

SinoPac Holdings

**Financial Statements for the Year Ended
December 31, 2003 and for the Period from May 9, 2002
(Date of Establishment) to December 31, 2002
Together with Independent Auditors' Report**

Readers are advised that the original version of these financial statements is in Chinese. This English translation is solely for the readers' convenience and these financial statements do not include additional disclosures that are required for Chinese-language reports under the 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 AUDITORS' REPORT

February 11, 2004

The Board of Directors and the Stockholders
SinoPac Holdings

We have audited the accompanying balance sheets of SinoPac Holdings as of December 31, 2003 and 2002, and the related statements of income, changes in stockholders' equity and cash flows for the year ended December 31, 2003 and for the period from May 9, 2002 (date of establishment) to December 31, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of SinoPac Holdings as of December 31, 2003 and 2002, and the results of its operations and its cash flows for the year ended December 31, 2003 and for the period from May 9, 2002 to December 31, 2002, in conformity with Criteria Governing the Preparation of Financial Reports by Financial Holding Companies and accounting principles generally accepted in the Republic of China.

According to the Criteria Governing the Preparation of Financial Reports by Financial Holding Companies, we have also audited the consolidated financial statements of SinoPac Holdings as of December 31, 2003 and 2002, and for the year ended December 31, 2003 and for the period from May 9, 2002 to December 31, 2002, on which we have issued an unqualified opinion thereon.

Notice to Readers

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

English Translation of Financial Statements Originally Issued in Chinese

SINOPAC HOLDINGS

BALANCE SHEETS

DECEMBER 31, 2003 AND 2002

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

ASSETS	2003		2002		LIABILITIES AND STOCKHOLDERS' EQUITY	2003		2002	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 3 and 16)	\$ 6,902,554	12	\$ 8,704,121	16	Short-term borrowings (Note 7)	\$ 300,000	1	\$ 250,000	1
Receivables	27,370	-	11	-	Payables (Note 8)	232,543	-	18,541	-
Receivables—related party (Note 16)	45,909	-	21,143	-	Deferred income tax liabilities (Notes 2 and 14)	3,274	-	-	-
Bonds purchased under agreements to resell (Notes 2, 4 and 16)	380,000	1	470,000	1	Total current liabilities	535,817	1	268,541	1
Prepayments and other current financial assets	19,671	-	4,858	-					
Total current assets	7,375,504	13	9,200,133	17	LONG-TERM BEARING LIABILITIES				
LONG-TERM EQUITY INVESTMENTS (Notes 2, 5 and 16)					Euro-convertible bonds (Notes 2 and 9)	8,388,517	15	8,160,299	15
Equity method	48,058,066	85	43,605,728	82	Accrued pension cost (Notes 2 and 12)	8,601	-	3,200	-
Other	433,336	1	288,336	1	Other	272,416	-	-	-
Prepaid investments	191,664	1	-	-	Total long-term bearing liabilities	8,669,534	15	8,163,499	15
Total long-term equity investments	48,683,066	87	43,894,064	83	Total liabilities	9,205,351	16	8,432,040	16
PROPERTIES (Notes 2, 6 and 16)					STOCKHOLDERS' EQUITY				
Cost					Capital stock—\$10 par value				
Computer equipment	4,083	-	2,231	-	Authorized: 10,000,000,000 shares				
Transportation equipment	4,180	-	4,180	-	Issued: 3,748,126,974 shares	37,481,270	67	37,481,270	70
Office and other equipment	5,930	-	6,079	-	Capital surplus				
Leasehold improvement	17,281	-	12,001	-	Additional paid-in capital	7,913,381	14	9,054,618	17
Total cost	31,474	-	24,491	-	Treasury stock transactions	172,111	-	11,662	-
Accumulated depreciation	8,534	-	1,952	-	Other	2,410	-	1,678	-
Advances on acquisitions of equipment	110	-	4,572	-	Retained earnings	4,401,227	8	1,531,273	3
Net properties	23,050	-	27,111	-	Unrealized loss on long-term equity investments	(300,801)	-	(321,429)	(1)
OTHER ASSETS					Unrealized revaluation loss on long-term equity investments	(17,016)	-	(40,695)	-
Refundable guarantee deposits	3,338	-	5,014	-	Cumulative translation adjustment	224,739	-	324,552	1
Bond issuance cost (Note 2)	58,399	-	99,552	-	Net loss not recognized as pension cost	(220)	-	-	-
Computer software	3,146	-	3,525	-	Treasury stock—at cost: 216,542,894 shares and 250,202,766 shares as of December 31, 2003 and 2002, respectively	(2,896,922)	(5)	(3,245,570)	(6)
Deferred income tax assets (Notes 2 and 14)	39,027	-	-	-	Total stockholders' equity	46,980,179	84	44,797,359	84
Total other assets	103,910	-	108,091	-					
TOTAL ASSETS	\$56,185,530	100	\$53,229,399	100	TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$56,185,530	100	\$53,229,399	100

