

SinoPac Holdings

**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 by Financial Holding Companies 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 the Stockholders
SinoPac Holdings

We have reviewed the accompanying balance sheet of SinoPac Holdings as of March 31, 2003, and the related statements of income and cash flows for the three months then ended (established on May 9, 2002). These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these 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 financial statements taken as a whole. Accordingly, we do not express such an audit opinion.

As stated in Note 5 to the 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 25 to the 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 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 and accounting principles generally accepted in the Republic of China.

According to the Criteria Governing the Preparation of Financial Reports by Financial Holding Companies, we have also reviewed the consolidated financial statements of SinoPac Holdings as of March 31, 2003, and for the three months then ended, on which we have issued a qualified review report due to the unreviewed financial statements of the subsidiaries' investees accounted for by the equity method.

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

Notice to Readers

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

English Translation of Financial Statements Originally Issued in Chinese

SINOPAC HOLDINGS

BALANCE SHEET

March 31, 2003

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

<u>A S S E T S</u>	<u>Amount</u>	<u>%</u>	<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>	<u>Amount</u>	<u>%</u>
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and cash equivalents (Notes 3 and 15)	\$ 8,041,616	15	Payables	\$ 7,355	-
Bills purchased under agreements to resell (Notes 2, 4 and 15)	129,238	-			
Receivables (Note 15)	20,963	-	LONG-TERM LIABILITIES		
Prepayments and other	<u>5,328</u>	<u>-</u>	Euro-convertible bonds (Notes 2 and 8)	8,250,280	15
Total Current Assets	<u>8,197,145</u>	<u>15</u>	Accrued pension cost (Notes 2 and 11)	<u>4,529</u>	<u>-</u>
			Total Long-Term Liabilities	<u>8,254,809</u>	<u>15</u>
LONG-TERM EQUITY INVESTMENTS (Notes 2, 5 and 15)			Total Liabilities	<u>8,262,164</u>	<u>15</u>
Long-term equity investments under the equity method	45,055,759	84			
Long-term equity investments in preferred stock	<u>288,336</u>	<u>1</u>	STOCKHOLDERS' EQUITY (Note 9)		
Total Long-Term Equity Investments	<u>45,344,095</u>	<u>85</u>	Capital stock - \$10 par value, authorized 10,000,000,000 shares and issued 3,748,126,974 shares	37,481,270	70
PROPERTIES (Notes 2, 6 and 15)			Capital surplus (Notes 2 and 9)	9,067,958	17
Cost			Retained earnings (Note 9)	2,138,789	4
Computer equipment	3,528	-	Equity adjustments		
Transportation equipment	4,180	-	Unrealized loss on long-term equity investments (Notes 2 and 5)	(326,092)	(1)
Office and other equipment	6,505	-	Unrealized revaluation loss on long-term equity investments (Notes 2 and 5)	(37,428)	-
Leasehold improvement	<u>17,281</u>	<u>-</u>	Cumulative translation adjustment (Notes 2 and 5)	324,442	1
Total cost	31,494	-	Treasury stock - at cost: 250,202,766 shares (Notes 2 and 10)	<u>(3,245,570)</u>	<u>(6)</u>
Accumulated depreciation	<u>3,544</u>	<u>-</u>	Total Stockholders' Equity	<u>45,403,369</u>	<u>85</u>
Net Properties	<u>27,950</u>	<u>-</u>			
OTHER ASSETS (Note 2)	<u>96,343</u>	<u>-</u>			
TOTAL ASSETS	<u>\$53,665,533</u>	<u>100</u>	TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$53,665,533</u>	<u>100</u>

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

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

English Translation of Financial Statements Originally Issued in Chinese

SINOPAC HOLDINGS

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 and 15)	\$ 37,127	5
Income from long-term equity investments under the equity method - net (Notes 2, 5 and 15)	715,709	95
Dividend income (Notes 2 and 5)	<u>2,844</u>	<u>-</u>
Total Operating Revenues	<u>755,680</u>	<u>100</u>
OPERATING COSTS AND EXPENSES		
Interest (Notes 2 and 15)	94,010	13
Operating and administrative expenses (Notes 2, 11, 12 and 15)	<u>53,399</u>	<u>7</u>
Total Operating Costs and Expenses	<u>147,409</u>	<u>20</u>
OPERATING INCOME	608,271	80
NONOPERATING EXPENSES AND LOSSES - NET	<u>740</u>	<u>-</u>
INCOME BEFORE INCOME TAX	607,531	80
INCOME TAX (Notes 2 and 13)	<u>15</u>	<u>-</u>
NET INCOME	<u>\$ 607,516</u>	<u>80</u>
	<u>Pretax</u>	<u>After Tax</u>
EARNINGS PER SHARE (Note 14)		
Basic and diluted earnings per share	<u>\$ 0.17</u>	<u>\$ 0.17</u>
Pro forma information under the assumption that shares of SinoPac Holdings held by its subsidiaries were not treated as treasury stock:		
	<u>Pretax</u>	<u>After Tax</u>
Basic and diluted earnings per share	<u>\$ 0.16</u>	<u>\$ 0.16</u>

