia) Nominees Ltd.	Hong Kong	Hong Kong stock trust business	HK\$ 0.002	HK\$ 0.002	0.002	100.00	0.009	\$ -		Great-great-grandson corp.
	SinoPac (Asia) Nominees Ltd.	Hong Kong	Nominee trust account for oversea stock holdings	HK\$ 0.002	HK\$ 0.002	0.002	100.00	0.009	-		Great-great-grandson corp.

Note 1: The original investment amounts are expressed in respective foreign currencies denominated.

Note 2: Foreign-currency amounts are translated at the exchange rate as of the balance sheet date, except for foreign-currency-denominated income and expenses, which are translated to New Taiwan dollars at the average exchange rate in March 2003.

Note 3: Mainly consist of the beginning investment amount transferred from each subsidiary's - Bank SinoPac, SinoPac Securities Corporation and SinoPac Securities Co., Ltd. (merged with SinoPac Securities Corporation as of July 22, 2002) 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: 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.