

SinoPac Holdings

**Financial Statements for the Nine Months Ended
September 30, 2003 and for the Period from May 9, 2002
(Date of Establishment) to September 30, 2002
Together with Independent Accountants' 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' REPORT

October 22, 2003

The Board of Directors and the Stockholders
SinoPac Holdings

We have reviewed the accompanying balance sheets of SinoPac Holdings as of September 30, 2003 and 2002, and the related statements of income and cash flows for the nine months ended September 30, 2003 and for the period from May 9, 2002 (date of establishment) to September 30, 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 of interim financial statements consists primarily of applying analytical procedures, comparisons and making inquiries. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, 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 6 to the financial statements, the calculation of the carrying value of the long-term equity investments accounted for by the equity method as of September 30, 2003 and 2002 amounted to NT\$7,919,980 thousand and NT\$5,545,141 thousand, respectively, the related investment income for the nine months ended September 30, 2003 and for the period from May 9, 2002 to September 30, 2002 amounted to NT\$627,528 thousand and NT\$210,106 thousand (of which \$113,086 thousand was stated as income from long-term equity investments for the period from May 9, 2002 to September 30, 2002 and \$97,020 thousand was stated as additional paid-in capital resulting from share swap as of May 9, 2002), and additional disclosure of the Company and part of its investees stated in Note 26 to the financial statements are based on the investees' unreviewed financial statements for the same periods.

Based on our review, except for the adjustments in the Company's financial statements that might have been required had the financial statements of SinoPac Holdings and its subsidiaries' investees mentioned in the third paragraph been reviewed by independent accountants, we are not aware of any material modifications that should be made to the financial statements referred to above to be in conformity with the 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 September 30, 2003 and 2002, and for the nine months ended September 30, 2003 and for the period from May 9, 2002 to September 30, 2002, on which we have issued a qualified review report due to the unreviewed financial statements of SinoPac Holdings and its subsidiaries' investees accounted for by the equity method.

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 SHEETS

SEPTEMBER 30, 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	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 2, 3 and 17)	\$ 6,940,132	13	\$ 8,594,902	16	Short-term borrowings (Note 8)	\$ 200,000	1	\$ 10,000	-
Short-term investments (Notes 2, 4 and 17)	-	-	949,696	2	Payables (Note 9)	184,741	-	5,825	-
Receivables (Notes 2 and 17)	33,524	-	29,173	-					
Bonds purchased under agreements to resell (Notes 2, 5 and 17)	280,000	-	-	-	Total current liabilities	384,741	1	15,825	-
Prepayments and other current financial assets	13,569	-	4,008	-					
Total current assets	7,267,225	13	9,577,779	18	LONG-TERM BEARING LIABILITIES				
LONG-TERM EQUITY INVESTMENTS (Notes 2, 6 and 17)					Euro-convertible bonds (Notes 2 and 10)	8,262,484	15	8,108,958	16
Equity method	46,282,063	85	42,633,067	82	Accrued pension cost (Notes 2 and 13)	7,188	-	1,065	-
Other	413,336	1	-	-	Other (Note 9)	141,866	-	-	-
Prepaid investments	211,664	1	-	-	Total long-term bearing liabilities	8,411,538	15	8,110,023	16
Total long-term equity investments	46,907,063	87	42,633,067	82	Total liabilities	8,796,279	16	8,125,848	16
PROPERTIES (Notes 2, 7 and 17)					STOCKHOLDERS' EQUITY (Note 11)				
Cost					Capital stock—\$10 par value				
Computer equipment	3,621	-	2,066	-	Authorized: 10,000,000,000 shares				
Transportation equipment	4,180	-	4,180	-	Issued: 3,748,126,974 shares	37,481,270	69	37,481,270	71
Office and other equipment	6,545	-	4,312	-	Capital surplus	7,927,455	15	9,067,958	17
Leasehold improvement	17,281	-	10,117	-	Retained earnings	3,545,280	6	1,016,330	2
Total cost	31,627	-	20,675	-	Unrealized loss on long-term equity investments (Notes 2 and 6)	(345,655)	(1)	(398,029)	(1)
Accumulated depreciation	7,070	-	767	-	Unrealized revaluation loss on long-term equity investments (Notes 2 and 6)	(63,643)	-	(42,676)	-
Net properties	24,557	-	19,908	-	Cumulative translation adjustment (Notes 2 and 6)	177,505	1	340,975	1
OTHER ASSETS					Treasury stock—at cost: 250,202,766 shares (Notes 2 and 12)	(3,245,570)	(6)	(3,245,570)	(6)
Refundable guarantee deposits	3,338	-	1,679	-	Total stockholders' equity	45,476,642	84	44,220,258	84
Bond issuance cost (Note 2)	67,735	-	110,027	-					
Computer software	3,003	-	3,646	-					
Total other assets	74,076	-	115,352	-					
TOTAL ASSETS	\$54,272,921	100	\$52,346,106	100	TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$54,272,921	100	\$52,346,106	100

These financial statements had been reviewed only and not audited according to ROC GAAS. The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche report dated October 22, 2003)

English Translation of Financial Statements Originally Issued in Chinese

SINOPAC HOLDINGS

STATEMENTS OF INCOME

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2003 AND FOR THE PERIOD FROM
MAY 9, 2002 (DATE OF ESTABLISHMENT) TO SEPTEMBER 30, 2002 (Note 1)**

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

	2003		2002	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
OPERATING REVENUES				
Interest (Notes 2 and 17)	\$ 117,194	3	\$ 38,977	3
Income from short-term investments (Note 17)	29	-	4,888	-
Income from long-term equity investments under the equity method—net (Notes 2 and 6)	3,661,576	97	1,244,844	97
Dividend income (Notes 2 and 6)	8,920	-	-	-
Total operating revenues	<u>3,787,719</u>	<u>100</u>	<u>1,288,709</u>	<u>100</u>
OPERATING COSTS AND EXPENSES				
Interest	274,510	7	78,129	6
Operating and administrative expenses (Notes 2, 13, 14 and 17)	<u>168,690</u>	<u>5</u>	<u>175,096</u>	<u>14</u>
Total operating costs and expenses	<u>443,200</u>	<u>12</u>	<u>253,225</u>	<u>20</u>
OPERATING INCOME	3,344,519	88	1,035,484	80
NONOPERATING REVENUES AND GAINS	11,330	1	280	-
NONOPERATING EXPENSES AND LOSSES	<u>833</u>	<u>-</u>	<u>-</u>	<u>-</u>
INCOME BEFORE INCOME TAX	3,355,016	89	1,035,764	80
INCOME TAX (Notes 2 and 15)	<u>194</u>	<u>-</u>	<u>2,101</u>	<u>-</u>
NET INCOME	<u>\$ 3,354,822</u>	<u>89</u>	<u>\$ 1,033,663</u>	<u>80</u>
	<u>Pretax</u>	<u>After Tax</u>	<u>Pretax</u>	<u>After Tax</u>
EARNINGS PER SHARE (Note 16)				
Basic earnings per share	<u>\$ 0.96</u>	<u>\$ 0.96</u>	<u>\$ 0.30</u>	<u>\$ 0.30</u>
Diluted earnings per share	<u>\$ 0.91</u>	<u>\$ 0.91</u>	<u>\$ 0.29</u>	<u>\$ 0.28</u>

Pro forma information assuming 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 EARNINGS PER SHARE	<u>\$ 0.90</u>	<u>\$ 0.90</u>	<u>\$ 0.28</u>	<u>\$ 0.28</u>
DILUTED EARNINGS PER SHARE	<u>\$ 0.86</u>	<u>\$ 0.86</u>	<u>\$ 0.26</u>	<u>\$ 0.26</u>

These financial statements had been reviewed only and not audited according to ROC GAAS.
The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche report dated October 22, 2003)

English Translation of Financial Statements Originally Issued in Chinese

SINOPAC HOLDINGS

**STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2003 AND FOR THE PERIOD
FROM MAY 9, 2002 (DATE OF ESTABLISHMENT) TO
SEPTEMBER 30, 2002 (Note 1)
(In Thousands of New Taiwan Dollars)**

	<u>2003</u>	<u>2002</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 3,354,822	\$ 1,033,663
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	5,733	978
Accrued interest premium on Euro-convertible bonds	102,185	77,818
Income from long-term equity investments under the equity method—net	(3,661,576)	(1,244,844)
Cash dividends received from long-term equity investments under the equity method	2,558,311	1,798,372
Accrued pension cost	5,234	1,065
Increase in receivables	(12,370)	(29,173)
Increase in prepayments and other current financial assets	(8,711)	(4,008)
Increase in payables	<u>27,756</u>	<u>5,825</u>
Net cash provided by operating activities	<u>2,371,384</u>	<u>1,639,696</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in short-term investments for investing purpose	-	(949,696)
Decrease in bonds purchased under agreements to resell	190,000	-
Increase in long-term equity investments	(1,826,576)	-
Acquisition of properties	(2,564)	(20,675)
Decrease (increase) in other assets	<u>33,400</u>	<u>(115,563)</u>
Net cash used in investing activities	<u>(1,605,740)</u>	<u>(1,085,934)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	(50,000)	10,000
Issuance of Euro-convertible bonds	-	8,031,140
Decrease in other liabilities	(1,246)	-
Cash dividends paid	(2,414,403)	-
Remuneration to directors and supervisors and bonus to employees	<u>(63,984)</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>(2,529,633)</u>	<u>8,041,140</u>
INCREASE IN CASH AND CASH EQUIVALENTS	<u>(1,763,989)</u>	<u>8,594,902</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>8,704,121</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 6,940,132</u>	<u>\$ 8,594,902</u>

(Continued)

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	<u>2003</u>	<u>2002</u>
SUPPLEMENTAL INFORMATION		
Interest paid	<u>\$ 8,676</u>	<u>\$ 309</u>
Income tax paid	<u>\$ 4,928</u>	<u>\$ 1,696</u>
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Payables on long-term equity investments	<u>\$ 270,829</u>	<u>\$ -</u>
Payables on bonus to employees	<u>\$ 3,422</u>	<u>\$ -</u>

These financial statements had been reviewed only and not audited according to ROC GAAS.
The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche report dated October 22, 2003)

(Concluded)

SINOPAC HOLDINGS

NOTES TO FINANCIAL STATEMENTS

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2003 AND FOR THE PERIOD FROM
MAY 9, 2002 TO SEPTEMBER 30, 2002**

(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 on the Taiwan Stock Exchange (TSE) and GreTai Securities Market (OTC), respectively, while SinoPac Holdings became listed on the 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 September 30, 2003 and 2002, the Company had a total of 45 and 39 employees, respectively.

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.

**Distinctions Between Current and
Noncurrent Assets/Liabilities**

Assets that are expected to be converted or consumed within one year are classified as current. Obligations that are expected to be liquidated or settled within one year are classified as current. All other assets and liabilities are classified as noncurrent.

Cash Equivalents

Cash equivalents consist of commercial papers with maturities within three months from the date of investment.

Short-term Investments

Short-term investments include investments in short-term bills with maturities over three months from the date of investment, which are recorded at cost (approximates market value).

Cost of short-term investments sold is determined by the specific identification method.

(See the accountants' report)

Bonds Purchased or Sold Under Agreements to Resell or to Repurchase

Sales or purchases of 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 paid-in capital if the holding company is incorporated through share swap. The par value of stocks issued by the holding company is accounted for as capital stock, while any excess of par value is accounted for as capital surplus.

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. On the acquisition date, any difference between the acquisition cost and the equity in the investee is amortized on the straight-line basis over 15 years.

Investments for which the Company exercises nonsignificant influence on the investee is accounted for by the cost method. 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 service 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 share swap, should continue to be treated as treasury stock in the subsidiary's books after the swap. But if the subsidiary owns shares of another subsidiary under the same financial holding company, and the shares are later exchanged for the parent company's shares, these shares should be treated as investments in subsidiary's books, but as treasury stock in 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 on the basis of the classification of the related assets or liabilities for financial reporting. A deferred income tax asset or liability that can not be related to an asset or liability for financial reporting is classified according to the expected realization 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 stockholders 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\$33.78=US\$1 and NT\$34.918=US\$1 as of September 30, 2003 and 2002, respectively), and the 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.

Reclassifications

Certain 2002 accounts have been reclassified to conform to the 2003 financial statements presentation.

3. CASH AND CASH EQUIVALENTS

	September 30	
	2003	2002
Time deposits	\$ 6,754,537	\$ 8,443,397
Commercial papers—due in October 2003 and 2002, with interest rate of 0.825% and 1.800%, respectively	119,780	119,409
Checking deposits	41,106	17,589
Demand deposits	<u>24,709</u>	<u>14,507</u>
	<u>\$ 6,940,132</u>	<u>\$ 8,594,902</u>

4. SHORT-TERM INVESTMENTS

Short-term investments as of September 30, 2002 consisted of commercial papers with annual interest rate of 1.75%-2.21% and the last maturity date was in December 2002.

5. BONDS PURCHASED UNDER AGREEMENTS TO RESELL

Bonds purchased under agreements to resell as of September 30, 2003 will be sold by December 2003 at \$280,280.

6. LONG-TERM EQUITY INVESTMENTS

	September 30			
	2003		2002	
	Amount	%	Amount	%
<u>Equity method—unlisted company</u>				
Bank SinoPac	\$22,499,943	100.00	\$21,560,503	100.00
SinoPac Securities	21,775,401	100.00	21,072,564	100.00
AnShin Card Services	1,192,449	89.43	-	-
SinoPac Venture Capital	485,579	100.00	-	-
SinoPac Asset Management International	116,526	100.00	-	-

(Continued)

	September 30			
	2003		2002	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
SinoPac Call Center	\$ 102,830	100.00	\$ -	-
SinoPac Life Insurance Agent	58,123	100.00	-	-
SinoPac Marketing Consulting	47,390	100.00	-	-
SinoPac Property Insurance Agent	<u>3,822</u>	100.00	<u>-</u>	-
	<u>46,282,063</u>		<u>42,633,067</u>	
<u>Other</u>				
Cost method—unlisted company				
Li-Seng Develop Company	125,000	5.00	-	-
Preferred stock				
AnShin Card Services	<u>288,336</u>	60.07	<u>-</u>	-
	<u>413,336</u>		<u>-</u>	-
Prepaid investments	<u>211,664</u>		<u>-</u>	
	<u>\$46,907,063</u>		<u>\$42,633,067</u>	

As of September 30, 2003 and 2002, unrealized loss on long-term equity investments (included in the debit balance of stockholders' equity) resulting from market value decline of listed and OTC stocks held by investees accounted for by the equity method amounted to \$345,655 and \$398,029, respectively. Also, as of September 30, 2003 and 2002, the Company recognized its equity in the unrealized revaluation loss on long-term equity investments totaling \$63,643 and \$42,676, respectively (included in the debit balance of stockholders' equity) from subsidiaries and investees, and cumulative translation adjustment (under the stockholders' equity) from subsidiaries totaling \$177,505 and \$340,975, respectively.

Income (loss) from long-term equity investments under the equity method for the nine months ended September 30, 2003 and for the period from May 9, 2002 to September 30, 2002 were as follows:

	For the Nine Months Ended September 30, 2003	For the Period from May 9, 2002 to September 30, 2002
Bank SinoPac	\$ 2,108,006	\$ 1,061,727
SinoPac Securities	1,497,245	183,117
SinoPac Life Insurance Agent	46,214	-
SinoPac Asset Management International	16,527	-
SinoPac Call Center	5,696	-
SinoPac Marketing Consulting	(2,610)	-
SinoPac Property Insurance Agent	1,519	-
SinoPac Venture Capital	(5,104)	-
AnShin Card Services	<u>(5,917)</u>	<u>-</u>
	<u>\$ 3,661,576</u>	<u>\$ 1,244,844</u>

The aforementioned investment income (loss) accounted for by the equity method for the nine months ended September 30, 2003 were based on the investees' reviewed financial statements, except those of SinoPac Asset Management International, SinoPac Call Center, SinoPac Marketing Consulting and SinoPac Venture Capital, which were based on the unreviewed financial statements.

The unreviewed long-term investments under the equity method and related investment income recognized by the Company and its subsidiaries were stated as follows:

	Long-term Equity Investments	
	September 30	
	2003	2002
SinoPac Holdings	\$ 752,325	\$ -
Bank SinoPac	3,143,665	3,205,274
SinoPac Securities	<u>4,023,990</u>	<u>2,339,867</u>
	<u>\$ 7,919,980</u>	<u>\$ 5,545,141</u>
	Investment Income	
	For the Nine Months Ended September 30, 2003	For the Period from May 9, 2002 to September 30, 2002
	2003	2002
SinoPac Holdings	\$ 14,509	\$ -
Bank SinoPac	266,129	44,401
SinoPac Securities	<u>346,890</u>	<u>165,705</u>
	<u>\$ 627,528</u>	<u>\$ 210,106</u>

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

As of September 30, 2003 and 2002, Bank SinoPac held the Company's 216,542,894 shares, both with carrying amount at \$2,896,922 and market values at \$3,165,857 and \$3,101,327, respectively, based on the daily average closing prices in September 2003 and 2002. In addition, the cash dividend declared by the Company amounting to \$140,753 was recorded as dividend income by Bank SinoPac, and the Company had written down its investment income for the nine months ended September 30, 2003 by \$140,753 accordingly.

The Company acquired 81,103,709 shares and 64,665,033 shares of common stock issued by AnShin Card Services from Bank SinoPac and ING Heart Investment Co., Ltd. (please see Note 17, 7)) in December 2002 and September 2003, at an acquisition cost of \$181,238 and \$1,030,973, respectively.