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

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

SINOPAC HOLDINGS

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	
Net income	\$ 607,516
Adjustments to reconcile net income to net cash used in operating activities	
Depreciation and amortization	1,793
Income from long-term equity investments under the equity method - net	(715,709)
Accrued interest premium of Euro-convertible bonds	89,981
Decrease in receivables	191
Increase in prepayments and other current assets	(470)
Decrease in payables	(11,186)
Increase in other liabilities	<u>1,329</u>
Net Cash Used in Operating Activities	<u>(26,555)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Decrease in bills purchased under agreements to resell	340,762
Increase in long-term equity investments	(735,828)
Acquisition of properties	(2,431)
Decrease in other assets	<u>11,547</u>
Net Cash Used in Investing Activities	<u>(385,950)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Decrease in short-term borrowings	(250,000)
DECREASE IN CASH AND CASH EQUIVALENTS	(662,505)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>8,704,121</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 8,041,616</u>
SUPPLEMENTAL INFORMATION	
Interest paid	<u>\$ 532</u>
Income tax paid	<u>\$ 1,929</u>

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

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

SINOPAC HOLDINGS

NOTES TO 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 swap for the shares of Bank SinoPac, National Securities Corporation (NSC), and SinoPac Securities Co., Ltd. (SPS), 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’s 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company’s significant accounting policies, which conform to the Criteria Governing the Preparation of Financial Reports by Financial Holding Companies (the “Criteria”) and accounting principles generally accepted in the Republic of China (ROC) are summarized below.

Disclosure of pro forma financial statements

Under the Criteria, the pro forma financial statements for the three months ended March 31, 2003 and 2002 are shown in Tables 6 and 7. The Criteria require companies formed through business combinations or swap of shares to prepare comparative pro forma financial statements as supplemental information. These statements should pertain to the period in which the combination or share swap was completed and the immediately succeeding year.

Distinctions between current and noncurrent assets/liabilities

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.

Securities purchased or sold under agreements to resell or to repurchase

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

Long-term equity investments

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

Investments accounted for by the equity method are stated at cost, plus (or minus) a proportionate share in net earnings (losses) or changes in the investees' net worth. Shares in net earnings (losses) are recognized as investment income (loss), and cash dividends received are accounted as reduction in the carrying value of the investments. Stock dividends result only in an increase in number of shares and are not recognized as investment income.

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 services lives estimated as follows: computer equipment, 3 to 5 years; transportation equipment, 5 years; office and other equipment, 3 to 5 years; leasehold improvement, 3 years. For assets still in use beyond their original services lives, further 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.

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.

Pension

Pension expense is determined based on actuarial calculations.

Treasury stock

Capital share acquired as treasury stock is carried at cost and presented as a separate deduction from stockholders' equity. When the treasury stock is re-issued to the employees, the difference between the 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 Securities and Futures Committee (SFC), treasury stock originally owned by a financial institution that later becomes a subsidiary of a financial holding company through a shares 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 share, these shares should be treated as investments in subsidiary's books, but as treasury stock in the parent company's books starting December 31, 2002.

Derivative financial instruments – cross-currency swap contracts

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

Revenue recognition

Interest revenue from deposits in banks is recognized on accrual basis. Dividend income from investing in cumulative and nonparticipating preferred stocks is accrued according to the related offering terms.

Income taxes

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

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

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 rate (at exchange rate of NT\$34.75=US\$1), 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.

3. CASH AND CASH EQUIVALENTS	March 31, <u>2003</u>
Time deposits - due in August 2003, interest rates at 0.9%-2.0%	\$ 8,028,107
Demand deposits	11,182
Checking deposits	<u>2,327</u>
	<u>\$ 8,041,616</u>

4. BILLS PURCHASED UNDER AGREEMENTS TO RESELL

Bills purchased under agreements to resell as of March 31, 2003 will be sold by April 2003 at \$129,314 with investment amount totaling \$129,238.

5. LONG-TERM EQUITY INVESTMENTS	<u>March 31, 2003</u>	
	<u>Amount</u>	<u>%</u>
<u>Equity method</u>		
Unlisted companies		
Bank SinoPac	\$ 22,697,898	100.00
SinoPac Securities	21,358,568	100.00
SinoPac Venture Capital	494,696	100.00
AnShin Card Services	147,855	49.76
SinoPac Asset Management International	104,472	100.00
SinoPac Call Center	99,205	100.00

(Forward)

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. Adjustments may have to be made to these investments and investment income if such financial statements had been reviewed.

The carrying amounts of SinoPac Securities' investments accounted for by the equity method as of March 31, 2003 totalling \$2,129,316, and the related investment income \$34,911 for the three months then ended, were based on the investees' unreviewed financial statements. Adjustments may have to be made to these investments and investment income if such financial statements had been reviewed, are not material.

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 by Bank SinoPac. Since the Company had treated these shares as treasury stock (please see Note 10), the investment income should be adjusted to increase by \$100,054.

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

The operating revenue and total assets of SinoPac Venture Capital, SinoPac Call Center, SinoPac Asset Management International, SinoPac Marketing Consulting, SinoPac Leasing Corporation, SinoPac Capital Limited, SinoPac Financial Consulting Co., Ltd., SinoPac Futures Corp., SinoPac Securities (Cayman) Holding Ltd., SinoPac Securities Capital Management Corporation and SinoPac Asset Management Corp. (B.V.I.) were individually less than 10%, and were in aggregate less than 30%, of those of respective parent company. This situation shows the investees did not reach the Company's percentage threshold for consolidation. Thus, their accounts were not included in the 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.

6. PROPERTIES	March 31, 2003
	<u> </u>
Cost	\$ 31,494
Accumulated depreciation	
Transportation equipment	348
Office and other equipment	701
Computer equipment	403
Leasehold improvement	<u>2,092</u>
	<u>3,544</u>
Net	<u>\$ 27,950</u>

7. SHORT-TERM BORROWINGS

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

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

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

e. Conversion price

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

9. STOCKHOLDERS' EQUITY

a. Capital stock

On June 26, 2002 the 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 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 shares 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 shares 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's in stock, the beneficiaries can also include the employees of subsidiaries. The rules of distribution need to be resolved by the board of directors.

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

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

The appropriation, 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 5).

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

10. TREASURY STOCK

(Shares in Thousands)

Reasons	Shares at Beginning of Period	Shares Increase During the Period	Shares Decrease During the Period	Shares at Period-end
Reissuance to employees				
SinoPac Securities	33,660	\$ -	-	33,660
Shares held by subsidiary	216,543	-	-	216,543

Under the Securities and Exchange Law, the Company should not acquire treasury stock in excess of 10% of its total shares outstanding. In addition, the Company should 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 should not use treasury stock to secure any of its obligations and to exercise any shareholders' rights on those stocks.

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. The Company treated those shares as treasury stock under the SFC's directive. Of the above treasury stock, 20,197,943 shares held by SinoPac Securities had been reissued to SinoPac Securities' employees at NT\$10.826 per share in 2002. Under the Securities and Exchange Law, the remaining treasury stock shall be reissued to employees before November 2004. Any 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 aforesaid treasury stock to employees of Bank SinoPac, SinoPac Securities and the Company, while the Board of Bank SinoPac has made no related resolution as yet.

11. PENSION

The Company has a pension plan for all regular employees. The Company contributes monthly amounts in the range of 2% to 15% of salaries to a pension fund, which is administered by the employee's pension plan supervisory committee.

Following are summaries of certain pension information:

a. Change in pension fund

	For the Three Months Ended March 31, 2003
Balance, January 1	\$ 547
Contributions	<u>416</u>
Balance, March 31	<u>\$ 963</u>

b. Change in accrued pension cost

	For the Three Months Ended March 31, 2003
Balance, January 1	\$ 3,200
Provision	1,745
Contribution	(<u>416</u>)
Balance, March 31	<u>\$ 4,529</u>

c. Pension expense amounted to \$1,745 for the three months ended March 31, 2003.

12. OPERATING AND ADMINISTRATIVE EXPENSES

	For the Three Months Ended March 31, 2003
Personnel expenses	
Salaries and wages	\$ 15,285
Labor insurance and national health insurance	448
Pension	1,745
Other	4,132
Professional service charges	18,066
Rental	6,260
Depreciation	1,592
Amortization	201
Other	<u>5,670</u>
	<u>\$ 53,399</u>

13. INCOME TAX

The operating revenues for the three months ended March 31, 2003 mainly consist of income from long-term equity investments, which is tax-exempt in ROC, and generated no related income tax. Income tax for the three months ended March 31, 2003 resulted from withholding taxes on interest income of short-term bills.

The balance of imputed tax credit account as of March 31, 2003 amounted to \$155,196, and the projected ratio of imputed tax credit for earnings in 2002 is 6.02%.

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.

14. EARNINGS PER SHARE

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

	Numerator (Amounts)		Denominator (Shares in Thousands)	EPS (NT\$)	
	Pretax	After Tax		Pretax	After Tax
	For the Three Months Ended <u>March 31, 2003</u>				
Basic and diluted EPS	<u>\$ 607,531</u>	<u>\$ 607,516</u>	<u>3,497,924</u>	<u>\$ 0.17</u>	<u>\$ 0.17</u>

Pro forma information under the assumption that the Company's shares held by its subsidiary were not treated as treasury stock:

	Numerator (Amounts)		Denominator (Shares in Thousands)	EPS (NT\$)	
	Pretax	After Tax		Pretax	After Tax
	Basic and diluted EPS	<u>\$ 607,531</u>		<u>\$ 607,516</u>	<u>3,748,127</u>

15. RELATED-PARTY TRANSACTIONS

Significant transactions between the Company and related parties, including transactions of amounts over NT\$100 million with its subsidiaries, are summarized as follows:

a. Related parties

<u>Name</u>	<u>Relationship with the Company</u>
Bank SinoPac	Subsidiary
SinoPac Securities	Subsidiary
National Electric Appliance Co., Ltd.	Same chairman
Hong Yue Investment Co.	Supervisor of the Company
Far East National Bank (FENB)	Overseas grandson company of Bank SinoPac
Ruentex Interior Design Inc.	Related party in substance
Li-Seng Develop Company	Related party in substance

b. Significant transactions between the Company and related parties

1) Cash and cash equivalents - deposits in bank

	<u>March 31, 2003</u>	
	<u>Amount</u>	<u>% of Account Balance</u>
Bank SinoPac	\$ 5,403,822	67
FENB	2,637,694	33

2) Bills purchased under agreements to resell

	<u>March 31, 2003</u>	
<u>Type of Transaction</u>	<u>Face Amount</u>	<u>Cost</u>
Bills purchased under agreements to resell from Bank SinoPac	<u>\$ 130,000</u>	<u>\$ 129,238</u>

For the three months ended March 31, 2003, income generated from the aforementioned securities transactions with Bank SinoPac amounted to \$164.