The Company acquired 28,833,600 shares and 19,166,400 shares of preferred stock issued by AnShin Card Services in October 2002 and September 2003, at an acquisition cost of \$288,336 and \$191,664, respectively. 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 \$8,920 for the nine months ended September 30, 2003.

As of September 30, 2003, prepaid investments were generated from Debt Instruments Depository and Clearing Co., Ltd., Taiwan and AnShin Card Services amounted to \$20,000 and \$191,664, respectively.

The Company's two subsidiaries—SinoPac Securities and SPS merged on July 22, 2002, which resulted in 317,916,050 shares of SPS converted to 250,863,205 shares of SinoPac Securities' common stocks. The Company has reclassified the long-term equity investment on SPS totaling \$3,469,100 prior to the date of consolidation to long-term equity investment on SinoPac Securities of which investment loss amounting to \$93,077 recognized from SPS for the period from May 9 to July 21, 2002 had been included.

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 showed the investees did not reach the threshold for the Company's consolidation. Accordingly, their accounts were not included in the consolidated financial statements.

The Company's two subsidiaries—SinoPac Life Insurance Agent and SinoPac Property Insurance Agent were "Insurance Subsidiaries" as promulgated in the Financial Holding Company Act. Accordingly, the Criteria requires these two subsidiaries to be treated as the consolidated entities, despite that their total assets and operating revenues were less than 10% of those of the Company, respectively.

7. PROPERTIES

	<u>September 30</u>	
	<u>2003</u>	<u>2002</u>
Cost	\$ 31,627	\$ 20,675
Accumulated depreciation		
Computer equipment	839	112
Transportation equipment	697	-
Office and other equipment	1,282	202
Leasehold improvement	<u>4,252</u>	<u>453</u>
	<u>7,070</u>	<u>767</u>
Net	<u>\$ 24,557</u>	<u>\$ 19,908</u>

8. SHORT-TERM BORROWINGS

As of September 30, 2003, the unsecured short-term borrowings from bank bore interest rates of 1.25% and the last maturity date will be in October 2003.

As of September 30, 2003, the Company had unutilized credit lines of \$2,250,000, which were available for short-term borrowings.

9. PAYABLES

	<u>September 30</u>	
	<u>2003</u>	<u>2002</u>
Investment payable—current	\$ 128,963	\$ -
Stock affairs collection payable	39,764	1,977
Interest payable	3,988	2
Bonus to employees	3,422	-
Other	<u>8,604</u>	<u>3,846</u>
Payables—current	184,741	5,825
Investment payables—noncurrent	<u>141,866</u>	<u>-</u>
	<u>\$ 326,607</u>	<u>\$ 5,825</u>

10. EURO-CONVERTIBLE BONDS

	<u>September 30</u>	
	<u>2003</u>	<u>2002</u>
Euro-convertible bonds	\$ 7,834,230	\$ 8,031,140
Add—interest premium payable	<u>428,254</u>	<u>77,818</u>
	<u>\$ 8,262,484</u>	<u>\$ 8,108,958</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 offering terms were 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 cease to be listed or trading on the 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 a fixed exchange rate of NT\$33.513=US\$1), which was determined by the closing price of the Company's share on TSE on 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, one day after the record date for ex-dividend, and 462,914,539 shares of common stock were expected to be issued, accordingly.

In 2003, the Company issued total of 157,422 units of employee stock option certificates representing 157,422,000 shares of common stock. According to the fixed consideration of NT\$12 per share which was determined by the closing price on July 31, 2003, the issuance date of such stock option, the issuance of 157,422,000 shares had triggered the conversion price adjustment from NT\$16.651 to NT\$16.607 effective on July 31, 2003. As a result of the above adjustment, the conversion price, in respect of the distribution by the Company of a cash dividend in the amount of NT\$0.65 per share for the appropriation of earnings for the period from May 9, 2002 to December 31, 2002, will be further adjusted from NT\$16.607 to NT\$15.768 effective on the record date (being August 1, 2003) set by the board of directors of the Company for the determination of shareholders entitled to receive such cash dividend. Considering such employee stock option certificates and cash dividends adjustments, 488,837,519 shares (at a fixed exchange rate of NT\$33.513=US\$1) of common stock were expected to be issued.

11. STOCKHOLDERS' EQUITY

a. Capital stock

The Company had a total of \$100,000,000 authorized capital divided into 10,000,000,000 shares with par value at NT\$10 per share. The authorized capital can be issued in installments upon resolution of the board of directors. Among such authorized capital, 1,000,000,000 shares had been reserved for issuing stock option certificates, stock warrants associated with preferred stock and stock warrants associated with corporate bonds. The subscription shares issued upon exercising employee stock option certificates were subject to the SFC regulations.

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 capitalize \$2,097,745 of this capital surplus by distributing 209,774,487 shares of stock dividends. In addition, under the appropriation of earnings for the period from May 9, 2002 to December 31, 2002 resolved by the stockholders, \$1,141,236 of the aforesaid capital surplus derived from the subsidiaries' retained earnings was appropriated as cash dividend.

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 and June 27, 2003, the board of directors and stockholders, respectively, 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—cash	13,406
Remuneration to directors and supervisors—cash	54,000
Cash dividends—NT\$0.65 per share	<u>2,414,403</u>
	<u>\$ 2,672,509</u>

This appropriation of earnings amounted to \$1,531,273 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 \$1,141,236.

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 the 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 company 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 6).

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.

d. Employee stock option certificates

As of April 7, 2003, the board of directors of the Company resolved to award issuing the employee stock option certificates, in a total consideration of 224,888 units, to attract and retain its professional employees, to centralize and strengthen their affiliation, and to create the greatest profit for the Company and its shareholders. Each unit of stock option certificate represents subscription right of 1,000 shares of common stock. Upon exercise of options under this plan, 224,888,000 new shares of common stock will be issued. The employee stock option plan had been approved by the SFC on July 16, 2003 and, at the chairman's approval, the Company launched the first 157,422 units of such stock option, which entitled the subscribers to acquire 157,422,000 shares of common stock on July 31, 2003. Related terms and conditions for issuing and exercising stock option are as follows:

1) Conditions of eligibility for subscription rights:

This stock option plan is limited to full-time employees of the Company and its subsidiaries (both local and overseas) that are over 50% owned by the Company. Of those qualified employees, actual amount of options granted will be based on considerations of the individual's seniority, grade, performance, overall contribution, or other special rewards upon receipt of the board of directors' approval. Each individual may not be granted more than 10% of the option certificates at each issuance. Also, for each individual, the acquired numbers of shares during each fiscal year may not exceed 1% of the total numbers of shares issued at the end of such fiscal year.

2) Exercise price:

The chairman had ratified July 31, 2003 as the first date of the award of the stock option and NT\$12 as the exercise price per share, which was based on the market closing price of the common share on the date of the award of the option.

3) Terms and vesting of the rights:

- a) Two years after the option certificates have been granted, less than or equal to 50% of the total granted options may be vested; three years after, another 10% may be vested; four years after, a further 20% may be vested; five years after, the remaining 20% of the total granted options may be vested.
- b) The term of stock option certificates is seven years. No transfer, collateral, negotiability, or any other methods of disposal are allowed during this period, except to inheritors in case of death of eligible employees of stock options.

- c) The Company reserves the right to cancel the option certificates which have been granted but not vested when the eligible employees fail to meet the performance requirements, or committed a significant mistake against the corporate regulations.
- 4) Type of shares obtained upon exercise: The Company's common stock
- 5) All rights and options are surrendered on the expiration date of the certificates.
- 6) Procedures for handling surrendered stock option certificate:

For the surrendered rights of the stock option, the Company will withdraw and cancel the certificates.
- 7) Method for performance of contract: Issuance of new shares.
- 8) Adjustment of exercise price:
 - a) After issuance of stock option certificates, in case of changes in number of the Company's outstanding common shares (such as resulting from a rights offering, capitalization of retained earnings, capitalization of capital reserve, merger, stock split, share offering for GDR issuance, etc.), exercise price per share will be adjusted only according to the following formula (rounded to NT\$0.01).

Adjusted exercise price = Exercise price before adjustment \times {Number of shares issued + [(Payment per new share \times Number of new shares)/Exercise price before adjustment]}/(Number of shares issued + Number of new shares)

- i. The aforesaid term, "number of shares issued" means the total number of common shares issued and the certificates of payment for exercising stock options, but not including the certificates of bond conversion.
- ii. The payment will be nil if the "payment per new share" is obtained from distribution of bonus shares or stock split.
- iii. In the case of a merger of the Company with another entity, "payment per new share" will be the average of the daily closing prices for the 30 consecutive trading days of the Company's common share, commencing 45 trading days before the record date of the merger.
- iv. No adjustment to exercise price will be made if the "adjusted exercise price" is higher than the "exercise price before adjustment".
- b) After the issuance of stock option certificates, the exercise price will be adjusted accordingly if the Company is to distribute cash dividend.
- 9) Rights and obligations after exercising options:

Certificates of payment of shares for exercise of stock option delivered by the Company will bear the same rights and obligations as the Company's common shares.

12. TREASURY STOCK

<u>Reasons</u>	<u>Shares at the Beginning of Period</u>	<u>Shares Increase During the Period</u>	<u>Shares Decrease During the Period</u>	<u>Shares at the End of Period</u>
For the nine months ended <u>September 30, 2003</u>				
Reissuance to employees				
SinoPac Securities	33,659,872	-	-	33,659,872
Shares held by subsidiary	216,542,894	-	-	216,542,894
For the period from May 9, 2002 to <u>September 30, 2002</u>				
Reissuance to employees				
Bank SinoPac	41,617,814	-	41,617,814	-
SinoPac Securities	53,857,815	-	20,197,943	33,659,872
Shares held by subsidiaries	204,106,675	12,436,219	-	216,542,894

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.

Bank SinoPac and SinoPac Securities acquired 40,535,000 shares and 53,330,000 shares of treasury stock for \$500,354 and \$554,992, respectively. As a result of the share swap, the aforementioned capital stocks had been exchanged for 95,475,631 shares of the Company. The Company treated those shares as treasury stock under the SFC's directive. Of the above treasury stock, 41,617,816 shares and 20,197,943 shares held by Bank SinoPac and SinoPac Securities had been reissued to their employees at NT\$11.84 and NT\$10.826 per share, respectively, 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 had been swapped for 204,106,675 shares of the Company, together with stock dividends of 12,436,219 shares received, were presented as securities purchased in Bank SinoPac's book; 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.

To deal with the Company's shares held by Bank SinoPac, the board of directors (hereinafter "the Board") of the Company resolved to sell two-thirds with a total of 144,361,929 shares on the securities exchange market as of October 22, 2003. Moreover, under the Financial Holding Company Act and related Bureau of Monetary Affairs (BOMA) directives, in order to inspire the employees, the Board also passed the transferring method for the remaining one-third of shares held by Bank SinoPac to employees. Related terms and conditions of the share transferring method are as follows:

a. Type of shares transferred:

One-third of the Company's common shares held by Bank SinoPac with a total of 72,180,965 shares.

b. Terms of transferring:

The shares should be transferred once or several times prior to April 21, 2004 upon the chairman's authorization.

c. Qualification of transferee:

The general principle for qualification of the transferee is set by presidents of the Company, Bank SinoPac and SinoPac Securities, respectively. The chairman of the Company and the Board of Bank SinoPac and SinoPac Securities are authorized to ratify the principle. Nevertheless, the definition of employees includes the full-time employees of the Company and its subsidiaries.

d. Standards and procedures of transferring:

- 1) The proportion of transferable shares to employees of the Company, Bank SinoPac and SinoPac Securities is 1:3:2.
- 2) For those qualified employees, the shares granted will be based on considerations of the individual's grade, performance, special contribution, etc.
- 3) The president of the Company is authorized to determine the term of payment, the contents of rights, and the restricted conditions.
- 4) The chairman of the Company and the Board of Bank SinoPac and SinoPac Securities are authorized to ratify the resolution of the remaining unsubscribed shares.
- 5) Registration of transferring shares will be processed after calculating the actual shares subscribed.

e. Transferring price:

The transferring price of each share is NT\$17.9, which was based on the market closing price of the Company's common shares on October 22, 2003, when the share transferring method was passed by the Board.

f. Rights and obligations after transferring:

Registered transferring shares will bear the same rights and obligations as the Company's common shares, except for the prescriptions otherwise stated.

The aforesaid percentage of shares, two-thirds traded on the securities exchange market and one-third transferred to employees, are still remained to be resolved by the Board of Bank SinoPac.

13. PENSION

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

Following were summaries of certain pension information:

a. Change in pension fund

	For the Nine Months Ended September 30, 2003
Balance, January 1	\$ 547
Contributions	<u>1,246</u>
Balance, September 30	<u>\$ 1,793</u>

b. Change in accrued pension cost

	For the Nine Months Ended September 30, 2003	For the Period from May 9, 2002 to September 30, 2002
Balance, January 1	\$ 3,200	\$ -
Provisions	5,234	1,065
Contributions	(<u>1,246</u>)	<u>-</u>
Balance, September 30	<u>\$ 7,188</u>	<u>\$ 1,065</u>

c. For the nine months ended September 30, 2003 and for the period from May 9 to September 30, 2002, pension expense amounted to \$5,234 and \$1,065, respectively.

14. OPERATING AND ADMINISTRATIVE EXPENSES

	For the Nine Months Ended September 30, 2003	For the Period from May 9, 2002 to September 30, 2002
Personnel expenses		
Salaries and wages	\$ 52,018	\$ 21,598
Pension	5,234	1,065
Labor insurance and national health insurance	1,773	326
Bonus and rewards	7,965	3,840
Other	163	53
Professional service charges	44,368	46,336
Rental	19,098	9,828
Depreciation	5,118	767
Entertainment	4,215	1,902
Postage	3,272	3,796

(Continued)

	For the Nine Months Ended September 30, 2003	For the Period from May 9, 2002 to September 30, 2002
Promotion	\$ 2,032	\$ 17,140
Insurance	1,276	2,049
Amortization	615	211
Other	<u>21,543</u>	<u>66,185</u>
	<u>\$ 168,690</u>	<u>\$ 175,096</u>

15. INCOME TAX

Under the MOF directives, Financial Holding Company Act and Enterprise Mergers and Acquisitions Law, a financial holding company, which holds 90% issued shares of domestic subsidiaries and continues carrying those shares for twelve months within a taxation year, can choose to adopt the linked tax system for the tax filings containing the financial holding company and the qualified subsidiaries.

- a. Reconciliation of tax on pretax income at statutory rate and current income tax payable:

	For the Nine Months Ended September 30, 2003	For the Period from May 9, 2002 to September 30, 2002
Tax on pretax income at 25% statutory rate	\$ 838,744	\$ 258,931
Add (deduct) tax effects of:		
Tax-exempt income	(7)	(1,222)
Permanent difference	(915,624)	(312,605)
Temporary difference	59,765	14,629
Loss carryforward	<u>17,122</u>	<u>40,267</u>
Current income tax payable	<u>\$ -</u>	<u>\$ -</u>

- b. The compositions of income tax were as follows:

	For the Nine Months Ended September 30, 2003	For the Period from May 9, 2002 to September 30, 2002
Current income tax payable	\$ -	\$ -
Separation taxes on short-term bills interest revenue	194	2,101
Tax on unappropriated earnings (10%)	13,174	-
Effect upon consolidated tax return	<u>(13,174)</u>	<u>-</u>
	<u>\$ 194</u>	<u>\$ 2,101</u>

c. Deferred income tax assets (liabilities) consisted of the tax effects of the following:

	<u>September 30</u>	
	<u>2003</u>	<u>2002</u>
Deferred income tax assets—current	\$ 36,846	\$ 6,323
Deferred income tax assets—noncurrent	<u>54,860</u>	<u>8,306</u>
	91,706	14,629
Deferred income tax liabilities—current	(2,773)	-
Deferred income tax liabilities—noncurrent	(2,230)	-
	(5,003)	-
Deferred income tax assets—net	86,703	14,629
Less: Allowance for deferred income tax assets	<u>86,703</u>	<u>14,629</u>
Net	<u>\$ -</u>	<u>\$ -</u>

The balance of imputed tax credit account as of September 30, 2003 and 2002 amounted to \$1,708 and \$153,661, respectively, and the actual ratios of imputed tax credit for earnings in 2002 and 2001 (derived from the subsidiaries' retained earnings as capital surplus at the date of establishment) are 14.04% and 5.70%, respectively.

The tax credit allocated to stockholders are based on the balance of ICA on the dividend distribution date.

The Company's foreign shareholders are not entitled to the tax credit described in the preceding paragraph except those related to 10% taxes on unappropriated earnings actually paid by the Company. Such taxes can be used to reduce the amount of the final withholding taxes on dividends paid to such foreign shareholders.

As of September 30, 2003, income tax return for the period from May 9, 2002 to December 31, 2002 had not yet been examined by the tax authorities.