3) Interest receivable

	<u>March 31, 2003</u>	
	<u>Amount</u>	<u>% of Account Balance</u>
Bank SinoPac	\$ 3,909	19
FENB	4,831	23

4) Interest revenue

	<u>For the Three Months Ended March 31, 2003</u>	
	<u>Amount</u>	<u>% to Total</u>
Bank SinoPac	\$ 18,974	51
FENB	10,704	29
SinoPac Securities	71	-

5) Interest expense

	<u>For the Three Months Ended March 31, 2003</u>	
	<u>Amount</u>	<u>% to Total</u>
Bank SinoPac	\$ 15	-

6) Professional service charges

The professional service charges paid to SinoPac Securities amounted to \$815 for the three months ended March 31, 2003.

7) Lease

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

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

8) Assets transactions

In June 2002, the Company entered into contracts with Ruentex Interior Design Inc. to purchase property totaling \$9,945, which had already been paid before March 31, 2003.

The Company acquired 81,103,709 shares of AnShin Card Services from Bank Sino Pac in December 2002 at an acquisition cost of \$181,238 (based on the net worth of AnShin Card Services), which had already been paid before the end of 2002. Unamortized deferred income totaling \$66,056 was recognized by the Company when the transaction occurred, and was amortized continually on the basis of the remaining year in Bank SinoPac. The Company recognized the aforesaid investment income totaling \$7,084 for the three months ended March 31, 2003.

The Company acquired SinoPac Life Insurance Agent and SinoPac Property Insurance Agent from Bank SinoPac in January 2003 at acquisition costs of \$79,452 and \$3,801, respectively. The consideration had already been paid before March 31, 2003.

On January 20, 2003, the board of directors had resolved to purchase superficies and a portion of office building built by Li-Seng Develop Company. The building will be located in Taipei City and be used as Company's future headquarters. Total purchase price of \$1,748,000 does not include business tax and costs beard by the buyer. The transaction is currently under review by the regulator.

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

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

1) Bank SinoPac

Name	Relationship with Bank SinoPac
SinoPac Holdings	Parent company
SinoPac Securities Corporation (SinoPac Securities)	Subsidiary of SinoPac Holdings
SinoPac Leasing Corporation (SPL)	Subsidiary of Bank SinoPac
Grand Capital International Limited (Grand Capital)	Subsidiary of SPL
Wal Tech International Corporation (Wal Tech International)	Affiliate
Other	Bank SinoPac's directors, supervisors and their relatives, managers, the investees accounted for by the equity method and the subsidiaries of Bank SinoPac, etc.

a) Loans

	<u>Balance at Period-end</u>	<u>% of Total</u>	<u>Interest Rate</u>	<u>Interest Revenue</u>	<u>% of Total</u>
For the three months ended March 31, 2003	\$ 2,095,638	1.1%	1.55%-12.35%	\$ 13,561	0.54%

b) Deposits

	<u>Balance at Period-end</u>	<u>% of Total</u>	<u>Interest Rate</u>	<u>Interest Expense</u>	<u>% of Total</u>
For the three months ended March 31, 2003					
- SinoPac Holdings	\$ 5,403,822	2.1%	0%-2.00%	\$ 18,974	1.41%
- Other	1,417,058	0.6%	0%-6.575%	60,965	4.53%

c) Guarantees

As of March 31, 2003, Bank SinoPac had provided guarantees on commercial papers issued by Wal Tech International and SinoPac Securities, with aggregate face amounts of \$119,000 and \$45,000, respectively.

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.

In addition, guarantees and credits on SinoPac Securities were collateralized by its properties, properties held for lease and certificates of deposit, with carrying amounts of \$1,131,288, \$70,810 and \$1,130,000, respectively.

d) Bills sold under agreements to repurchase

	<u>March 31, 2003</u>	
	<u>Face Amount</u>	<u>Trading Amount</u>
SinoPac Holdings	<u>\$ 130,000</u>	<u>\$ 129,238</u>

For the transactions between Bank SinoPac and 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.

Under the Banking Law, except for consumer and government loans, credits extended by Bank SinoPac to any related party should be fully secured, and the credit terms for related parties should be similar to those for unrelated parties.