16. EARNINGS PER SHARE

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

	<u>Numerator (Amounts)</u>		<u>Denominator (Shares in Thousands)</u>	<u>EPS (NT\$)</u>	
	<u>Pretax</u>	<u>After Tax</u>		<u>Pretax</u>	<u>After Tax</u>
For the nine months ended <u>September 30, 2003</u>					
Basic EPS	\$ 3,355,016	\$ 3,354,822	3,497,924	<u>\$ 0.96</u>	<u>\$ 0.96</u>
Influence on diluted common shares:					
Employee stock option certificates	-	-	17,905		
Euro-convertible bonds	<u>291,550</u>	<u>291,550</u>	<u>488,838</u>		
Diluted EPS	<u>\$ 3,646,566</u>	<u>\$ 3,646,372</u>	<u>4,004,667</u>	<u>\$ 0.91</u>	<u>\$ 0.91</u>

(Continued)

	<u>Numerator (Amounts)</u>		<u>Denominator (Shares in Thousands)</u>	<u>EPS (NT\$)</u>	
	<u>Pretax</u>	<u>After Tax</u>		<u>Pretax</u>	<u>After Tax</u>
<u>For the period from May 9, 2002 to September 30, 2002</u>					
Basic EPS	\$ 1,035,764	\$ 1,033,663	3,439,992	<u>\$ 0.30</u>	<u>\$ 0.30</u>
Influence on diluted common shares:					
Euro-convertible bonds	<u>77,818</u>	<u>77,818</u>	<u>462,915</u>		
Diluted EPS	<u>\$ 1,113,582</u>	<u>\$ 1,111,481</u>	<u>3,902,907</u>	<u>\$ 0.29</u>	<u>\$ 0.28</u>

Pro forma information assuming that the Company's shares held by its subsidiaries were not treated as treasury stock:

	<u>Numerator (Amounts)</u>		<u>Denominator (Shares in Thousands)</u>	<u>EPS (NT\$)</u>	
	<u>Pretax</u>	<u>After Tax</u>		<u>Pretax</u>	<u>After Tax</u>
<u>For the nine months ended September 30, 2003</u>					
Basic EPS	\$ 3,355,016	\$ 3,354,822	3,748,127	<u>\$ 0.90</u>	<u>\$ 0.90</u>
Influence on diluted common shares:					
Employee stock option certificates	-	-	17,905		
Euro-convertible bonds	<u>291,550</u>	<u>291,550</u>	<u>488,838</u>		
Diluted EPS	<u>\$ 3,646,566</u>	<u>\$ 3,646,372</u>	<u>4,254,870</u>	<u>\$ 0.86</u>	<u>\$ 0.86</u>

<u>For the period from May 9, 2002 to September 30, 2002</u>					
Basic EPS	\$ 1,035,764	\$ 1,033,663	3,748,127	<u>\$ 0.28</u>	<u>\$ 0.28</u>
Influence on diluted common shares:					
Euro-convertible bonds	<u>77,818</u>	<u>77,818</u>	<u>462,915</u>		
Diluted EPS	<u>\$ 1,113,582</u>	<u>\$ 1,111,481</u>	<u>4,211,042</u>	<u>\$ 0.26</u>	<u>\$ 0.26</u>

17. RELATED-PARTY TRANSACTIONS

Relationships with the Company and significant transactions between the Company and related parties, including transactions of amounts over NT\$100 million with its subsidiaries, were 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 affiliate of Bank SinoPac
Ruentex Interior Design Inc.	Related party in substance
Li-Seng Develop Company	Investee accounted for by the cost method
Other	Related parties under the control of the Company and with no transactions with the Company, please see Table 6

b. Significant transactions between the Company and related parties

1) Cash and cash equivalents—bank deposits

	September 30			
	2003		2002	
	Amount	% of Account Balance	Amount	% of Account Balance
Bank SinoPac	\$ 5,085,750	73	\$ 5,844,771	68
FENB	1,566,741	23	2,620,722	30

2) Bills and bonds transactions (cumulative trading amounts)

Type of Transaction	For the Period	
	For the Nine Months Ended September 30, 2003	from May 9, 2002 to September 30, 2002
SinoPac Securities Bonds purchased under agreements to resell	\$ 2,420,403	\$ -
Bank SinoPac Outright purchases of commercial papers	124,856	2,275,381
Outright sales of commercial papers	124,879	893,993
Bills purchased under agreements to resell	2,145,904	771,444
Bonds purchased under agreements to resell	1,170,014	-

For the nine months ended September 30, 2003 and for the period from May 9, 2002 to September 30, 2002, interest revenue generated from the aforesaid bills and bonds transactions under repurchase/resale agreements with Bank SinoPac amounted to \$1,224 and \$5,616, respectively, and gains generated from outright purchases and sales transactions amounted to \$29 and \$4,888, respectively.

For the nine months ended September 30, 2003, interest revenue generated from the aforesaid bonds transactions with SinoPac Securities amounted to \$639.

3) Interest receivable

	September 30			
	2003		2002	
	Amount	% of Account Balance	Amount	% of Account Balance
Bank SinoPac	\$ 4,369	13	\$ 14,695	50
FENB	2,626	8	10,226	35

4) Interest revenue from bank deposits

	For the Nine Months Ended <u>September 30, 2003</u>		For the Period from May 9, 2002 to <u>September 30, 2002</u>	
	<u>Amount</u>	<u>% of Account Balance</u>	<u>Amount</u>	<u>% of Account Balance</u>
Bank SinoPac	\$ 56,931	49	\$ 21,276	55
FENB	24,930	21	12,073	31

5) Professional service charges

Professional service charges paid to SinoPac Securities amounted to \$3,757 for the nine months ended September 30, 2003.

6) Lease

The Company leased certain office premises from National Electric Appliance Co., Ltd. for a period ranging from May 2002 to December 2005. Rentals were paid annually at the beginning of each year. Rentals paid for the nine months ended September 30, 2003 and for the period from May 9, 2002 to September 30, 2002 were \$1,691 and \$1,743, respectively.

The Company leased certain apartments as employees' dormitory from Hong Yue Investment Co. for a period ranging from May 2002 to May 2005 with monthly rental payments. Rental paid for the nine months ended September 30, 2003 and for the period from May 9, 2002 to September 30, 2002 were \$2,643 and \$1,099, respectively.

7) Asset transactions

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

In August 2002, the Company acquired fixed assets from Bank SinoPac and SinoPac Securities at an acquisition cost of \$450 and \$6,287, respectively. In addition, the Company acquired computer software from SinoPac Securities at an acquisition cost of \$84. As of September 30, 2003, the considerations had already been paid.

The Company acquired common stock of AnShin Card Services from Bank SinoPac in December 2002 at an acquisition cost of \$181,238, which had already been paid before December 31, 2002. Unamortized deferred income totaling \$66,056 was recognized by the Company when the transaction occurred, and was amortized on the basis of the remaining amortization period obtained from Bank SinoPac. The Company recognized the aforesaid investment income totaling \$20,747 for the nine months ended September 30, 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 considerations had already been paid before January 31, 2003.

On January 20, 2003, the board of directors had resolved to purchase superficies and an office building built by Li-Seng Develop Company. The building will be located in Taipei City and used as the Company's headquarters. Total purchase cost of \$1,748,000 did not include value-added tax and costs borne by the Company. The transaction had been approved by BOMA in Ministry of Finance on April 30, 2003. Nevertheless, in behalf of the financial consideration, in August 2003, the board of directors of the Company resolved to switch the aforesaid purchase to SinoPac Leasing Corporation, an affiliate company. The transaction remains under review by the regulator.

For 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 were as follows:

1) Bank SinoPac

<u>Name</u>	<u>Relationship with Bank SinoPac</u>
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 of Bank SinoPac
Far East National Bank (FENB)	Overseas affiliate of Bank SinoPac
Fortune Investment Co., Ltd. (Fortune Investment)	Bank SinoPac's director
Other	Bank SinoPac's directors, supervisors, managers and their relatives, department chiefs, the investees accounted for by the equity method and subsidiaries of Bank SinoPac, etc., please see Table 6.

a) Loans

<u>Period</u>	<u>Ending Balance</u>	<u>% of Total</u>	<u>Interest Rate</u>	<u>Interest Revenue</u>	<u>% of Total</u>
For the nine months ended September 30, 2003	\$ 1,476,699	0.71%	1.48-12.30%	\$ 50,533	0.70%
For the nine months ended September 30, 2002	1,093,257	0.60%	2.05-12.75%	59,806	0.66%

b) Deposits

<u>Period</u>	<u>Ending Balance</u>	<u>% of Total</u>	<u>Interest Rate</u>	<u>Interest Expense</u>	<u>% of Total</u>
For the nine months ended September 30, 2003					
SinoPac Holdings	\$ 5,085,750	1.72%	0-2.00%	\$ 56,931	1.72%
Other	2,885,212	0.98%	0-6.48%	22,502	0.97%
For the nine months ended September 30, 2002	7,207,054	3.15%	0.002-7.350%	59,495	2.44%

c) Guarantees and securities purchased

As of September 30, 2003 and 2002, Bank SinoPac had provided guarantees on commercial papers issued by Wal Tech International and Fortune Investment. The aggregate face amounts of commercial papers were as follows:

	<u>September 30</u>	
	<u>2003</u>	<u>2002</u>
Wal Tech International	\$ 95,000	\$ 246,500
Fortune Investment	<u>11,000</u>	<u>-</u>
	<u>\$ 106,000</u>	<u>\$ 246,500</u>

Guarantees and credits on Wal Tech International were collateralized by the following assets provided by SPL, Wal Tech International and Grand Capital:

	<u>September 30</u>	
	<u>2003</u>	<u>2002</u>
Properties—carrying amount	<u>\$1,542,077</u>	<u>\$1,135,742</u>

In addition, guarantees and credits on SinoPac Securities were collateralized by the following assets provided by SinoPac Securities as follows:

	<u>September 30</u>	
	<u>2003</u>	<u>2002</u>
Properties and properties held for lease—carrying amount	\$1,196,902	\$1,136,114
Certificates of deposit	<u>1,130,000</u>	<u>880,000</u>
	<u>\$2,326,902</u>	<u>\$2,016,114</u>

d) Outright sales/purchases of bills and bonds

	<u>For the Nine Months Ended September 30</u>	
	<u>2003</u>	<u>2002</u>
SinoPac Securities		
Trading amount of outright purchases	\$ -	\$1,950,955
Trading amount of outright sales	-	3,027,335
SinoPac Holdings		
Trading amount of outright purchases	124,879	893,993
Trading amount of outright sales	124,856	2,275,381

e) Bills and bonds transactions under repurchase/resale agreements (cumulative trading amounts)

	<u>For the Nine Months Ended September 30</u>	
	<u>2003</u>	<u>2002</u>
SinoPac Securities		
Bills sold under agreements to repurchase	\$ -	\$ 271,779
SinoPac Holdings		
Bills sold under agreements to repurchase	2,145,904	771,444
Bonds sold under agreements to repurchase	1,170,014	-

For 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 government and consumer 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>
SinoPac Holdings	Parent company
Bank SinoPac	Subsidiary of SinoPac Holdings
SinoPac Futures Corporation (SinoPac Futures)	Subsidiary of SinoPac Securities
National Investment Trust Company Limited (NITC)	The director of NITC is a lineal relative of the chairman of SinoPac Holdings (NITC was not a related party since the third quarter in 2003)
SinoPac Futures Co., Ltd.	Subsidiary of SinoPac Securities (the legal dissolution and liquidation procedure had been completed in the half of 2003)

a) Bonds sold under agreements to repurchase

	<u>Balance as of September 30</u>	
	<u>Face Amount</u>	<u>Cost</u>
<u>2002</u>		
Mutual funds managed by NITC	\$ 1,588,700	\$ 1,699,311
SinoPac Futures Co., Ltd.	<u>104,000</u>	<u>115,267</u>
	<u>\$ 1,692,700</u>	<u>\$ 1,814,578</u>
	<u>September 30</u>	
	<u>2003</u>	<u>2002</u>
b) Bank deposits (including exchange clearing receivables)		
Bank SinoPac	<u>\$ 651,014</u>	<u>\$ 652,593</u>
c) Pledged time deposits		
Bank SinoPac	<u>\$ 1,130,000</u>	<u>\$ 880,000</u>
d) Short-term borrowings and pledged assets		

As of September 30, 2003 and 2002, SinoPac Securities had short-term borrowings from Bank SinoPac amounted to \$500,000 and \$200,000, respectively. Time deposits, properties and properties held for lease amounted to \$1,130,000, \$1,126,328 and \$70,574 as of September 30, 2003, respectively and fixed assets and time deposits amounted to \$1,136,114 and \$880,000 as of September 30, 2002, respectively, were pledged as collateral of credit lines for issuance of commercial papers, borrowings and overdrafts.

e) Futures trading margins—the position of SinoPac Securities

As of September 30, 2003 and 2002, SinoPac Securities provided \$431,610 and \$42,498 as futures trading margins to SinoPac Futures to engage in futures dealing business.

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

3) AnShin Card Services

<u>Name</u>	<u>Relationship with AnShin Card Services</u>
Bank SinoPac	Subsidiary of SinoPac Holdings (originally was the investor accounted for by the equity method; in December 2002, Bank SinoPac transferred AnShin Card Services' shares to SinoPac Holdings)
ING Life Insurance Co., of America, Taiwan Branch (ING Life)	An affiliate of ING Heart Investment Co., Ltd.

a) Deposits

As of September 30, 2003 and 2002, the details of deposits in Bank SinoPac were as follows:

<u>For the Nine Months Ended September 30, 2003</u>					
	<u>Maximum Amount</u>	<u>Balance as of September 30</u>	<u>Interest Rate</u>	<u>Interest Income</u>	<u>Interest Receivable as of September 30</u>
Demand deposits	\$ 748,722	\$ 12,258	0.30%-0.50%	\$ 39	\$ -
Checking deposits	200,071	-	-	-	-
Time deposits	13,570	-	1.15%-2.00%	173	-
<u>For the Nine Months Ended September 30, 2002</u>					
	<u>Maximum Amount</u>	<u>Balance as of September 30</u>	<u>Interest Rate</u>	<u>Interest Income</u>	<u>Interest Receivable as of September 30</u>
Demand deposits	\$ 518,442	\$ 4,395	0.65%-1.00%	\$ 46	\$ -
Checking deposits	213,459	-	-	-	-
Time deposits	55,420	12,540	2.00%-4.85%	401	-

As of September 30, 2002, AnShin Card services provided the above time deposits amounting to \$12,540 as refundable deposits for National Credit Card Center (NCCC) merchant payment.

b) Collections payable

AnShin Card services provided collection services to ING Life for its credit card holders. The related collections payable and service fees resulting from the above transactions for the nine months ended September 30, 2003 and 2002 were as follows:

<u>Name</u>	<u>For the Nine Months Ended September 30</u>			
	<u>2003</u>		<u>2002</u>	
	<u>Service Fee</u>	<u>Balance as of September 30</u>	<u>Service Fee</u>	<u>Balance as of September 30</u>
ING Life	<u>\$ -</u>	<u>\$ 796,045</u>	<u>\$ 4,710</u>	<u>\$ 737,155</u>

After August 2002, no fee was charged to such collection services from AnShin Card Services to ING Life.

	<u>September 30</u>	
	<u>2003</u>	<u>2002</u>
4) FENB		
Deposits—SinoPac Holdings	<u>\$ 1,566,741</u>	<u>\$ 2,620,722</u>
5) SPL		
Borrowings from Bank SinoPac	<u>\$ 496,000</u>	<u>\$ 496,000</u>
6) Grand Capital		
Borrowings from Bank SinoPac	<u>\$ 484,252</u>	<u>\$ -</u>
7) Wal Tech International		
Borrowings from Bank SinoPac	<u>\$ 145,000</u>	<u>\$ 148,000</u>
8) SinoPac Capital Limited (Overseas subsidiary of Bank SinoPac)		

As of September 30, 2003, SinoPac Capital Limited had short-term borrowings amounting to \$127,996 from its subsidiary, SinoPac Capital (B.V.I.) Ltd.

9) SinoPac Asia Limited (Overseas affiliate of SinoPac Securities)

As of September 30, 2003, SinoPac Asia Limited engaged in the transaction of bonds sold under agreements to repurchase amounting to \$206,028 and \$959,539, with its parent company, SinoPac Asset Management Corp. (B.V.I.) and its affiliate company, SinoPac Securities (Asia) Ltd., respectively.

18. SIGNIFICANT CONTINGENCIES AND COMMITMENTS

- a. Significant contingencies and commitments of the Company, in addition to financial instruments disclosed in Note 22, 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 for the future are summarized as follows:

<u>Year</u>	<u>Amount</u>
October 1 to December 31, 2003	\$ 5,025
2004	20,097
2005	10,658

- b. Significant contingencies and commitments of subsidiaries

Bank SinoPac

- 1) Lease contract

Bank SinoPac leased certain office premises under several contracts 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>
October 1 to December 31, 2003	\$ 57,834
2004	215,883
2005	122,942
2006	109,637
2007	73,124

Rentals for the years beyond 2007 amount to \$35,881 and the present value of which is about \$33,249 as discounted at Bank SinoPac's one-year time deposit rate of 1.35% on October 1, 2003.

- 2) Land and buildings purchase contract

In January 2001, Bank SinoPac had entered into a real estate contract located in Taipei for its own use. The purchase cost was \$199,900, of which \$198,830 had already been paid as of September 30, 2003.

- 3) Equipment purchase contract

Bank SinoPac had entered into contracts to purchase computer hardware and software for \$141,441, of which \$99,901 had already been paid as of September 30, 2003.

- 4) Interior decoration contract

Bank SinoPac had entered into contracts to do interior decoration of its office premises for \$2,804, of which \$1,283 had already been paid as of September 30, 2003.

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

As of September 30, 2003, short-term bills and bonds, with a total face amount of \$8,296,228, were

sold under agreements to repurchase at \$8,324,288 between October and December 2003.

6) Short-term bills purchased under agreements to resell

As of September 30, 2003, short-term bills with a total face amount of \$5,705,200 were purchased under agreements to resell at \$5,692,911 between October and November 2003.

SinoPac Securities

- 1) The Securities and Futures Institute (SFI), on behalf of the investors of Cheng-Yi Food Co. (CYF) with respect to its initial public offering (IPO), filed a civil case against CYF and the major and sub-underwriters (SinoPac Securities being a sub-underwriter in the IPO) of CYF. The damages claimed by SFI amounted to \$71,018 plus 5% interest. SinoPac Securities' legal counsel believes that SinoPac Securities can claim the major underwriter if the Court reaches the verdict unfavorable to SinoPac Securities, thus, no liability was recognized in the accompanying financial statements.
- 2) Mr. Chang sued SinoPac Securities and its two former employees, Mr. Lin and Mr. Huang, for embezzlement. Mr. Chang claimed for SinoPac Securities damages of \$32,215 plus 5% interest. After the trial at the district court of first instance on May 22, 2003, the district court judged that SinoPac Securities should assume the related liability and pay compensation. In the opinion of SinoPac Securities' management and legal counsel, clarification should be made that the damage claimed by Mr. Chang was not connected to SinoPac Securities' brokerage affairs because Mr. Chang had authorized Mr. Lin to deal with money remittance for stock payment for a long time. In addition, SinoPac Securities claimed that Mr. Chang also committed an unpremeditated crime, and SinoPac Securities had appealed to the supreme court to redress a miscarriage of justice. However, on the basis of the conservative principle, SinoPac Securities estimated a \$14,000 loss, recorded as nonoperating expenses and losses and other payables in the financial statements.
- 3) Taichung Commercial Bank ("the Bank") sued Mr. Wu, a former employee of Wan Sheng Securities (which was merged with SinoPac Securities in 2000), for enabling the Kuangsan Enterprise Group (Kuangsan) to buy and sell securities illegally. The Bank filed a civil case against Mr. Wu and SinoPac Securities because of Kuangsan's unlawful acts. The damages claimed amounted to \$97,069 plus 5% interest. SinoPac Securities assumed all of the legal liabilities of Wan Sheng Securities after the merger. In the opinion of SinoPac Securities' legal counsel, SinoPac Securities has no criminal and civil culpability since Mr. Wu did not commit a criminal offense.
- 4) A plaintiff Mr. Chen sued Mr. Chen, a former employee of SinoPac Securities' Yuan Lin branch, for fraud. Before the trial at the court of second instance was finished, plaintiff Mr. Chen sued SinoPac Securities as a codefendant and claimed from SinoPac Securities and the defendant Mr. Chen damages of \$12,999 plus 5% interest. In the opinion of SinoPac Securities' legal counsel, SinoPac Securities has no civil culpability since plaintiff Mr. Chen was not SinoPac Securities' client and the defendant Mr. Chen did not have brokerage transactions with the plaintiff.
- 5) The one-to-five-year agreements on the lease of the head office and branch premises can be renewed within six months before expiry. The deposits for these leases amounted to \$61,455, recognized as refundable guarantee deposits, will be refunded without interest when the leases expire. Rentals for the next five years are as follows:

<u>Year</u>	<u>Amount</u>	<u>Payment Frequency</u>
The first year (October 1, 2003 to September 30, 2004)	\$ 153,845	Monthly or quarterly
The second to fifth years (October 1, 2004 to September 30, 2008)	317,693	Monthly or quarterly

Rentals for the nine months ended September 30, 2003 and 2002 were \$124,188 and \$129,929, respectively.

AnShin Card Services

As of September 30, 2003, AnShin Card Services leased certain offices premises and parking spaces. The lease term will ends on November 15, 2006 and rentals for the future payments under the lease contracts amount to \$80,954.

SinoPac Marketing Consulting

SinoPac Marketing Consulting leased certain office premises for a three-year period, with rentals paid monthly. Rentals for the future are as follows:

<u>Year</u>	<u>Amount</u>
October 1 to December 31, 2003	\$ 1,364
2004	5,454
2005	5,454
2006	1,959

SinoPac Asset Management International

SinoPac Asset Management International leased certain office premises with rentals paid monthly. Rentals for the future are as follows:

<u>Year</u>	<u>Amount</u>
October 1 to December 31, 2003	\$ 516
2004	2,064
2005	1,032

SinoPac Venture Capital

SinoPac Venture Capital Co., Ltd. leased certain office premises with rentals paid quarterly. Rentals for the future are as follows:

<u>Year</u>	<u>Amount</u>
October 1 to December 31, 2003	\$ 5,000
2004	20,000
2005	20,000
2006	20,000
2007	20,000

SinoPac Call Center

SinoPac Call Center leased certain office premises with rentals paid quarterly. Rentals for the future are as follows:

<u>Year</u>	<u>Amount</u>
October 1 to December 31, 2003	\$ 391
2004	1,407
2005	1,296

SinoPac Call Center had entered into contracts to purchase equipment for \$7,704, of which \$3,806 had already been paid as of September 30, 2003.

19. 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 financial holding company's CAR falls below 100%, the authorities may prohibit it from declaring cash dividends or distributing other properties. In certain conditions, the authorities may impose other penalties on the company. As of June 30, 2003 and 2002, consolidated CARs of the Company were 160% and 195%, respectively.

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 June 30, 2003 and 2002, Bank SinoPac's CARs were 13.05% and 11.41%, respectively.

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 June 30, 2003 and 2002, SinoPac Securities' CARs were 365% and 562%, respectively.

20. FINANCIAL RATIOS, LIMITATION AND EXECUTION OF FUTURES COMMISSION MERCHANTS SUBSIDIARY

As of June 30, 2003 and 2002, the financial ratios, limitation and execution of SinoPac Futures, computed according to the provisions of the Rules Governing Futures Commission Merchants, were as follows:

	<u>Calculation Formula</u>	<u>Benchmark</u>	<u>Financial Ratios</u>		
			<u>(%)</u>		
			<u>June 30</u>		
			<u>2003</u>	<u>2002</u>	
a.	$\frac{\text{Equities}}{\text{Total liabilities deducted futures client equity, futures trading loss reserve and default reserve}}$	≥ 1		819	1,353
b.	$\frac{\text{Current assets}}{\text{Current liabilities}}$	≥ 1		116	141
c.	$\frac{\text{Equities}}{\text{Capital stock}}$	$\geq 60\%$ $\geq 40\%$		117	107
d.	$\frac{\text{Adjusted net capital}}{\text{Client and proprietary account}}$	$\geq 20\%$ $\geq 15\%$		87	299

**21. PUBLIC ANNOUNCEMENTS PRESCRIBED IN
FINANCIAL HOLDING COMPANY ACT, ARTICLE 46**

Information regarding the credit extensions, guarantees or other transactions engaged by the Company and its subsidiaries to the same person, the same related person or the same affiliate as of June 30, 2003 was summarized as follows:

(In Millions of New Taiwan Dollars, %)

<u>Name</u>	<u>June 30, 2003</u>	
	<u>Aggregate Amount of Credit Extensions, Guarantees or Other Transactions</u>	<u>% of Financial Holding Company's Net Worth</u>
To the same person:		
Client A	\$ 5,887	13.38%
Client B	5,852	13.30%
Client C	4,423	10.05%
Client D	3,626	8.24%
Client E	2,247	5.11%
To the same affiliate:		
Fubon Financial Holding Co., Ltd. and its affiliates	7,273	16.53%
Grand Commercial Bank and its affiliates	4,393	9.98%
Mega Financial Holding Company and its affiliates	4,093	9.30%
China Development Financial Holding Corp. and its affiliates	3,750	8.52%
Taishin Financial Holding Co., Ltd. and its affiliates	3,303	7.51%
First Financial Holding Co., Ltd. and its affiliates	2,949	6.70%
Formosa Petrochemical Corp. and its affiliates	2,837	6.45%
China Bills Finance Corporation and its affiliates	2,749	6.25%
Chinatrust Financial Holding Co., Ltd. and its affiliates	2,641	6.00%
Waterland Financial Holdings Co., Ltd. and its affiliates	2,522	5.73%
E.Sun Financial Holding co., Ltd. and its affiliates	2,500	5.68%
Far Eastern Textile Ltd. and its affiliates	2,482	5.64%
First Global Investment Trust Co., Ltd. and its affiliates	2,408	5.47%

Pursuant to article 46 of Financial Holding Company Act, the above information announced by the Company was summarized and calculated by the relevant accounts or transaction balances as of June 30, 2003 provided by the Company and its subsidiaries.

22. DISCLOSURE OF FINANCIAL INSTRUMENTS

a. Derivative financial instruments—cross-currency swap contracts

The Company enters into cross-currency swaps to hedge the exposures of foreign exchange or interest rate fluctuations on its foreign-currency net liabilities. 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 reassesses the hedge effectiveness of these instruments periodically.

The Company is exposed to credit risk in the event of default on contracts by counter-parties. Since the Company made transactions only with financial institutions with good worldwide rankings, accordingly, 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>September 30, 2003</u>		
	<u>Contract (Notional) Amount</u>	<u>Credit Risk</u>	<u>Fair Value</u>
For hedging purposes:			
Cross-currency swap contracts	<u>\$2,260,530</u>	<u>\$ -</u>	<u>(\$ 45,043)</u>

The fair values were based on the valuation 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 (losses) on derivative financial instruments for the nine months ended September 30, 2003 were as follows:

	<u>Account</u>	<u>For the Nine Months Ended September 30, 2003</u>
For hedging purposes:		
Cross-currency swap contracts		
Realized	Interest revenue	\$32,444
	Interest expense	(12,428)

For the period from May 9, 2002 to September 30, 2002, the Company did not engage in any derivative transaction.

b. Fair values of nonderivative financial instruments

	<u>September 30</u>			
	<u>2003</u>		<u>2002</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
<u>Assets</u>				
Financial assets—with fair values approximating carrying amounts	\$ 6,973,656	\$ 6,973,656	\$ 8,624,075	\$ 8,624,075
Short-term investments	-	-	949,696	949,696
Bonds purchased under agreements to resell	280,000	280,000	-	-
Long-term equity investments	46,907,063	46,907,063	42,633,067	42,633,067
Refundable guarantee deposits	3,338	3,338	1,679	1,679
<u>Liabilities</u>				
Financial liabilities—with fair values approximating carrying amounts	\$ 326,607	\$ 326,607	\$ 5,825	\$ 5,825
Short-term borrowings	200,000	200,000	10,000	10,000
Euro-convertible bonds	8,262,484	8,934,810	8,108,958	8,492,931

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, short-term investments, receivables, bills purchased under agreements to resell, short-term borrowings and payables, approximate their fair values because of the short maturities of these instruments.
- 2) The fair value of long-term equity investments for unlisted stocks is estimated at the carrying amounts.
- 3) The fair value of refundable guarantee deposits is estimated at their carrying amounts since such deposits do not have specific due dates.
- 4) The fair value of Euro-convertible bonds is 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.

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

a. Condensed balance sheets

Bank SinoPac					
Balance Sheets					
September 30, 2003 and 2002					
(In Thousands of New Taiwan Dollars)					
<u>Assets</u>	<u>2003</u>	<u>2002</u>	<u>Liabilities</u>	<u>2003</u>	<u>2002</u>
Cash	\$ 86,667,048	\$ 43,589,663	Call loans and due to banks	\$ 32,388,691	\$ 44,674,486
Due from banks	10,595,642	18,147,285	Payables	12,163,671	7,555,094
Due from Central Bank	10,641,629	8,775,912	Deposits and remittances	295,353,790	228,797,568
Securities purchased—net	32,993,899	32,593,735	Bank debentures	16,200,000	5,000,000
Receivables—net	17,116,484	11,615,737	Other liabilities	<u>3,229,333</u>	<u>3,203,477</u>
Prepayments	240,974	241,538	Total liabilities	<u>359,335,485</u>	<u>289,230,625</u>
Loans, discounts and bills purchased—net	208,080,766	182,400,531	<u>Stockholders' equity</u>		
Long-term equity investments—net	8,966,730	8,847,556	Capital stock	19,443,976	19,443,976
Long-term bond investments	817,718		Capital surplus	125,208	126,886
Properties—net	4,993,719	4,730,540	Retained earnings	6,236,020	5,095,062
Other assets	<u>3,801,442</u>	<u>2,745,553</u>	Equity adjustments	(<u>224,638</u>)	(<u>208,499</u>)
			Total stockholders' equity	<u>25,580,566</u>	<u>24,457,425</u>
Total assets	<u>\$384,916,051</u>	<u>\$313,688,050</u>	Total liabilities and stockholders' equity	<u>\$384,916,051</u>	<u>\$313,688,050</u>

SinoPac Securities Corporation

Balance Sheets
September 30, 2003 and 2002
(In Thousands of New Taiwan Dollars)

<u>Assets</u>	<u>2003</u>	<u>2002</u>	<u>Liabilities</u>	<u>2003</u>	<u>2002</u>
Current assets	\$ 42,010,979	\$ 38,491,329	Current liabilities	\$ 28,062,462	\$ 24,604,804
Long-term equity investments	4,581,018	2,736,883	Long-term liabilities	2,000,000	-
Properties—net	2,715,943	2,723,478	Other liabilities	<u>589,347</u>	<u>401,277</u>
Other assets	2,518,111	2,027,617	Total liabilities	<u>30,651,809</u>	<u>25,006,081</u>
Securities brokerage debit account—net	<u>601,159</u>	<u>99,338</u>	<u>Stockholders' equity</u>		
			Capital stock	15,269,020	15,269,020
			Capital surplus	2,322,730	2,321,997
			Retained earnings	4,505,610	3,721,426
			Equity adjustments	(321,959)	(239,879)
			Total stockholders' equity	<u>21,775,401</u>	<u>21,072,564</u>
			Total liabilities and stockholders' equity	<u>\$ 52,427,210</u>	<u>\$ 46,078,645</u>
Total assets	<u>\$ 52,427,210</u>	<u>\$ 46,078,645</u>			

SinoPac Life Insurance Agent Co., Ltd.

Balance Sheets
September 30, 2003 and 2002
(In Thousands of New Taiwan Dollars)

<u>Assets</u>	<u>2003</u>	<u>2002</u>	<u>Liabilities</u>	<u>2003</u>	<u>2002</u>
Current assets	\$ 80,403	\$ 77,261	Current liabilities	\$ 25,838	\$ 23,801
Properties—net	591	1,981			
Other assets	<u>2,967</u>	<u>670</u>	<u>Stockholders' equity</u>		
			Capital stock	2,000	2,000
			Retained earnings	<u>56,123</u>	<u>54,111</u>
			Total stockholders' equity	<u>58,123</u>	<u>56,111</u>
			Total liabilities and stockholders' equity	<u>\$ 83,961</u>	<u>\$ 79,912</u>
Total assets	<u>\$ 83,961</u>	<u>\$ 79,912</u>			

SinoPac Property Insurance Agent Co., Ltd.

Balance Sheets
September 30, 2003 and 2002
(In Thousands of New Taiwan Dollars)

<u>Assets</u>	<u>2003</u>	<u>2002</u>	<u>Liabilities</u>	<u>2003</u>	<u>2002</u>
Current assets	\$ 4,597	\$ 3,982	Current liabilities	\$ 1,375	\$ 1,106
Other assets	<u>600</u>	<u>600</u>			
			<u>Stockholders' equity</u>		
			Capital stock	2,000	2,000
			Retained earnings	<u>1,822</u>	<u>1,476</u>
			Total stockholders' equity	<u>3,822</u>	<u>3,476</u>
			Total liabilities and stockholders' equity	<u>\$ 5,197</u>	<u>\$ 4,582</u>
Total assets	<u>\$ 5,197</u>	<u>\$ 4,582</u>			

b. Condensed statements of income

Bank SinoPac

Statements of Income
For the Nine Months Ended September 30, 2003 and 2002
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<u>2003</u>	<u>2002</u>
Operating revenues	\$ 11,429,150	\$ 11,483,882
Operating costs and expenses	<u>8,909,266</u>	<u>9,248,053</u>
Operating income	2,519,884	2,235,829
Nonoperating income and gains	101,836	58,793
Nonoperating expenses and losses	<u>42,684</u>	<u>30,529</u>
Income before income tax	<u>2,579,036</u>	<u>2,264,093</u>
Net income	<u>\$ 2,281,736</u>	<u>\$ 1,823,464</u>
Pretax earnings per share	<u>\$1.33</u>	<u>\$1.19</u>
After tax earnings per share	<u>\$1.17</u>	<u>\$0.96</u>

SinoPac Securities Corporation

Statements of Income
For the Nine Months Ended September 30, 2003 and 2002
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<u>2003</u>	<u>2002</u>
Operating revenues	\$ 4,384,379	\$ 4,733,550
Operating costs and expenses	<u>2,898,593</u>	<u>3,213,288</u>
Operating income	1,485,786	1,520,262
Nonoperating income and gains	567,903	437,463
Nonoperating expenses and losses	<u>149,548</u>	<u>262,095</u>
Income before income tax	<u>1,904,141</u>	<u>1,695,630</u>
Net income	<u>\$ 1,564,186</u>	<u>\$ 1,374,048</u>
Pretax earnings per share	<u>\$1.27</u>	<u>\$1.15</u>
After tax earnings per share	<u>\$1.05</u>	<u>\$0.93</u>

SinoPac Life Insurance Agent Co., Ltd.