2) SinoPac Securities

<u>Name</u>	<u>Relationship with SinoPac Securities</u>
Bank SinoPac	Subsidiary of SinoPac Holdings
SinoPac Futures Corporation (SinoPac Subsidiary of SinoPac Securities Futures)	
National Investment Trust Company Limited (NITC)	The major stockholder of its board of directors is the same as the one of those of SinoPac Securities

a) Bonds sold under agreements to repurchase

<u>Name</u>	<u>March 31, 2003</u>		<u>For the Three Months Ended March 31, 2003</u>
	<u>Face Amount</u>	<u>Cost</u>	<u>Interest Expense</u>
Mutual funds managed by NITC	<u>\$ 1,562,214</u>	<u>\$ 1,576,235</u>	<u>\$ 4,287</u>

b) Short-term borrowings and pledged assets

As of March 31, 2003, SinoPac Securities had short-term borrowings amounting to \$500,000 from Bank SinoPac. Properties, properties held for lease and time deposits amounting to \$1,131,288, \$70,810 and \$1,130,000, respectively, were pledged as collateral of credit lines for issuance of commercial papers, short-term borrowings and overdrafts.

c) Futures trading margins - the position of SinoPac Securities

As of March 31, 2003, SinoPac Securities provided \$324,282 as futures trading margins to SinoPac Futures to engage in futures dealing business.

For the transactions between SinoPac Securities and related parties, the terms are similar to those transacted with unrelated parties.

	<u>March 31, 2003</u>
3) FENB	
Deposits - SinoPac Holdings	<u>\$ 2,637,694</u>
4) SPL	
Borrowings from Bank SinoPac	<u>\$ 496,000</u>
5) Grand Capital	
Borrowings from Bank SinoPac	<u>\$ 562,295</u>
6) Wal Tech International	
Borrowings from 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.

7) 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.

8) 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.

16. CONTINGENCIES AND COMMITMENTS

- a. Contingencies and commitments of the Company, in addition to financial instruments disclosed in Note 21, are summarized as follows:

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

<u>Year</u>	<u>Amount</u>
April 1 to December 31, 2003	\$ 17,195
2004	23,616
2005	12,515

b. Major contingencies and commitments of subsidiaries

Bank SinoPac

1) Lease contract

Under different operating lease agreements, Bank SinoPac leased certain office premises for periods ranging from one to seven years, with rentals paid monthly, quarterly or semiannually. Rentals for the next five years are as follows:

<u>Year</u>	<u>Amount</u>
April 1 to December 31, 2003	\$ 170,050
2004	211,602
2005	119,011
2006	104,251
2007	66,656

Rentals for the years beyond 2007 amount to \$19,414, the present value of which is about \$18,357 as discounted at Bank SinoPac's one-year time deposit rate of 1.10% on April 1, 2003.

2) 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 purchase cost was \$199,900, of which \$198,830 had already been paid as of March 31, 2003.

3) Equipment purchase contract

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

4) Interior decoration contract

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

5) Short-term bills and bonds sold under agreements to repurchase

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 between April and July 2003.

6) Short-term bills purchased under agreements to resell

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 between April and May 2003.

SinoPac Securities

- 1) The Securities and Futures Institute (SFI), on behalf of the investors of Cheng-Yi Food Co. (CYF) in respect to its Initial Public Offering (IPO), filed a civil suit with the District Court of Taipei against CYF, the major and co-underwriters (SinoPac Securities being a co-underwriter in the IPO) of CYF. The compensatory damages claimed by SFI amounted to \$71,018 plus 5% of interest. It is the opinion of management and its legal counsel that SinoPac Securities shall not be held liable for material damages incurred by the investors since the role of co-underwriter is limited to the distribution of CYF shares only and it has not advised CYF on matters related to the IPO.
- 2) 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.
- 3) Taichung Commercial Bank initiated a lawsuit against Mr. Wu, a former employee of Wan Sheng Securities (which was acquired by SinoPac Securities), for violating the securities and money laundry law by providing accounts to Kuangsan Enterprise Group (Kuangsan) for deducting certain unlawful acts. The compensatory damages claimed amounted to \$97,069 plus 5% of interest. SinoPac Securities undertakes Wan Sheng's lawsuits because of merger. In the opinion of SinoPac Securities' legal counsel, the lawsuit should be a dispute between Taichung Commercial Bank and Mr. Wu since his act is not within his duty at work in Wan Sheng Securities. Thus, SinoPac Securities should not be liable for this case.
- 4) SinoPac Securities leased certain premises for its head office and branches under several contracts for periods ranging from one to five years, with rentals paid monthly or quarterly. The aforesaid contracts can be extended prior to six months of the due date. The deposit for these leases amounted to \$65,102 and are included in refundable deposits. Deposits will be refunded without interest when the leases due. Rentals for the next five years are as follows:

<u>Year</u>	<u>Amount</u>
The first year (April 1, 2003 to March 31, 2004)	\$ 150,907
The second to fifth years (April 1, 2004 to March 31, 2008)	336,579

Rentals for the three months ended March 31, 2003 was \$40,184.

17. SIGNIFICANT SUBSEQUENT EVENTS

Pursuant to the Financial Holding Company Act, article 39, Financial Holding Company's short-term capital could be draw 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 limited amount of US\$40,000,000.

18. CAPITAL ADEQUACY RATIO

Under the Financial Holding Company Act and related regulations, a financial holding company should maintain a consolidated capital adequacy ratio (CAR) of at least 100%. Thus, if a company's CAR falls below 100%, the authorities may prohibit it from declaring cash dividends or distributing other property. In certain conditions, the authorities may impose other penalties on the company. As of December 31, 2002, consolidated CAR of the Company was 195%.