Statements of Income
For the Nine Months Ended September 30, 2003 and 2002
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<u>2003</u>	<u>2002</u>
Operating revenues	\$ 128,655	\$ 117,565
Operating costs and expenses	<u>67,042</u>	<u>45,634</u>
Operating income	61,613	71,931
Nonoperating income and gains	<u>851</u>	<u>98</u>
Income before income tax	<u>62,464</u>	<u>72,029</u>
Net income	<u>\$ 46,933</u>	<u>\$ 54,031</u>
Pretax earnings per share	<u>\$312.32</u>	<u>\$360.14</u>
After tax earnings per share	<u>\$234.66</u>	<u>\$270.16</u>

SinoPac Property Insurance Agent Co., Ltd.

Statements of Income
For the Nine Months Ended September 30, 2003 and 2002
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<u>2003</u>	<u>2002</u>
Operating revenues	\$ 4,251	\$ 3,880
Operating costs and expenses	<u>2,210</u>	<u>2,094</u>
Operating income	2,041	1,786
Nonoperating income and gains	<u>3</u>	<u>29</u>
Income before income tax	<u>2,044</u>	<u>1,815</u>
Net income	<u>\$ 1,536</u>	<u>\$ 1,370</u>
Pretax earnings per share	<u>\$10.22</u>	<u>\$ 9.07</u>
After tax earnings per share	<u>\$ 7.68</u>	<u>\$ 6.85</u>

24. CROSS SELLING INFORMATION

In February 2003, Bank SinoPac contracted with SinoPac Securities to regulate the rules of their cross selling activities and promotions as well as the allocation of expenses and the sharing of operating equipment and premises. For the nine months ended September 30, 2003, Bank SinoPac paid SinoPac Securities totalling \$12,022 as promotion charges and rentals.

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 cross selling activities and promotions as well as the allocation of expenses and the sharing of operating equipment and premises. For the nine months ended September 30, 2003, SinoPac Property Insurance Agent paid Bank SinoPac and SinoPac Securities \$748 and \$13, respectively, and SinoPac Life Insurance Agent paid SinoPac Securities \$112 as promotion charges.

In March 2003, SinoPac Life Insurance Agent contracted with AnShin Card Services to regulate the rules of their cross selling activities and promotions as well as the allocation of expenses. For the nine months ended September 30, 2003, SinoPac Life Insurance Agent accrued related expenses amounting to \$2,247 from AnShin Card Services as promotion charges.

25. SUBSIDIARIES' SIGNIFICANT FINANCIAL AND OPERATING PROFILE—BANK SINOPAC

a. Assets quality

(In Thousands of New Taiwan Dollars, %)

Item	September 30, 2003	September 30, 2002
Overdue loans (including nonperforming loans)	\$ 4,235,083	\$ 3,841,976
Nonperforming loans	2,684,479	1,864,306
Overdue loans ratio (Note 1)	2.02	2.09
Classified loans (Note 2)	1,072,091	2,371,919
Ratios of classified loans to total loans	0.51	1.29
Allowance for credit losses	1,991,133	1,262,795

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 September 30, 2003 and 2002 were 1.71% and 1.80%, respectively.

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, %)

	September 30, 2003		September 30, 2002	
Credit extensions to interested parties	\$4,200,322		\$4,315,771	
Ratios of credit extensions to interested parties	1.91%		2.03%	
Ratios of credit extensions secured by pledged stocks	0.33%		1.19%	
Industry concentration	Industry	Percentage	Industry	Percentage
	Manufacturing	7.67%	Manufacturing	8.92%
	Wholesaling	3.17%	Wholesaling	2.76%
	Finance and insurance	2.55%	Finance and insurance	1.95%
	Real estate and leasing	2.14%	Real estate and leasing	2.58%
	Government organizations	2.39%	Government organizations	2.38%
	Natural person	79.22%	Natural person	78.41%
Other	2.86%	Other	3.00%	

2) Information of investees of Bank SinoPac

September 30, 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	7.61%
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 provision for losses on guarantees, Bank SinoPac assesses the collectibility on 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.

Pursuant to “The Rules for Bank Asset Evaluation, Loss Reserve Provision, and Disposal of Overdue Loans and Bad Debts” (the Rules) issued by the MOF, Bank SinoPac evaluates credit losses on the basis of its borrowers’/clients’ financial positions, Bank SinoPac’s prior experiences, repayments for principal and interest by borrowers/clients, collateral provided, and estimated collectibility.

Bank SinoPac assesses losses on particular loans in accordance with the Rules stated above. The Rules provide 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

September 30, 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. All damage had been recovered on July 8, 2003.

(Continued)

Causes	Summary and Amount
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 Nine Months Ended September 30, 2003	For the Nine Months Ended September 30, 2002
Return on total assets	0.96%	1.02%
Return on net worth	13.60%	12.64%
Profit margin	22.57%	19.72%

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 income for the nine months ended September 30, 2003 and 2002.

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

d. Liquidity

**Maturity Analysis of Assets and Liabilities
September 30, 2003**

(In Millions 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	\$ 349,989	\$ 75,421	\$ 30,802	\$ 20,675	\$ 57,660	\$ 165,431
Liabilities	354,758	132,204	51,612	52,233	65,327	53,382
Gap	(4,769)	(56,783)	(20,810)	(31,558)	(7,667)	112,049
Accumulated gap	(4,769)	(56,783)	(77,593)	(109,151)	(116,818)	(4,769)

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	September 30, 2003	September 30, 2002
Ratio of interest-rate sensitive assets to liabilities	89.96%	51.39%
Ratio of interest-rate sensitive gap to net worth	(91.51%)	(18.08%)

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

26. 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) Acquisition of individual real estate at costs of at least NT\$100 million or 20% of the issued capital: Table 5;
- 6) Names, locations, and other information of investees on which the Company exercises significant influences: Table 6;
- 7) Derivative financial transactions: Please refer to Note 22. The derivative financial instruments of investees are summarized as follows:

Bank SinoPac

Bank SinoPac engages in derivative transactions mainly for accommodating customers' needs and managing its exposure positions. It also enters into cross-currency swaps, interest rate swaps, futures 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 exposures using hedging instruments with market value changes that have a highly negative correlation with the changes in the market of the exposures being hedged. Bank SinoPac also reassesses the hedge effectiveness of the instruments periodically.

Bank SinoPac is exposed to credit risk in the event of default on contracts by counter-parties. Bank SinoPac enters into contracts with customers that have satisfied the credit approval process and have provided the necessary collateral. The transactions are then made within each customer's credit limit, and guarantee deposits may be 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 associated credit risk has been considered in the evaluation of provision for credit losses. In addition, Bank SinoPac enters into futures contracts with London International Financial Futures and Options Exchange (LIFFE) and 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>September 30, 2003</u>			<u>September 30, 2002</u>		
	<u>Contract (Notional) Amount</u>	<u>Credit Risk</u>	<u>Fair Value</u>	<u>Contract (Notional) Amount</u>	<u>Credit Risk</u>	<u>Fair Value</u>
For hedging purposes:						
Interest rate swap contracts	\$ 5,661,000	\$ 27,164	(\$ 70,634)	\$ 1,561,000	\$ -	\$ -
Cross-currency swap contracts	3,300,000	62,306	62,306	-	-	-
For the purposes of accommodating customers' needs or managing Bank SinoPac's exposures:						
Forward contracts						
—Buy	59,875,904	137,357	(551,369)	16,159,537	235,968	205,446
—Sell	47,779,788	808,708	800,836	24,084,228	454,237	324,404
Forward rate agreements						
—Buy	30,132,195	15,087	5,840	89,255,047	-	(376,483)
—Sell	30,132,195	10,684	698	91,000,947	381,055	381,055
Currency swap contracts	94,880,006	421,785	(419,097)	95,621,757	1,270,066	(866,201)
Interest rate swap contracts	50,702,022	309,669	(37,054)	44,323,015	428,866	(69,449)
Interest rate futures contracts						
—Long position	135,120	116	116	-	-	-
Cross-currency swap contracts	1,427,240	20,911	5,008	-	-	-
<u>Financial Instruments</u>	<u>September 30, 2003</u>			<u>September 30, 2002</u>		
	<u>Contract (Notional) Amount</u>	<u>Credit Risk</u>	<u>Value of Options Purchased/ Written</u>	<u>Contract (Notional) Amount</u>	<u>Credit Risk</u>	<u>Value of Options Purchased/ Written</u>
For the purposes of accommodating customers' needs or managing Bank SinoPac's exposures:						
Options						
—Long	\$79,535,727	\$ 1,081,170	\$ 2,058,866	\$75,595,649	\$ 785,500	\$ 1,449,724
—Short	76,075,197	181,898	1,785,837	74,975,558	-	1,522,206

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

As of September 30, 2003 and 2002, Bank SinoPac entered into asset swap contracts for hedging purposes, with notional amounts at \$3,738,164 and \$4,656,615, respectively. Since Bank SinoPac entered into these contracts with counter-parties with good splendid worldwide ranking and credit rating, no significant credit risk is expected.

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

The gains and losses on derivative financial instruments for the nine months ended September 30, 2003 and 2002 were as follows:

	<u>Account</u>	For the Nine Months Ended September 30	
		<u>2003</u>	<u>2002</u>
For hedging purposes:			
Cross-currency swap contracts			
—Realized	Interest revenue	\$ 7,004	\$ 31,690
	Interest expense	(3,755)	(14,425)
Interest rate swap contracts			
—Realized	Interest revenue	26,570	-
	Interest expense	(9,445)	-
—Realized	Income from derivative financial transactions	14,158	-
Interest rate futures contracts			
—Realized	Loss from derivative financial transactions	(1,139)	-
Options contracts			
—Realized	Income from derivative financial transactions	894	-
For the purposes of accommodating customers' needs or managing Bank SinoPac's exposures:			
Forward contracts			
—Realized	Foreign exchange gain	7,140	73,219
—Unrealized	Foreign exchange gain (loss)	(45,394)	593,764
Forward rate agreements			
—Realized	Income (loss) from derivative financial transactions	(3,437)	3,887
—Unrealized	Income (loss) from derivative financial transactions	5,848	(2,974)
Currency swap contracts			
—Realized	Interest revenue	260,327	273,447
	Interest expense	(219,257)	(296,678)
Interest rate swap contracts			
—Realized	Interest revenue	454,909	423,949
	Interest expense	(500,094)	(459,747)
—Realized	Income from derivative financial transactions	157	-
—Unrealized	Income (loss) from derivative financial transactions	(19,510)	7,817
Options contracts			
—Realized	Income from derivative financial transactions	389,816	166,955
	Foreign exchange loss	(13,307)	(46,611)
—Unrealized	Income (loss) from derivative financial transactions	212,921	(63,766)

(Continued)

	<u>Account</u>	For the Nine Months	
		<u>Ended September 30</u>	
		<u>2003</u>	<u>2002</u>
Interest rate futures contracts			
—Realized	Loss from derivative financial transactions	(\$ 879)	(\$ 2,988)
—Unrealized	Loss from derivative financial transactions	(905)	-
Cross-currency swap contracts			
—Realized	Interest revenue	1,170	-
	Interest expense	(809)	-
—Unrealized	Income from derivative financial transactions	5,008	-

SinoPac Securities

a) Warrants

- i. The objective of issuing warrants and strategies to achieve this objective

SinoPac Securities issues warrants for trading purposes.

SinoPac Securities holds underlying securities to hedge risks from the exercise of warrants and risks from changes in warrant positions held. SinoPac Securities's hedging strategy is to minimize the market value risks. The changes in market values of the underlying securities are highly correlated to that of the warrants, and SinoPac Securities evaluates and adjusts the positions held periodically.

- ii. Credit risk

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

- iii. Market risk

Market risk on issued warrants comes mainly from changes in market prices of underlying securities. SinoPac Securities manages the market risk by adopting dynamic hedging strategy to adjust the positions held on warrants and underlying securities.

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

The premium of the warrants issued by SinoPac Securities is collected in advance, and SinoPac Securities establishes a hedging position with its own capital when the warrants are issued. The liquidity risk of the underlying securities held for hedging is low because the authorities have set the market price and share distribution of the securities, and the probability that the securities cannot be sold for a reasonable price is quite low. SinoPac Securities has to manage any cash demand arising from adjustment of hedge position for any changes due to adverse fluctuation of market prices of the underlying securities. However, the market liquidity is high, so the cash flow risk is low.

Warrants will be expired between October 2003 to June 2004. Except for the cash inflows and outflows arising from hedging, no additional cash is needed.

v. Leverage of warrants

September 30, 2003							
<u>Listed Date</u>	<u>Underlying Securities</u>	<u>Units Issued</u>	<u>Price at Issuance (in New Taiwan Dollars)</u>	<u>Amount</u>	<u>Strike Price (in New Taiwan Dollars)</u>	<u>Leverage at Issuance</u>	
SinoPac Securities—01	November 1, 2002	Compal Electronics, Inc.	20,000,000	\$ 5.30	\$ 106,000	\$ 47.46	7.00
SinoPac Securities—02	November 28, 2002	Uni-president Enterprises Corp.	20,000,000	2.50	50,000	11.74	4.80
SinoPac Securities—06	May 7, 2003	Systex Corporation	20,000,000	3.20	64,000	21.62	6.80
SinoPac Securities—07	June 10, 2003	Inventec Corporation	20,000,000	2.72	54,400	22.82	7.50
SinoPac Securities—08	June 16, 2003	Lite-On Technology Corp.	20,000,000	5.50	110,000	39.85	6.70
SinoPac Securities—09	July 15, 2003	United Microelectronics Corp.	20,000,000	2.32	46,400	29.98	10.00
SinoPac Securities—10	July 15, 2003	Hua Nan Financial Holdings Co., Ltd.	20,000,000	2.57	51,400	31.18	9.00
SinoPac Securities—11	July 16, 2003	Far Eastern Textile Ltd.	20,000,000	1.38	27,600	18.77	9.90
SinoPac Securities—12	July 21, 2003	Mitac International Corp.	20,000,000	1.63	32,600	21.00	8.60
SinoPac Securities—13	July 21, 2003	Delta Electronics, Inc.	20,000,000	4.54	90,800	67.65	9.90
SinoPac Securities—14	August 4, 2003	Siliconware Precision Industries Co., Ltd.	20,000,000	2.57	51,400	36.00	9.30
SinoPac Securities—15	September 12, 2003	E. Sun Financial Holding Company, Ltd.	20,000,000	1.58	31,600	27.00	11.40
SinoPac Securities—16	September 12, 2003	Teco Electronic & Machinery Co., Ltd.	20,000,000	1.23	24,600	17.55	9.50
SinoPac Securities—17	September 17, 2003	Hua Nan Financial Holdings Co., Ltd.	20,000,000	1.68	33,600	35.70	14.20
SinoPac Securities—18	September 17, 2003	Chang Hwa Commercial Bank, Ltd.	20,000,000	1.48	29,600	23.75	11.20
SinoPac Securities—19	September 18, 2003	Evergreen Marine Corp.	20,000,000	2.52	50,400	35.40	9.40
SinoPac Securities—20	September 18, 2003	United Microelectronics Corp.	20,000,000	2.47	49,400	44.40	11.98
SinoPac Securities—21	September 23, 2003	Acer Incorporated	20,000,000	4.64	92,800	76.50	10.99
SinoPac Securities—22	September 30, 2003	Compal Electronics, Inc.	20,000,000	4.10	82,000	78.00	12.68
SinoPac Securities—23	September 30, 2003	Micro-star International Co., Ltd.	20,000,000	6.62	132,400	94.50	9.52
SinoPac Securities—P1	July 23, 2003	Coretronic Corporation	5,000,000	4.69	23,450	30.21	5.90
Less: Gain on change in market value of warrants liabilities as of September 30, 2003					(232,950)		
Market value					<u>\$ 1,001,500</u>		

September 30, 2002							
<u>Listed Date</u>	<u>Underlying Securities</u>	<u>Units Issued</u>	<u>Price at Issuance (in New Taiwan Dollars)</u>	<u>Amount</u>	<u>Strike Price (in New Taiwan Dollars)</u>	<u>Leverage at Issuance</u>	
National Securities—10	November 14, 2001	E. Sun Financial Holding Company, Ltd.	20,000,000	\$ 1.10	\$ 22,000	\$ 19.20	11.60
National Securities—11	January 23, 2002	United Microelectronics Corp.	19,000,000	11.20	212,800	62.40	4.60
Less: Gain on change in market value of warrants liabilities as of September 30, 2002					(227,150)		
Market value					<u>\$ 7,650</u>		

b) Interest rate swaps

- i. The objective of engaging in interest rate swap (IRS) contracts and strategies to achieve this objective

SinoPac Securities enters into IRS contracts with counter-parties to profit from short-term fluctuations in interest rates.

- ii. Information on the outstanding IRS contracts was as follows:

	September 30, 2003			September 30, 2002		
	<u>Nominal Amount</u>	<u>Fair Value</u>	<u>Credit Risk</u>	<u>Nominal Amount</u>	<u>Fair Value</u>	<u>Credit Risk</u>
For trading purposes	<u>\$1,500,000</u>	<u>(\$15,537)</u>	<u>\$14,385</u>	<u>\$1,800,000</u>	<u>(\$34,287)</u>	<u>\$ 9,333</u>

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

As of September 30, 2003, fair values of outstanding IRS contracts were recognized as derivative financial assets—OTC at \$23,500 and derivative financial liabilities—OTC at \$39,037, respectively. As of September 30, 2002, fair values of outstanding IRS contracts were recognized as derivative financial assets—OTC at \$18,669 and derivative financial liabilities—OTC at \$52,956, respectively.

- iii. Market risk

SinoPac Securities uses Value-at-Risks (VAR), based on statistical analysis of interest rate data and foreign industrial standards, in evaluating market risks of the IRS contracts. As of September 30, 2003 and 2002, the VARs were \$2,003 and \$388, respectively.

- 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 amounts are not exchanged on the final settlement date. Therefore, the cash demand is not significant.

- v. For the nine months ended September 30, 2003 and 2002, gains and losses (recognized as gain/loss from derivative financial instruments—OTC) under the IRS valuation were \$6,208 and \$35,138, respectively.
- c) Stock index futures and options
- i. The objective of stock index futures and options and related strategies

SinoPac Securities engaged futures and options dealing transactions since May 2002. SinoPac Securities uses stock index futures and options contracts for trading purposes to increase the investment instruments, to aggressively develop various services and to heighten working capital efficiency. For the nine months ended September 30, 2002, SinoPac Securities used stock index futures and options to hedge the market risks of listed securities. SinoPac Securities' strategy is to hedge most of the market risk it is exposed through hedging instruments with market value changes that have a highly negative correlation with the changes in the market of the exposures being hedged. SinoPac Securities also reassesses the hedge effectiveness of the instruments periodically.

- ii. Carrying values, fair values and credit risks

<u>Item</u>	<u>Transaction Type</u>	<u>September 30, 2003</u>			
		<u>Opening Positions</u>		<u>Carrying Value/ Premium Paid</u>	<u>Fair Value</u>
		<u>Long/ Short</u>	<u>Volume</u>	<u>(Received)</u>	
TAIFEX futures	Stock index futures contracts	Long	12	\$ 13,673	\$ 13,538
TAIFEX options	Stock index call options	Long	78	726	305
TAIFEX options	Stock index put options	Short	1,739	(3,391)	(2,912)

<u>Item</u>	<u>Transaction Type</u>	<u>September 30, 2002</u>			
		<u>Opening Positions</u>		<u>Carrying Value/ Premium Paid</u>	<u>Fair Value</u>
		<u>Long/ Short</u>	<u>Volume</u>	<u>(Received)</u>	
TAIFEX futures	Stock index futures contracts	Long	3	\$ 635	\$ 619
TAIFEX futures	Stock index futures contracts	Short	9	7,478	7,421
TAIFEX options	Stock index call options	Long	652	4,169	4,385
TAIFEX options	Stock index put options	Short	1,310	(7,131)	(8,801)

The market value of each contract was based on the reference price published by the Taiwan Futures Exchange (TAIFEX) as of balance sheet dates. Since the counter-party is TAIFEX, no significant credit risk is expected.

As of September 30, 2003 and 2002, the fair value of options contracts were recognized as premiums of \$305 and \$4,385 paid for long options—non-hedging and premiums of \$2,912 and \$8,801 received from short options, 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 settling the deal or putting in additional margin deposits.

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

Since original margin for stock index futures, as well as premiums for long options, have already been paid, there is no future cash requirement unless the trading margin is lower than the maintenance margin. Moreover, future cash demand is supported by sufficient working capital and therefore, cash flow risk is not significant.

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

Gains or losses for the nine months ended September 30, 2003 and 2002 were summarized as follows:

	<u>For the Nine Months Ended September 30, 2003</u>	
	Gains (Losses) from Futures Transactions	Gains (Losses) from Options Transactions
Non-hedging and realized	\$ 84,142	(\$ 112,785)
Non-hedging and unrealized	(135)	58
	<u>(\$ 84,007)</u>	<u>(\$ 112,727)</u>
	<u>For the Nine Months Ended September 30, 2002</u>	
	Gains (Losses) from Futures Transactions	Gains (Losses) from Options Transactions
Non-hedging and realized	(\$ 3,167)	\$ 2,025
Non-hedging and unrealized	41	(1,454)
	<u>(\$ 3,126)</u>	<u>\$ 571</u>

SinoPac Securities recognized hedging and realized loss of \$1,931 on sock index futures intended for hedging purposes for the nine months ended September 30, 2002.

d) Asset swap transactions—convertible bonds

- i. The objective of convertible bonds swap transactions and strategies to achieve this objective

SinoPac Securities sold convertible bonds, which were acquired from dealing or underwriting transactions, to counter-parties. The selling price received was taken as a nominal amount. During the contract term, SinoPac Securities took the pre-agreed interest rate in exchange for the coupon rate and the interest compensation on 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.

Convertible bond swap transactions have three types: fixed income transactions, short call options transactions and combination of both types. SinoPac Securities engaged in the transactions since 2003 to diversify its financial instruments, to lower the capital pressure from underwriting convertible bonds, to reinforce its capability in underwriting convertible bonds, to lower risks, and to enliven the second market for convertible bonds.

- ii. Information on outstanding convertible bond swap transactions is as follows:

	September 30, 2003			
	Nominal Amount	Premiums Paid (Received)	Fair Value	Credit Risk
i) Fixed income transactions				
Interest rate swaps	\$ 322,000	\$ -	(\$ 2,763)	\$ 1,842
Long call options on convertible bonds	-	13,221	106,044	175,899
ii) Short call options on convertible bonds	242,000	(12,242)	(101,829)	-

The fair values are computed using the model approved by the OTC. The parameters used in the model (convertible bond market prices, underlying stock prices, interest rates, etc.) are public market information. Accordingly, there is no risk-free arbitrage opportunity.

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

As of September 30, 2003, the fair values of fixed income convertible bonds swap transactions were recognized as derivative financial assets—OTC at \$7,453 and derivative financial liabilities—OTC at \$10,216, respectively.

- iii. Market risk

SinoPac Securities used Value-at-Risks (VAR), based on statistical analysis of market data (including interest rate, convertible bond market prices and theoretical value of options) and foreign industrial standards in evaluating market risks of convertible bond swap transactions. As of September 30, 2003, the VAR was \$407.

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

The underlying convertible bonds, acquired from dealing and underwriting transactions, were sold to counter-parties and SinoPac Securities received related payments. In addition, SinoPac Securities took the pre-agreed interest rate in exchange of the coupon rate and the interest premium of convertible bonds from counter-parties. Further, SinoPac Securities acquired the right to repurchase convertible bonds from counter-parties. Therefore, there is no significant liquidity risk and the cash demand is not significant.

- v. Gains (losses) from convertible bonds swap transactions.

For the nine months ended September 30, 2003, marking to market of convertible bonds swap transactions resulted in gains of \$10,726 (recognized as gains from derivative financial transactions—OTC).

- e) Structured note transactions

- i. The objective of structured note transactions and strategies to achieve this objective

There are two types of structured note transactions authorized by the OTC market: Principal-guaranteed note transactions and equity-linked note transactions. SinoPac Securities signs the contract with the counter parties, receives all (principal-guaranteed note transaction) or part (equity-linked note transactions) of the contract price and settles the contract with cash at the expiration date according to the return on the underlying assets. In substance, the transactions include buy or sale of fixed-income instruments and rewards-linked options on the underlying assets.

SinoPac Securities started structured note transactions in July 2003 to diversify its financial instruments, to increase profits, to enhance its hedging methods, and to raise profitability.

- ii. Information on outstanding structured notes transactions is as follows:

	<u>September 30, 2003</u>		
	<u>Nominal</u>	<u>Premiums</u>	
	<u>Amount</u>	<u>Paid</u>	<u>Fair Value</u>
		<u>(Received)</u>	
i) Principal-guaranteed note transactions			
Fixed income instruments	\$19,000	\$ -	(\$17,089)
Short call options on underlying assets	-	(1,936)	(1,468)
ii) Equity-linked note transactions			
Fixed income instruments	5,300	-	(5,149)
Long put options on linked underlying assets	-	148	7

The fair value is computed using the model approved by the OTC. The parameters used in the model (including underlying asset market prices and interest rates, etc.) are based on public information available in the market; thus, a risk-free arbitrage opportunity does not exist.

SinoPac Securities has established a strict criteria on the types of fixed income assets being used to control the investment amounts. In addition, the premium from short options transactions have been collected in advance and therefore, SinoPac Securities expects no exposure to credit risks.

iii. Market risk

The market risk of structured note transactions is mainly from adverse fluctuations of the underlying assets market price. Thus, options are used to hedge market risk.

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

The fixed income instruments purchased by SinoPac Securities with the contract price received from the structured note transactions are stored in a custodian bank. To enable investors to execute the contract in advance, SinoPac Securities considers the liquidity risk of the fixed income instruments in advance. Since the market liquidity is high, cash flow risk and future cash demand is not significant.

v. Gains (losses) from structured note transactions

For the nine months ended September 30, 2003, gains (losses) from structured note transactions were as follows: Losses of \$25 from principal-guaranteed note transactions, gains of \$468 from principal-guaranteed note valuation; losses of \$8 from equity-linked note transactions; and losses of \$141 from equity-linked notes valuation.

AnShin Card Services

The interest rate swap (IRS) contracts held by AnShin Card Services are mainly for the purpose of hedging the risks resulting from changes in interest rates of liabilities rather than for the purpose of trading. AnShin Card Services' strategy is to hedge most market risk exposures using derivative instruments with market value changes that have a highly negative correlation with the changes in the market of the exposures being hedged. AnShin Card Services also reassesses the hedge effectiveness of the instruments periodically.

a) As of September 30, 2003 and 2002, the nominal amount, credit risk and fair value of outstanding IRS contracts were as follows:

<u>Financial Instruments</u>	<u>September 30, 2003</u>			<u>Maturity</u>
	<u>Nominal Amount</u>	<u>Credit Risk</u>	<u>Fair Value</u>	
IRS	\$1,800,000	\$ -	(\$ 47,850)	2004.02-2005.01
<u>Financial Instruments</u>	<u>September 30, 2002</u>			<u>Maturity</u>
	<u>Nominal Amount</u>	<u>Credit Risk</u>	<u>Fair Value</u>	
IRS	\$2,500,000	\$ -	(\$ 85,734)	2003.06-2005.01

The amount of credit risks are a potential losses of AnShin Card Services if the counter-parties involved in that transactions default. Since AnShin Card Services enters into IRS contracts with banks with good credit rankings, no significant credit risk is expected.

The fair value of derivative financial instruments is the amount AnShin Card Services would receive or pay to terminate contracts at the balance sheet date, including unrealized gains or losses for outstanding 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 IRS 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 item being hedged. Therefore, market risk is insignificant.

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

AnShin Card Services enters into the aforesaid transactions only with financial institutions with good credit ranking and transacts with several different financial institutions to diversify financial risks. It is believed that default risks of these financial institutions are remote and therefore, there is no liquidity risk.

Under the IRS contracts, there is no exchange of the notional principals. The net interest at each 90 days for settlement, which is calculated basing on the difference between the contractual rate and the market floating rate multiplied by the nominal principal, is usually insignificant.

d) For the nine months ended September 30, 2003 and 2002, AnShin Card Services recognized realized interest expenses as operating expenses amounting to \$51,332 and \$39,820, respectively. The unrealized revaluation losses, recognized as other liabilities and the debit balance of stockholders' equity, were marked to market at \$47,850 and \$85,734 as of September 30, 2003 and 2002, respectively.

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

SINOPAC HOLDINGS AND INVESTEEES

**FINANCING PROVIDED
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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 Reason	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrowing Company	Financing Company's Financing Amount Limit
											Item	Value		
3	SinoPac Capital (B.V.I.) Ltd.	SinoPac Capital Ltd.	Short-term loans	\$ 137,375	\$ 127,996	-	Short-term financing	\$ -	Working capital	\$ -	-	\$ -	\$ -	\$ -
6	Intellisys Corp.	Intellisoft Corporation	Temporary payments	563	-	-	Short-term financing	-	Working capital	-	-	-	20,000 (Note 1)	49,500 (Note 1)
		Intellisys Shanghai Corporation	Temporary payments	387	-	-	Short-term financing	-	Working capital	-	-	-	20,000 (Note 1)	49,500 (Note 1)

Note 1: The stockholders of Intellisys Corp. approved the limit on total financing amount up to 30% of the net asset value (Note 2) of Intellisys Corp., and the limit on individual financing amount is up to \$20,000.

Note 2: The net asset value of Intellisys Corporation was based on its unreviewed financial statements as of September 30, 2003.

SINOPAC HOLDINGS AND INVESTEES

**ENDORSEMENT/GUARANTEE PROVIDED
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2003
(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)**

No.	Endorsement/Guarantee Provider	Counter-party		Limit on Individual Endorsement/ Guarantee Amount	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 Amount Allowable
		Name	Nature of Relationship						
1	SinoPac Securities Corporation	SinoPac Securities (Asia) Ltd.	Affiliate	\$ 8,710,160 (Note 2)	\$ 590,625 (Note 1) (US\$ 17,500 thousand dollars)	\$ -	\$ -	-	\$8,710,160 (Note 2)
2	SinoPac Leasing Corporation	Grand Capital International Limited	Subsidiary	3,806,440 (Note 3)	4,442,961 (Note 1)	4,835,987 (Note 1)	-	254% (Note 6)	9,516,101 (Note 4)
		Wal Tech International Corporation	Affiliate	3,806,440 (Note 3)	530,000	530,000	-	28% (Note 6)	9,516,101 (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 subsidiary 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 subsidiary of SinoPac Leasing Corporation.

Note 5: The net asset value of the aforementioned corporation is based on its reviewed financial statements as of September 30, 2003.

Note 6: The net asset value of the aforementioned corporation is based on its unreviewed financial statements as of September 30, 2003.

TABLE 3

SINOPAC HOLDINGS AND INVESTEES

MARKETABLE SECURITIES HELD

JUNE 30, 2003

(In Thousands of New Taiwan Dollars)

Name of Held Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	September 30, 2003				Note
				Shares/Units/ Face Amount (In Thousand)	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
SinoPac Holdings	<u>Stock (common stock)</u>							
	Bank SinoPac	Subsidiary	Long-term equity investments	1,944,398	\$ 22,499,943	100.00%	\$ 25,580,566	Note 5
	SinoPac Securities Corporation	Subsidiary	Long-term equity investments	1,526,902 (Note 8)	21,775,401	100.00%	21,775,401	Note 5
	AnShin Card Services Co., Ltd.	Subsidiary	Long-term equity investments	145,769	1,192,449	89.43%	740,945	Note 5
	SinoPac Life Insurance Agent Co., Ltd.	Subsidiary	Long-term equity investments	200	58,123	100.00%	58,123	Note 5
	SinoPac Property Insurance Agent Co., Ltd.	Subsidiary	Long-term equity investments	200	3,822	100.00%	3,822	Note 5
	SinoPac Venture Capital Co., Ltd.	Subsidiary	Long-term equity investments	50,000	485,579	100.00%	485,579	Note 4
	SinoPac Call Center Co., Ltd.	Subsidiary	Long-term equity investments	10,000	102,830	100.00%	102,830	Note 4
	SinoPac Asset Management International	Subsidiary	Long-term equity investments	10,000	116,526	100.00%	116,526	Note 4
	SinoPac Marketing Consulting Co., Ltd.	Subsidiary	Long-term equity investments	5,000	47,390	100.00%	47,390	Note 4
	Li-Seng Develop company	Investee accounted for by the cost method	Long-term equity investments	12,500	125,000	5.00%	124,227	Note 4
	Debt Instruments Depository and Clearing Co., Ltd., Taiwan preparatory office	Investee accounted for by the cost method	Prepaid investments	2,000	20,000	0.9976%	20,000	Note 6
		<u>Stock (preferred stock)</u>						
	AnShin Card Services Co., Ltd.	-	Long-term equity investments	28,834	288,336	60.07%	288,336	Note 6
AnShin Card Services Co., Ltd.	-	Prepaid investments	19,166	191,664	39.93%	191,664	Note 6	
Bank SinoPac	<u>Stock</u>							
	SinoPac Bancorp	Subsidiary	Long-term equity investments	20	5,114,207	100.00%	5,114,207	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	159,629	2,116,051	99.7683%	1,898,810	Note 4
	SinoPac Capital Limited	Subsidiary	Long-term equity investments	229,998	1,022,590	99.9991%	1,022,872	Note 4
	SinoPac Financial Consulting Co., Ltd.	Subsidiary	Long-term equity investments	194	1,493	97.00%	1,493	Note 4
	Ruentex Industries Ltd.	Supervisor of Bank SinoPac and an investee accounted for by the cost method	Long-term equity investments	11,452	165,487 (Note 3)	1.45%	157,275	Note 2
	Mega Financial Holding Company	Investee accounted for by the cost method	Long-term equity investments	4,158	110,732 (Note 3)	0.04%	69,399	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%	98,110	Note 2
	Global Securities Finance Corp.	Investee accounted for by the cost method	Long-term equity investments	11,719	100,000	1.56%	133,012	Note 4
	Z-Com, Inc.	Investee accounted for by the cost method	Long-term equity investments	1,040	13,230	1.58%	11,302	Note 4
	Taipei Forex Inc.	Investee accounted for by the cost method	Long-term equity investments	80	800	0.40%	1,209	Note 4
	Taiwan Future Exchange Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	899	8,990	0.45%	13,158	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%	9,229	Note 4
Apack Technology Inc.	Investee accounted for by the cost method	Long-term equity investments	1,694	- (Note 9)	1.31%	12,717	Note 4	

(Continued)