The Banking Law and related regulations require a bank to maintain a CAR of at least 8%. If a bank's CAR falls below 8%, the authorities may impose certain restrictions on the cash dividends that the bank can declare or, in certain conditions, prohibit it from declaring any cash dividend. As of December 31, 2002, Bank SinoPac's CAR was 12.85%.

The Rules Governing Securities Firms and related regulations require a securities company to maintain a CAR of at least 150%. If a securities company's CAR falls below 150%, the authorities may impose certain restrictions on the company's operations. As of December 31, 2002, SinoPac Securities' CAR was 504%.

19. FINANCIAL RATIOS OF FUTURES SUBSIDIARY

As of December 31, 2002, the financial ratios of SinoPac Futures, computed according to the provisions of 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

20. 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.

21. DISCLOSURE OF FINANCIAL INSTRUMENTS

a. Derivative financial instruments – cross-currency swap contracts

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

The counter-parties 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 counter-parties.

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>\$ 1,390,780</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>Account</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)

b. Fair values of nonderivative financial instruments

	<u>March 31, 2003</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>
<u>Assets</u>		
Financial assets - with fair values approximating carrying amounts	\$ 8,065,917	\$ 8,065,917
Bills purchased under agreements to resell	129,238	129,238
Long-term equity investments	45,344,095	48,197,573
<u>Liabilities</u>		
Financial liabilities - with fair values approximating carrying amounts	7,355	7,355
Euro-convertible bonds	8,250,280	8,631,900

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, receivables, bills purchased under agreements to resell and payables, approximate their fair values because of the short maturities of these instruments.

- 2) The fair values of long-term equity investments for unlisted common stocks are estimated at the underlying net worth; while the fair value for preferred stock is estimated at the carrying value.
- 3) The fair values of guarantee deposits are estimated at their carrying amounts since such deposits do not have specific due dates.
- 4) The fair values of Euro-convertible bonds are estimated at their market prices listed in Luxembourg.

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

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

a. Condensed balance sheets

BANK SINOPAC

BALANCE SHEET

March 31, 2003

(In Thousands of New Taiwan Dollars)

<u>Assets</u>	<u>Amount</u>	<u>Liabilities</u>	<u>Amount</u>
Cash	\$ 80,103,972	Call loans and due to banks	\$ 53,053,489
Due from banks	7,727,488	Payables	8,709,413
Due from Central Bank	7,689,921	Deposits and remittances	252,020,894
Securities purchased - net	34,457,064	Bank debentures	8,500,000
Receivables - net	13,089,221	Other liabilities	<u>2,448,445</u>
Prepayments	181,419	Total liabilities	<u>324,732,241</u>
Loans, discounts and bills purchased - net	190,633,080		
Long-term equity investments - net	8,879,990	<u>Stockholders' equity</u>	
Properties - net	4,824,453	Capital stock	19,443,975
Other assets	<u>2,697,009</u>	Capital surplus	125,208
		Retained earnings	6,086,998
		Equity adjustments	(<u>104,805</u>)
		Total stockholders' equity	<u>25,551,376</u>
Total assets	<u>\$ 350,283,617</u>	Total liabilities and stockholders' equity	<u>\$ 350,283,617</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 investments	2,686,344	Other liabilities	404,998
Properties - net	2,687,802	Total liabilities	<u>24,289,381</u>
Other assets	2,141,736		
Securities brokerage debit account - net	<u>14,090</u>	<u>Stockholders' equity</u>	
		Capital stock	15,269,020
		Capital surplus	2,321,997
		Retained earnings	4,013,044
		Equity adjustments	(245,493)
		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>

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

SINOPACPROPERTY 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	\$ 1,341
Other assets	600		
		<u>Stockholders' equity</u>	
		Capital stock	2,000
		Retained earnings	2,067
		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

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	\$ 3,495,243
Operating costs and expenses	<u>2,844,326</u>
Operating income	650,917
Nonoperating income and gains	36,761
Nonoperating expenses and losses	<u>26,807</u>
Income before income tax	<u>660,871</u>
Net income	<u>\$ 560,351</u>
Pretax earnings per share	<u>\$ 0.34</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
Nonoperating income and gains	93,265
Nonoperating expenses and losses	<u>70,418</u>
Income before income tax	<u>119,975</u>
Net income	<u>\$ 36,624</u>
Pretax 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>
	<u>\$ 17,109</u>
Net income	
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	606
Operating income	183
Nonoperating income and gains	<u>2</u>
Income before income tax	<u>185</u>
	<u>\$ 149</u>
Net income	
Pretax earnings per share	<u>\$ 0.93</u>
After tax earnings per share	<u>\$ 0.74</u>

23. JOINT MARKETING INFORMATION

In February 2003, Bank SinoPac signed an agreement with SinoPac Securities to regulate 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 regulate 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.

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

a. Assets quality

(In Thousands of New Taiwan Dollars, %)

Item	March 31, 2002
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

Causes	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 assets

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	Amount 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

25. ADDITIONAL DISCLOSURES

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

- 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 21. The derivative financial instruments of the investees are summarized as follows:

Bank SinoPac

Bank SinoPac engaged in foreign exchange and interest derivative transactions mainly to accommodate customers' needs and to manage its exposure positions. It also enters into cross-currency swaps, interest rate swaps, and asset swaps to hedge the effects of foreign exchange or interest rate fluctuations on its foreign-currency net assets. Bank SinoPac's strategy is to hedge most of the market risk it is exposed through hedging instruments whose market value will change in opposite direction with underlying items, and the effectiveness of these instruments is reassessed periodically.