Name of Held Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	September 30, 2003				Note	
				Shares/Units/ Face Amount (In Thousand)	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)		
SinoPac Bancorp	Fuh-Hwa Investment Trust Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	2,400	\$ 24,000	7.61%	\$ 33,383	Note 4	
	Financial Information Services Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	4,550	45,500	1.14%	67,147	Note 4	
	Taiwan Asset Management Corporation	Investee accounted for by the cost method	Long-term equity investments	5,000	50,000	0.28%	51,613	Note 4	
	Taiwan Financial Asset Service Corporation	Investee accounted for by the cost method	Long-term equity investments	5,000	50,000	2.94%	50,781	Note 4	
	Prudence Venture Investment Corporation	Investee accounted for by the cost method	Long-term equity investments	5,000	50,000	2.50%	49,620	Note 4	
	Mondex Taiwan Inc.	Investee accounted for by the cost method	Long-term equity investments	2,000	25,000	6.47%	11,851	Note 4	
	<u>Stock</u>								
	Far East National Bank	Subsidiary		Long-term equity investments	175	5,178,791	100.00%	5,178,791	Note 5
	Far East National Bank	<u>Stock</u>							
		Far East Capital Corporation	Subsidiary	Long-term equity investments	350	68,169	100.00%	68,169	Note 5
FENB Securities, Inc.		Subsidiary	Long-term equity investments	2.5	30,609	100.00%	30,609	Note 5	
FENB Loan Corp.		Subsidiary	Long-term equity investments	0.1	(13,963)	100.00%	(13,963)	Note 5	
FENB Film Corp.		Subsidiary	Long-term equity investments	0.1	(55,962)	100.00%	(55,962)	Note 5	
FENB Services, Inc.		Subsidiary	Long-term equity investments	0.1	33	100.00%	33	Note 5	
Film Service Management Corp.		Subsidiary	Long-term equity investments	0.1	3	100.00%	3	Note 5	
Federal Reserve Bank		Investee accounted for by the cost method	Long-term equity investments	68	114,225	-	114,225	Note 6	
Federal Home Loan Bank		Investee accounted for by the cost method	Long-term equity investments	40	134,863	-	134,863	Note 6	
Southern California Business Development Corporation (SCBDC)		Investee accounted for by the cost method	Long-term equity investments	40	1,351	-	1,351	Note 6	
California Economic Development Lending Initiative (CEDLI)		Investee accounted for by the cost method	Long-term equity investments	50	1,689	-	1,689	Note 6	
<u>Fund</u>									
Genesis L.A. Real Estate Fund LLC		-	Long-term investments	-	61,984	-	61,984	Note 6	
California Tax Credit Fund LLC		-	Long-term investments	-	26,831	-	26,831	Note 6	
Bay Area Equity Fund I		-	Long-term investments	-	1,689	-	1,689	Note 6	
Bay Area Smart Growth Fund LLC	-	Long-term investments	-	29,226	-	29,226	Note 6		
Far East Capital Corporation	<u>Stock (common stock)</u>								
	Hollywood International Finance, Inc.	Investee accounted for by the cost method	Long-term equity investments	0.3	10	15.10%	(19)	Note 4	
	PCRS Capital Partners, LLC	Investee accounted for by the cost method	Long-term equity investments	-	1,808	4.00%	1,808	Note 6	
	TVIA, Inc.	Investee accounted for by the cost method	Long-term equity investments	33	1,858	0.20%	1,858	Note 7	
	<u>Stock (preferred stock)</u>								
	AgraQuest, Inc.	-	Long-term equity investments	100	7,938	0.80%	7,938	Note 6	
	Silicon Motion, Inc.	-	Long-term equity investments	61	8,445	0.20%	8,445	Note 6	
Softknot Corporation	-	Long-term equity investments	250	6,758	2.00%	6,758	Note 6		
Zone Reactor, Inc.	-	Long-term equity investments	300	1,138	1.50%	1,138	Note 6		
SinoPac Leasing Corporation	<u>Stock</u>								
	Grand Capital International Limited	Subsidiary	Long-term equity investments	29,900	1,386,629	100.00%	1,386,629	Note 4	
	Bank of Overseas Chinese	Investee accounted for by the cost method	Long-term equity investments	2,088	29,914 (Note 3)	0.125%	25,854	Note 2	

(Continued)

Name of Held Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	September 30, 2003				Note
				Shares/Units/ Face Amount (In Thousand)	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
	Chain Yarn Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	1,969	\$ 38,444	1.90%	\$ 26,655	Note 4
	Tekcon Electronics Corp.	Investee accounted for by the cost method	Long-term equity investments	832	20,768	1.51%	6,269	Note 4
	Global Securities Finance Corp.	Investee accounted for by the cost method	Long-term equity investments	1,423	15,664	0.19%	16,174	Note 4
	Z-Com, Inc.	Investee accounted for by the cost method	Long-term equity investments	317	6,340	0.50%	3,577	Note 4
	Walton Advanced Engineering, Inc.	Investee accounted for by the cost method	Long-term equity investments	1,528	23,616	0.34%	11,757	Note 4
	Telexpress Corp.	Investee accounted for by the cost method	Long-term equity investments	525	7,835	5.00%	5,146	Note 4
Grand Capital International Limited	<u>Venture fund</u> World Wide Multimedia L.P.	-	Long-term investments	0.005	58,956	16.67%	47,596	Note 4
	<u>Stock (preferred stock)</u> Best 3C. Com, Inc.	-	Long-term equity investments	600	15,201	1.85%	15,201	Note 6
	e21 Corp.	-	Long-term equity investments	200	10,134	0.79%	10,134	Note 6
SinoPac Capital Limited	<u>Stock</u> SinoPac Capital (B.V.I.) Ltd.	Subsidiary	Long-term equity investments	4,450	114,952	100.00%	393,904	Note 4
	TPV Technology	-	Short-term investments	1,110	12,189	0.08%	18,888	Note 2
	Sino Golf	-	Short-term investments	9,962	38,710	3.30%	63,893	Note 2
	BEP International Holding	-	Short-term investments	3,380	10,389	1.41%	9,438	Note 2
	SEEC Media	-	Short-term investments	16,106	16,484	1.15%	18,973	Note 2
	Suga International	-	Short-term investments	7,080	44,704	3.20%	45,718	Note 2
	OOIL	-	Short-term investments	400	26,150	0.09%	30,541	Note 2
	Shougan	-	Short-term investments	14,660	40,359	1.53%	47,972	Note 2
	<u>Bond</u> Chiam International	-	Short-term investments	US\$ 5,000	168,900	-	168,900	Note 6
	<u>Convertible bill and bond</u> Sino-Wood Partners	-	Short-term investments	US\$ 1,000	33,780	-	33,780	Note 2
	Sinbon Electronics Co., Ltd.	-	Short-term investments	US\$ 1,000	33,780	-	35,300	Note 2
	Micro-Star Int'l Co., Ltd.	-	Short-term investments	US\$ 2,000	67,560	-	78,177	Note 2
	Siliconware Precision	-	Short-term investments	US\$ 1,000	33,780	-	37,519	Note 2
	Chunghwa Pictures Tubes	-	Short-term investments	US\$ 1,000	33,780	-	38,098	Note 2
SinoPac Capital (B.V.I.) Ltd.	<u>Stock</u> Cyberpac Holding Ltd. (B.V.I.)	Subsidiary	Long-term equity investments	4,000	36,440	100.00%	36,012	Note 4
	Allstar Venture Ltd. (B.V.I.)	Subsidiary	Long-term equity investments	0.002	(172,056)	100.00%	(172,056)	Note 4
	Shanghai International Asset Management (Hong Kong) Co., Ltd.	Subsidiary	Long-term equity investments	4,800	30,384	60.00%	23,623	Note 4
	Pinnacle Investment Management Ltd.	Subsidiary	Long-term equity investments	200	4,158	99.9995%	4,188	Note 4
Cyberpac Holding Ltd. (B.V.I.)	<u>Venture fund</u> 3V Source One LP	-	Long-term investments	2,000	69,024	71.43%	49,173	Note 4
	<u>Stock</u> Wal Tech International Corporation	Subsidiary	Long-term equity investments	26,500	197,073	100.00%	192,033	Note 4
	RSP Information Service Company Limited	Subsidiary	Long-term equity investments	999.999	3,861	99.99999%	3,861	Note 4

(Continued)

Name of Held Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	September 30, 2003				Note
				Shares/Units/ Face Amount (In Thousand)	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
Allstar Venture Ltd. (B.V.I.)	Telexpress Corp.	Investee accounted for by the equity method	Long-term equity investments	3,900	\$ 48,027	34.21%	\$ 33,277	Note 4
	Hollywood International Finance, Inc.	Investee accounted for by the cost method	Long-term equity investments	0.098	3	4.90%	(6)	Note 4
	<u>Venture fund</u>							
	InveStar Excelsus Venture Capital (Int'l) Inc., LDC	-	Long-term investments	2,220	82,523	6.25%	82,523	Note 6
	UOB	-	Long-term investments	26	75,374	8.62%	43,858	Note 5
	MDS Life Sciences Technology Fund	-	Long-term investments	50	116,626	25.00%	79,769	Note 4
	Biotechnology Development Fund II LP	-	Long-term investments	-	32,895	2.30%	41,762	Note 4
	NAVF II	-	Long-term investments	-	28,561	2.07%	28,818	Note 4
	<u>Stock (common stock)</u>							
	Ardent Pharmaceutica, Inc.	Investee accounted for by the cost method	Long-term equity investments	143	17,266	0.58%	370	Note 4
	TVIA, Inc.	Investee accounted for by the cost method	Long-term equity investments	167	9,920	0.75%	9,289	Note 7
	DiCon Fiberoptics, Inc.	Investee accounted for by the cost method	Long-term equity investments	221	33,774	0.20%	4,282	Note 4
	<u>Stock (preferred stock)</u>							
	Sunol Molecular Corp.	-	Long-term equity investments	100	17,049	0.92%	17,049	Note 6
	Phytoceutica, Inc.	-	Long-term equity investments	200	17,425	1.10%	17,425	Note 6
	Immusol, Inc.	-	Long-term equity investments	75	10,360	0.16%	10,360	Note 6
	Virtual Silicon Technology, Inc.	-	Long-term equity investments	120	10,351	0.31%	10,351	Note 6
BioAgri Corp.	-	Long-term equity investments	375	10,134	2.34%	10,134	Note 6	
Divio, Inc.	-	Long-term equity investments	125	16,955	0.64%	16,955	Note 6	
Wal Tech International Corporation	<u>Stock</u>							
	Intellisys Corp.	Subsidiary	Long-term equity investments	10,326	242,133	62.58%	124,563	Note 4
	Multiwin Asset Management Co., Ltd.	Investee accounted for by the equity method	Long-term equity investments	1,800	9,827	30.00%	11,728	Note 4
	Monmon Medza Technology Co., Ltd.	Investee accounted for by the equity method	Long-term equity investments	598	2,361	32.39%	2,251	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%	312	Note 4
	YesMobile Holdings Company Limited	Investee accounted for by the cost method	Long-term equity investments	294	12,000	0.75%	2,238	Note 4
	SynTest Technologies, Inc., Taiwan	Investee accounted for by the cost method	Long-term equity investments	79	10,598	0.35%	482	Note 4
	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 investee accounted for by the cost method	Long-term equity investments	2,361	24,114	2.47%	20,631	Note 4
	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%	9,850	Note 5
	Nanya PCB Corporation	Investee accounted for by the cost method	Long-term equity investments	1,519	93,080	0.32%	26,292	Note 4
	ENE Technology Inc.	Investee accounted for by the cost method	Long-term equity investments	861	29,996	3.15%	34,126	Note 2
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	9.39%	67,668	Note 5	
SinoPac Financial Consulting Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	6	91	3.00%	46	Note 4	
Silicon Motion Inc.	Investee accounted for by the cost method	Long-term equity investments	90	12,523	0.10%	1,099	Note 4	

(Continued)

Name of Held Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	September 30, 2003				Note
				Shares/Units/ Face Amount (In Thousand)	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
Intellisys Corp.	<u>Beneficiary certificate</u>							
	KGI Pioneer Fund	-	Short-term investments	200	\$ 2,000	-	\$ 2,404	Note 7
	Apollo Fund	-	Short-term investments	15	100 (Note 3)	-	93	Note 7
	<u>Stock</u>							
	Orion Financial Tech. Ltd.	Investee accounted for by the cost method	Long-term equity investments	81	525	2.31%	222	Note 4
SinoPac Securities Corporation	<u>Stock</u>							
	SinoPac Securities (Cayman) Holdings Ltd.	Subsidiary	Long-term equity investments	48,100	1,902,413	100.00%	1,902,413	Note 4
	SinoPac Asset Management Corp. (B.V.I.)	Subsidiary	Long-term equity investments	16,000	730,270	100.00%	730,270	Note 4
	SinoPac Futures Corporation	Subsidiary	Long-term equity investments	98,215	1,198,404	98.21%	1,198,404	Note 4
	SinoPac Capital Management Corporation	Subsidiary	Long-term equity investments	21,000	192,903	100.00%	192,903	Note 4
	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
	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
	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
	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
	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 5
	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
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	
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	1,121	11,571	0.56%	13,940	Note 5	
SinoPac Futures Corporation	Taiwan Future Exchange Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	500	5,000	0.25%	6,223	Note 5
SinoPac Securities (Cayman) Holdings Ltd.	<u>Stock</u>							
	SinoPac Securities (Europe) Ltd.	Subsidiary	Long-term equity investments	1,000	US\$ 1,280	100.00%	US\$ 1,280	Note 6
	SinoPac Securities (Asia) Ltd.	Subsidiary	Long-term equity investments	30	US\$ 42,809	92.88%	US\$ 42,809	Note 6
	SinoPac Futures (Asia) Ltd.	Subsidiary	Long-term equity investments	10,000	US\$ 2,345	100.00%	US\$ 2,345	Note 6
	SinoPac Capital (Asia) Ltd.	Subsidiary	Long-term equity investments	30,000	US\$ 4,155	100.00%	US\$ 4,155	Note 6
	NSC Asia Ltd.	Subsidiary	Long-term equity investments	1	US\$ 52	100.00%	US\$ 52	Note 6
	SinoPac Securities (U.S.A.) Ltd.	Subsidiary	Long-term equity investments	2	US\$ 991	100.00%	US\$ 991	Note 6
NITC Asset Management (Asia) Ltd.	Investee accounted for by the equity method	Long-term equity investments	2,992	US\$ 602	29.92%	US\$ 602	Note 6	
SinoPac Securities (Asia) Ltd.	<u>Stock</u>							
	SinoPac Securities (Asia) Nominees Ltd.	Subsidiary	Long-term equity investments	0.002	US\$ 0.002	100.00%	HK\$ 0.002	Note 6
	SinoPac (Asia) Nominees Ltd.	Subsidiary	Long-term equity investments	0.002	US\$ 0.002	100.00%	HK\$ 0.002	Note 6
SinoPac Capital Management Corporation	<u>Beneficiary certificate</u>							
	NITC Bond Fund	-	Short-term investments	316	48,709	0.11%	49,657	Note 7
	NITC Taiwan Bond Fund	-	Short-term investments	608	8,125	0.03%	8,171	Note 7

(Continued)

Name of Held Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	September 30, 2003				Note
				Shares/Units/ Face Amount (In Thousand)	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 2)	
SinoPac Asset Management Corp. (B.V.I.)	<u>Stock</u> SinoPac Securities (H.K.) Limited SinoPac Asia Limited	Subsidiary Subsidiary	Long-term equity investments	25,000	US\$ 3,712	100.00%	US\$ 3,712	Note 6
			Long-term equity investments	6,000	US\$ 11,450	100.00%	US\$ 11,450	Note 6
SinoPac Securities (H.K.) Limited	<u>Stock</u> SinoPac Securities (Asia) Ltd.	-	Long-term equity investments	2	US\$ 3,282	7.12%	US\$ 3,282	Note 6
SinoPac Life Insurance Agent Co., Ltd.	<u>Beneficiary certificate</u> Fuh-hwa Yu-Li Fund Fuh-hwa Bond Fund Prudential Aggressive Growth 2 Bond Fund	- - -	Short-term investments	1,328	15,015	-	15,580	Note 7
			Short-term investments	164	2,000	-	2,070	Note 7
			Short-term investments	1,689	24,746	-	25,108	Note 7
SinoPac Property Insurance Agent Co., Ltd.	<u>Beneficiary certificate</u> Prudential Aggressive Growth 2 Bond Fund ABN AMRO Bond Fund Cap	- -	Short-term investments	104	1,500	-	1,550	Note 7
			Short-term investments	71	1,000	-	1,025	Note 7
SinoPac Venture Capital Co., Ltd.	<u>Beneficiary certificate</u> NITC Bond Fund <u>Stock</u> Global Sun Technology Inc.	- Investee accounted for by the cost method	Short-term investments	1,326	205,684	-	208,379	Note 7
			Long-term equity investments	465	29,177 (Note 3)	2.70%	16,156	Note 2
	Pandisk Technology Company Ltd. Skanhex Technology Inc.	Investee accounted for by the cost method Investee accounted for by the cost method	Long-term equity investments	656	9,980	4.79%	9,980	Note 6
			Long-term equity investments	356	13,823 (Note 3)	1.67%	6,034	Note 2
	Chinesegamer International Corp. ENE Technology Inc.	Investee accounted for by the cost method Investee accounted for by the cost method	Long-term equity investments	380	33,400	11.11%	53,010	Note 2
			Long-term equity investments	331	11,760	4.31%	13,230	Note 2
	Csi-Sensor Company International Semiconductor Technology Ltd.	Investee accounted for by the cost method Investee accounted for by the cost method	Long-term equity investments	200	5,337	1.07%	13,644	Note 2
			Long-term equity investments	665	15,227	0.73%	17,090	Note 2
	NPC Corp. SHINE Optical Company Limited	Investee accounted for by the cost method Investee accounted for by the cost method	Long-term equity investments	15	484	0.010%	534	Note 2
			Long-term equity investments	496	9,920	3.910%	18,848	Note 2
	Hu Lane Associate Inc. Taimide Tech, Inc.	Investee accounted for by the cost method Investee accounted for by the cost method	Long-term equity investments	304	9,841	3.24%	14,580	Note 2
			Long-term equity investments	870	10,000	1.92%	10,000	Note 6
	Settv Alpha Microelectronics Co., Ltd.	Investee accounted for by the cost method Investee accounted for by the cost method	Long-term equity investments	520	18,720	1.63%	26,000	Note 2
			Long-term equity investments	944	9,996 (Note 3)	2.03%	9,308	Note 2
	Proconn Technology Co., Ltd. Bcorn Electronic Inc.	Investee accounted for by the cost method Investee accounted for by the cost method	Long-term equity investments	475	9,753	15.00%	9,753	Note 6
			Long-term equity investments	910	17,450	1.75%	21,913	Note 2
	Sunnic Technology & Merchandise Inc. AMPIRE Co., Ltd.	Investee accounted for by the cost method Investee accounted for by the cost method	Long-term equity investments	650	25,120	16.75%	25,120	Note 6
			Long-term equity investments	307	5,524	1.53%	5,893	Note 2
	AME, Inc. TennRich International Corp.	Investee accounted for by the cost method Investee accounted for by the cost method	Long-term equity investments	240	10,000	4.55%	12,120	Note 2
			Long-term equity investments	454	9,988	3.13%	13,620	Note 2
	Exploit Technology Co., Ltd. Asia Electronic Material Co., Ltd.	Investee accounted for by the cost method Investee accounted for by the cost method	Long-term equity investments	200	4,400	2.20%	4,400	Note 6
			Long-term equity investments	750	7,500	3.75%	7,500	Note 6
	Princo Corp.	Investee accounted for by the cost method	Long-term equity investments	145	9,858 (Note 3)	0.26%	9,696	Note 2

(Continued)

Name of Held Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	September 30, 2003				Note	
				Shares/Units/ Face Amount (In Thousand)	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)		
SinoPac Asset Management International	<u>Beneficiary certificate</u> NITC Bond Fund	-	Short-term investments	299	\$ 46,692	-	\$ 47,109	Note 7	
	<u>Stock</u> BASSO Corp.	-	Short-term investments	100	6,359	0.50%	6,855	Note 2	
	Topco Scientific Corp.	-	Short-term investments	112	8,562	1.14%	8,835	Note 2	
	EDOM Technology Corp.	-	Short-term investments	52	3,269	0.27%	3,310	Note 2	
	Shuttle Inc.	-	Short-term investments	105	5,182	0.3187%	4,510	Note 2	
	ICP Elelectronics Inc.	-	Short-term investments	200	11,817	1.0840%	13,666	Note 2	
	Simplo Technology Co., Ltd.	-	Short-term investments	50	3,839	0.6676%	3,846	Note 2	
	Everskill Technology Co., Ltd.	-	Short-term investments	100	5,733	0.5486%	5,567	Note 2	
	Princeton Technology Corp.	-	Short-term investments	100	5,308	0.4722%	4,937	Note 2	
	National Venture Capital Corp.	Investee accounted for by the cost method		Long-term equity investments	2,000	14,800	3.69%	16,940	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 September 30, 2003.
- Note 3: The amounts are before deducting related unrealized losses under the method of lower of aggregate cost or market.
- 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 September 30, 2003.
- Note 8: The shares include 33,660 thousand shares of treasury stock.
- Note 9: The amounts are after deducting realized losses.

TABLE 4

SINOPAC HOLDINGS AND INVESTEEES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE ISSUED CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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 (Note 3)		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> Li-Seng Develop Company	Long-term equity investment	-	-	-	\$ -	12,500	\$ 125,000	-	\$ -	\$ -	\$ -	12,500	\$ 125,000
	SinoPac Venture Capital Co., Ltd.	Long-term equity investments	-	-	-	-	50,000	485,579 (Note 1)	-	-	-	-	50,000	485,579
	SinoPac Asset Management International	Long-term equity investments	-	-	-	-	10,000	116,526 (Note 2)	-	-	-	-	10,000	116,526
	AnShin Card Services Co., Ltd.	Long-term equity investments	ING Heart Investment Co., Ltd.	-	81,104	151,227	64,665	1,041,222 (Note 3)	-	-	-	-	145,769	1,192,449
	<u>Stock (preferred stock)</u> AnShin Card Services Co., Ltd.	Prepaid investments	ING Heart Investment Co., Ltd.	-	28,834	288,336	19,166	191,664	-	-	-	-	48,000	480,000
SinoPac Securities Corporation	<u>Stock</u> SinoPac Securities (Cayman) Holdings Ltd.	Long-term equity investments	-	-	22,100	815,315 (Note 5)	26,000	1,087,098 (Note 5)	-	-	-	-	48,100	1,902,413
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	1,894	295,650	293,816	1,834	1,326	205,684
SinoPac Asset Management International	<u>Beneficiary certificate</u> NITC Bond Fund	Short-term investments	National Investment Trust Company Limited	Related party in substance	-	-	771	119,900	472	73,626	73,208	418	299	46,692
SinoPac Capital Limited	<u>Convertible bond</u> Hannstar Display	Short-term investments	-	-	-	-	US\$ 3,000	101,340 (Note 5)	US\$ 3,000	103,507 (Note 5)	101,340 (Note 5)	2,167	-	-
	<u>Bonds</u> Chiam International	Short-term investments	-	-	-	-	US\$ 5,000	168,900 (Note 5)	-	-	-	-	US\$ 5,000	168,900 (Note 5)
AnShin Card Services Co., Ltd.	<u>Beneficiary certificate</u> TAI-YU Long River Bonds Fund	Short-term investments	-	-	-	-	55,666	620,000	55,666	620,303	620,000	303	-	-

Note 1: Consist of original investment amount of \$500,000, investment loss recognized under the equity method of \$5,105 and unrealized loss on long-term equity investment of \$9,316.

Note 2: Consist of original investment amount of \$100,000 and investment income recognized under the equity method of \$16,526.

Note 3: Consist of original investment amount of \$1,030,973, investment loss recognized under the equity method of \$5,917, unrealized revaluation loss of \$16,167 and difference adjustment between the equity in net asset and the book value of \$1.

Note 4: Consist of original investment which increase in this period, investment income recognized under the equity method and cumulative translation adjustment.

Note 5: Foreign-currency amounts are translated to New Taiwan dollars at the exchange rate as of the balance sheet date.

SINOPAC HOLDINGS AND INVESTEEES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$100 MILLION OR 20% OF THE ISSUED CAPITAL
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2003
 (In Thousand New Taiwan Dollars)

Company Name	Property	Transaction Date	Transaction Amount	Payment Term	Counter-party	Relationship	Prior Transaction of Related Counter-party				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationship	Transfer Date	Amount			
Bank SinoPac	Collateral assumed 2 Lands in South Area, Taichung	April 15, 2003	\$ 197,680	Offset in nonperforming loan	Tong Long Industrial Corp.	The debtor of Bank SinoPac	-	-	-	\$ -	Court auction price: \$197,680	For sale	None
SinoPac Leasing Corporation	Office buildings and superficies	August 21, 2003	1,748,000	\$349,600 of the transaction amount had been paid	Li-Seng Develop Company	Related party in substance	Ruentex Development Co., Ltd.	Related party in substance	December 24, 2002	1,428,571	Honda Property Appraisal & Consulting and China Credit Information Service, Ltd.	For lease and for operating use	None

SINOPAC HOLDINGS AND INVESTEEES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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 September 30, 2003			Net Income (Loss) of the Investee (Note 2)	Investment Gains (Loss) (Note 2)	Note
				September 30, 2003 (Note 1)	December 31, 2002 (Note 1)	Shares (Thousand)	Percentage of Ownership (%)	Carrying Amount (Note 2)			
SinoPac Holdings	Bank SinoPac	Taipei	Commercial bank	\$ 23,976,716	\$ 23,976,716	1,944,398	100.00	\$ 22,499,943	\$ 2,281,736	\$ 2,108,006	Subsidiary
	SinoPac Securities Corporation	Taipei	Brokerage, dealing and underwriting of securities	21,440,500	21,440,500	1,526,902	100.00	21,775,401	1,564,186	1,497,245	Subsidiary
	AnShin Card Services Co., Ltd.	Taipei	Credit card business	1,212,211	181,238	145,769	89.43	1,192,449	7,336	(5,917)	Subsidiary
	SinoPac Life Insurance Agent Co., Ltd.	Taipei	Life insurance agent	81,909	-	200	100.00	58,123	46,933	46,214	Subsidiary
	SinoPac Property Insurance Agent Co., Ltd.	Taipei	Property insurance agent	3,919	-	200	100.00	3,822	1,536	1,519	Subsidiary
	SinoPac Venture Capital Co., Ltd.	Taipei	Venture capital investment	500,000	-	50,000	100.00	485,579	(5,104)	(5,104)	Subsidiary
	SinoPac Call Center Co., Ltd.	Kaohsiung	Data processing, manpower and agency services	100,000	100,000	10,000	100.00	102,830	5,696	5,696	Subsidiary
	SinoPac Asset Management International	Taipei	Business management advisory, investment and venture capital investment advisory	100,000	-	10,000	100.00	116,526	16,527	16,527	Subsidiary
SinoPac Marketing Consulting Co., Ltd.	Taipei	Agent service, investment advisory and overdue accounts receivable management	50,000	-	5,000	100.00	47,390	(2,610)	(2,610)	Subsidiary	
Bank SinoPac	SinoPac Bancorp	California	Stock holding	US\$ 112,306	US\$ 112,306	20	100.00	5,114,207	345,814	267,171	Affiliate
	Rocorp Holding S.A.	Luxembourg	Stock holding	\$ 3,531	\$ 3,531	0.11	33.33	3,531	-	-	Investee under significant influence held by Bank SinoPac
	SinoPac Leasing Corporation	Taipei	Leasing aircraft and machinery equipment	\$ 999,940	\$ 999,940	159,629	99.7683	2,116,051	135,649	127,649	Affiliate
	SinoPac Capital Limited	Hong Kong	Lending and financing	HK\$ 229,998	HK\$ 229,998	229,998	99.9991	1,022,590	171,585	139,166	Affiliate
SinoPac Financial Consulting Co., Ltd.	Taipei	Investment advisory and business management advisory	\$ 1,940	\$ 1,940	194	97.00	1,493	(670)	(686)	Affiliate	
SinoPac Bancorp	Far East National Bank	California	Commercial bank	US\$ 107,306	US\$ 107,306	175	100.00	5,178,791	357,469		Affiliate
Far East National Bank	Far East Capital Corporation	California	Investment bank	US\$ 3,500	US\$ 3,500	350	100.00	68,169	(16,146)		Affiliate
	FENB Securities, Inc.	California	Securities brokerage	US\$ 25	US\$ 25	2.5	100.00	21,655	17,865		Affiliate
	FENB Loan Corp.	California	Asset management brokerage	US\$ 1	US\$ 1	0.1	100.00	(13,989)	(317)		Affiliate
	FENB Film Corp.	California	Motion picture asset management	US\$ 1	US\$ 1	0.1	100.00	(55,962)	(125)		Affiliate
	FENB Service, Inc.	California	Investment Corporation	US\$ 1	-	0.1	100.00	33	(1)		Affiliate
	Film Service Management Corp.	California	Film management and advisory	US\$ 0.1	-	0.1	100.00	3	-		Affiliate
SinoPac Leasing Corporation	Grand Capital International Limited	British Virgin Islands	Oversea trading, leasing, lending and financing	US\$ 29,900	US\$ 29,900	29,900	100.00	1,386,629	74,189		Affiliate
SinoPac Capital Limited	SinoPac Capital (B.V.I.) Ltd.	British Virgin Islands	Financial advisory	US\$ 4,450	US\$ 4,450	4,450	100.00	114,952	32,032		Affiliate
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	36,440	(22,240)		Affiliate
	Allstar Venture Ltd. (B.V.I.)	British Virgin Islands	Investment	US\$ 0.002	US\$ 0.002	0.002	100.00	(172,056)	(41,200)		Affiliate
	Shanghai International Asset Management (Hong Kong) Co., Ltd.	Hong Kong	Asset management	HK\$ 10,000	HK\$ 10,000	4,800	60.00	30,384	867		Affiliate
	Pinnacle Investment Management Ltd.	Hong Kong	Asset management	US\$ 200	US\$ 200	200	99.9995	4,158	(187)		Affiliate
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	197,073	(10,728)		Affiliate
	RSP Information Service Company Limited	Hong Kong	General trading and providing internet-based service	HK\$ 999,999	-	999,999	99.9999	3,861	(509)		Affiliate
	Telexpress Corp.	Cayman Islands	Investment	US\$ 1,560	US\$ 1,560	3,900	34.21	48,027	(6,169)		Investee under significant influence held by Bank SinoPac's affiliate

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of September 30, 2003			Net Income (Loss) of the Investee (Note 2)	Investment Gains (Loss) (Note 2)	Note
				September 30, 2003 (Note 1)	December 31, 2002 (Note 1)	Shares (Thousand)	Percentage of Ownership (%)	Carrying Amount (Note 2)			
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	\$ 242,133	\$ 6,409	\$ -	Affiliate
	Multiwin Asset Management Co., Ltd.	Taipei	Asset management	18,000	18,000	1,800	30.00	9,827	4,788	-	Investee under significant influence held by Bank SinoPac's affiliate
	Monmon Medza Technology Co., Ltd.	Taipei	Software products retail and distribution	5,980	5,980	598	32.39	2,361	(3,649)	-	Investee under significant influence held by Bank SinoPac's affiliate
SinoPac Securities Corporation	SinoPac Futures Corporation	Taipei	Brokerage of futures contracts	1,107,881	353,480	98,215	98.21	1,198,404	50,758	45,569	Affiliate
	SinoPac Securities (Cayman) Holdings Ltd.	Cayman Islands, British West Indies	Stock holding	1,637,261	733,226	48,100	100.00	1,902,413	176,941	176,941	Affiliate
	SinoPac Capital Management Corporation	Taipei	Investment consulting	146,027	146,027	21,000	100.00	192,903	(5,915)	(6,036)	Affiliate
	SinoPac Asset Management Corp. (B.V.I.) SinoPac Futures Co., Ltd.	British Virgin Islands Taipei	Securities brokerage and investment advisory Brokerage of futures contracts	524,857 -	524,857 199,940	16,000 -	100.00 -	730,270 -	128,089 2,328	128,088 2,328	Affiliate Affiliate (the legal dissolution and liquidation procedure had been completed as of June 30, 2003)
SinoPac Securities (Cayman) Holdings Ltd.	SinoPac Securities (Europe) Ltd.	London, UK	European agent business	US\$ 1,514	US\$ 1,514	1,000	100.00	US\$ 1,280	US\$ 10		Affiliate
	SinoPac Securities (Asia) Ltd.	Hong Kong	Hong Kong stock brokerage	US\$ 36,756	US\$ 12,941	30	92.88	US\$ 42,809	US\$ 4,649		Affiliate
	SinoPac Futures (Asia) Ltd.	Hong Kong	Futures brokerage business	US\$ 1,205	US\$ 1,205	10,000	100.00	US\$ 2,345	(US\$ 1)		Affiliate
	SinoPac Capital (Asia) Ltd.	Hong Kong	IPO underwriting business	US\$ 3,862	US\$ 3,862	30,000	100.00	US\$ 4,155	US\$ 235		Affiliate
	NSC Asia Ltd.	British Virgin Islands	Derivatives instruments business	US\$ 744	US\$ 744	1	100.00	US\$ 52	US\$ 27		Affiliate
	NITC Asset Management (Asia) Ltd.	Hong Kong	Asset management and investment consulting	US\$ 158	US\$ 158	2,992	29.92	US\$ 602	US\$ 157		Investee under significant influence held by SinoPac Securities' affiliate
	SinoPac Securities (U.S.A.) Ltd.	California	Collecting and analyzing financial market information	US\$ 1,848	US\$ 1,848	2	100.00	US\$ 991	(US\$ 319)		Affiliate
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	US\$ 3,712	241		Affiliate
	SinoPac Asia Limited	British Virgin Islands	Securities brokerage, investment advisory and consulting business	US\$ 6,000	US\$ 6,000	6,000	100.00	US\$ 11,450	US\$ 3,309		Affiliate
SinoPac Securities (H.K.) Limited	SinoPac Securities (Asia) Ltd.	Hong Kong	Hong Kong stock brokerage	US\$ 1,826	US\$ -	2	7.12	US\$ 3,282	US\$ 356		Affiliate
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	HK\$ 0.002	-		Affiliate
	SinoPac (Asia) Nominees Ltd.	Hong Kong	Nominee trust account for oversea stock holdings	HK\$ 0.002	HK\$ 0.002	0.002	100.00	HK\$ 0.002	-		Affiliate

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 September 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 on 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.