Bank SinoPac is exposed to credit risks in the event of default on contracts by counter-parties. Bank SinoPac enters into contracts with customers that have satisfied its credit approval process. Collaterals or deposits are sometimes required depending on the customer's credit standing. Transactions with other banks are made within the trading limit set for each bank 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 under taken. In addition, Bank SinoPac has entered into futures contracts with London International Financial Futures and Options Exchange (LIFFE). Therefore, no significant credit risk is expected.

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's exposures:			
Forward contracts			
- Buy	34,523,445	185,654	164,178
- Sell	28,670,755	220,758	91,732
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)
Interest rate futures contracts			
Long position	6,800,130	1,661	1,661

<u>Financial Instruments</u>	March 31, 2003		Value of Options Purchased/ Written
	<u>Contract (Notional) Amount</u>	<u>Credit Risk</u>	
For the purposes of accommodating customers' needs or managing Bank SinoPac's 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 by the quotations from Reuters Information System. The fair value of each futures contract refers to the closing price published by LIFFE as of the balance sheet date.

As of March 31, 2003, Bank SinoPac entered into asset swap contracts for hedging purpose with notional amount of \$6,088,375. All counter-parties are with good splendid worldwide ranking and credit rating, thus, no significant credit risk is expected.

The notional amounts of derivative contracts are used solely for the purpose of calculating the receivables and payables to all 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 were as follows:

	<u>Account</u>	<u>For the Three Months Ended March 31, 2003</u>
For hedging purposes:		
Interest rate swap contracts		
Realized	Interest revenue	\$ 1,466
For the purposes of accommodating customers' needs or managing Bank SinoPac's 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)

	<u>Account</u>	<u>For the Three Months Ended March 31, 2003</u>
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 Bank SinoPac's other operating revenue) for the three months ended March 31, 2003 was \$127,160.

SinoPac Securities

a) Warrants

i. The objective of issuing warrants and strategies to achieve such objective

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

ii. Credit risk

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

iii. Market risk

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

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

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

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

v. Leverage ratios of warrants

March 31, 2003							
	Date of Issuance	Underlying Securities	Units Issued	Price at Issuance (in New Taiwan Dollars)	Amount	Strike Price (in New Taiwan Dollars)	Leverage at Issuance
SinoPac Securities - 01	October 22, 2002	Compal Electronics, Inc.	20,000,000	5.30	\$ 106,000	55.50	7.00
SinoPac Securities - 02	November 15, 2002	Uni-president Enterprises Corp.	20,000,000	2.50	50,000	12.10	4.80
SinoPac Securities - 03	January 8, 2003	Siliconware Precision Industries Co., Ltd.	20,000,000	3.85	77,000	18.30	4.80
SinoPac Securities - 04	January 24, 2003	Fubon Financial Holding Co., Ltd.	20,000,000	2.60	52,000	36.48	11.70
SinoPac Securities - 05	February 7, 2003	E. Sun Financial Holding Company, Ltd.	20,000,000	2.25	45,000	22.68	8.40
Less: Gain on change in market value of warrants liabilities as of March 31, 2003					(208,000)		
Market value					<u>\$ 122,000</u>		

The above-mentioned warrants are American-type warrants. Except SinoPac Securities 03, 04 and 05 with duration of six months, others will expire one year after their respective issue dates. SinoPac Securities, at its option, can settle an exercise of a warrant either through the issuance of the underlying securities or in cash.

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

b) Interest rate swaps

- i. The objectives of holding interest rate swap, and the strategies for achieving such objectives

SinoPac Securities has entered into Interest Rate Swap (IRS) contracts for trading purposes based on its judgement about the future interest rates.

- ii. The information on the outstanding IRS contracts is as follows:

	March 31, 2003		
	Nominal Amount	Credit Risk	Fair Value
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.

iii. Market risk

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

iv. Cash flows and demands

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

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

c) Stock index future and options

i. The objective of stock index futures and options and strategies to achieve such objective

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

ii. Notional amounts, fair values and credit risks

<u>Item</u>	<u>Transaction Type</u>	<u>March 31, 2003</u>			
		<u>Unsettlement</u>		<u>Contract</u>	<u>Fair</u>
		<u>Positions</u>			
		<u>Buyer/</u>	<u>Contract</u>	<u>Amount</u>	<u>Value</u>
		<u>Seller</u>	<u>Number</u>		
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.

iii. Market risk

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

iv. Liquidity risk, cash flow risk, and uncertainty as to the amounts and timing of future cash required

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

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

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>

d) Asset swap transactions - convertible corporate bonds

i. 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 types of 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.

ii. The information on the outstanding convertible corporate bonds was as follows:

	March 31, 2003			
	Nominal Amount	Premiums (Received) Paid	Fair Value	Credit Risk
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.

iii. 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.

iv. 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 liquidated risks and the cash demand is not significant.

v. 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.

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.

c. Supplementary information of pro forma comparative financial statements: Tables 6 and 7.

SINOPAC HOLDINGS AND INVESTEEES
 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	

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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

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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	

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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	-	1,500	Note 7	
	Apollo Fund	-	Short-term investments	15	100	-	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	

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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

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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.

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 Fotune 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.

SINOPAC HOLDINGS AND INVESTEES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES 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 (Note 3)	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 (Notes 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	Overseas 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-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.

SINOPAC HOLDINGS
PRO FORMA BALANCE SHEETS
March 31, 2003 and 2002
(In Thousands of New Taiwan Dollars, Except Par Value)

ASSETS	2003		2002		LIABILITIES AND STOCKHOLDERS' EQUITY	2003		2002	
	Amount	%	Amount	%		Amount	%	Amount	%
CASH AND CASH EQUIVALENTS	\$ 8,305,613	15	\$ 194,212	-	LIABILITIES				
BILLS PURCHASED UNDER AGREEMENTS TO RESELL	444,051	1	-	-	Payables	\$ 281,702	1	\$ 192,638	-
RECEIVABLES	77,903	-	4,325	-	Euro-convertible bonds	8,125,150	15	-	-
LONG-TERM EQUITY INVESTMENTS	45,321,295	84	43,019,317	100	Other liabilities	3,489	-	-	-
PROPERTIES - NET	24,153	-	22,214	-	Total Liabilities	<u>8,410,341</u>	<u>16</u>	<u>192,638</u>	<u>-</u>
OTHER ASSETS	<u>97,081</u>	<u>-</u>	<u>-</u>	<u>-</u>	STOCKHOLDERS' EQUITY				
					Capital stock - \$10 par value; authorized 10,000,000 thousand shares; issued 3,748,127 thousand shares in 2003 and 3,538,353 thousand shares in 2002	37,481,270	69	35,383,524	82
					Capital surplus	5,038,875	9	7,136,622	16
					Retained earnings				
					Legal reserve	255,345	-	-	-
					Special reserve	100,571	-	-	-
					Unappropriated	5,738,793	11	3,887,271	9
					Equity adjustments				
					Unrealized loss on long-term equity investments	(402,692)	(1)	(325,921)	-
					Unrealized revaluation loss on long-term equity investments	(40,250)	-	(27,501)	-
					Cumulative translation adjustment	340,528	1	343,019	1
					Treasury stock - at cost: 250,202,766 shares in 2003 and 297,753,000 shares in 2002	(2,652,685)	(5)	(3,349,584)	(8)
					Total Stockholders' Equity	<u>45,859,755</u>	<u>84</u>	<u>43,047,430</u>	<u>100</u>
TOTAL ASSETS	<u>\$54,270,096</u>	<u>100</u>	<u>\$43,240,068</u>	<u>100</u>	TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$54,270,096</u>	<u>100</u>	<u>\$43,240,068</u>	<u>100</u>

Basic assumptions on pro forma balance sheets

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

TABLE 7

SINOPAC HOLDINGS

PRO FORMA STATEMENTS OF INCOME

For the Three Months Ended March 31, 2003 and 2002

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

	<u>2003</u>		<u>2002</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
OPERATING REVENUES				
Interest	\$ 40,486	5	\$ -	-
Income from long-term equity investments under the equity method - net	715,709	95	1,419,648	100
Dividend income	<u>2,844</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Revenues	<u>759,039</u>	<u>100</u>	<u>1,419,648</u>	<u>100</u>
OPERATING COSTS AND EXPENSES				
Interest	94,010	12	-	-
Operating and administrative expenses	<u>53,399</u>	<u>7</u>	<u>87,278</u>	<u>6</u>
Total Operating Costs and Expenses	<u>147,409</u>	<u>19</u>	<u>87,278</u>	<u>6</u>
OPERATING INCOME	611,630	81	1,332,370	94
NONOPERATING INCOME AND GAINS - NET				
	<u>375</u>	<u>-</u>	<u>1,456</u>	<u>-</u>
INCOME BEFORE INCOME TAX	612,005	81	1,333,826	94
INCOME TAX	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INCOME	<u>\$ 612,005</u>	<u>81</u>	<u>\$ 1,333,826</u>	<u>94</u>
	<u>Pretax</u>	<u>After Tax</u>	<u>Pretax</u>	<u>After Tax</u>
EARNINGS PER SHARE				
Basic and diluted earnings per share	<u>\$ 0.17</u>	<u>\$ 0.17</u>	<u>\$ 0.41</u>	<u>\$ 0.41</u>
Pro forma information under assumptions that shares of SinoPac Holdings held by its subsidiaries were not treated as treasury stock:				
	<u>Pretax</u>	<u>After Tax</u>	<u>Pretax</u>	<u>After Tax</u>
Basic and diluted earnings per share	<u>\$ 0.16</u>	<u>\$ 0.16</u>	<u>\$ 0.38</u>	<u>\$ 0.38</u>

Basic assumptions on pro forma statements of income

1. Assuming the Company was established as of January 1, 2001.
2. Interest revenue is mainly derived from bank deposits with average interest rate at 1.5% and 2.0% for the three months ended March 31, 2003 and 2002, respectively.
3. Income from long-term equity investments are estimated by recognizing subsidiaries' current income.
4. Operating and administrative expenses are primarily estimated based on the employees' salaries and the future salary raising adjustments.