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

English Translation of Financial Statements Originally Issued in Chinese

SINOPAC HOLDINGS

**STATEMENTS OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2003 AND FOR THE PERIOD FROM
MAY 9, 2002 (DATE OF ESTABLISHMENT) TO DECEMBER 31, 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, 16 and 21)	\$ 147,734	3	\$ 71,773	4
Income from short-term investments (Note 16)	28	-	12,708	1
Income from long-term equity investments under the equity method—net (Notes 2 and 5)	4,791,534	97	1,874,109	95
Dividend income (Notes 2 and 5)	<u>13,760</u>	<u>-</u>	<u>1,991</u>	<u>-</u>
Total operating revenues	<u>4,953,056</u>	<u>100</u>	<u>1,960,581</u>	<u>100</u>
OPERATING COSTS AND EXPENSES				
Interest (Notes 2 and 21)	373,224	8	166,729	9
Operating and administrative expenses (Notes 2, 12, 13 and 16)	<u>416,682</u>	<u>8</u>	<u>243,601</u>	<u>12</u>
Total operating costs and expenses	<u>789,906</u>	<u>16</u>	<u>410,330</u>	<u>21</u>
OPERATING INCOME	4,163,150	84	1,550,251	79
NONOPERATING INCOME AND GAINS	994	-	896	-
NONOPERATING EXPENSES AND LOSSES	<u>833</u>	<u>-</u>	<u>-</u>	<u>-</u>
INCOME BEFORE INCOME TAX	4,163,311	84	1,551,147	79
INCOME TAX (Notes 2 and 14)	(<u>49,003</u>)	(<u>1</u>)	<u>2,541</u>	<u>-</u>
NET INCOME	<u>\$4,212,314</u>	<u>85</u>	<u>\$1,548,606</u>	<u>79</u>
	<u>Pretax</u>	<u>After Tax</u>	<u>Pretax</u>	<u>After Tax</u>
EARNINGS PER SHARE (Note 15)				
Basic earnings per share	<u>\$ 1.19</u>	<u>\$ 1.20</u>	<u>\$ 0.45</u>	<u>\$ 0.45</u>
Diluted earnings per share	<u>\$ 1.13</u>	<u>\$ 1.14</u>	<u>\$ 0.44</u>	<u>\$ 0.44</u>

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

SINOPAC HOLDINGS

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2003 AND FOR THE PERIOD FROM MAY 9, 2002 (DATE OF ESTABLISHMENT) TO DECEMBER 31, 2002 (Note 1)
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Capital Stock (Note 10)		Capital Surplus (Notes 2 and 10)	Retained Earnings (Note 10)			Unrealized Loss on Long-term Equity Investments (Notes 2 and 5)	Unrealized Revaluation Loss on Long-term Equity Investments (Notes 2 and 5)	Cumulative Translation Adjustment (Notes 2 and 5)	Net Loss Not Recognized as Pension Cost (Notes 2 and 5)	Treasury Stock (Notes 2, 5 and 11)	Total Stockholders' Equity	
	Shares (in thousands)	Amount		Legal reserve	Special reserve	Unappropriated							Total
BALANCE, MAY 9, 2002	3,538,353	\$35,383,525	\$11,154,040	\$ -	\$ -	\$ -	\$ -	(\$ 325,922)	(\$ 35,746)	\$393,669	\$ -	(\$ 3,952,268)	\$42,617,298
Stock dividends—\$0.6093 per share	209,774	2,097,745	(2,097,745)	-	-	-	-	-	-	-	-	-	-
Net income for the period from May 9, 2002 to December 31, 2002	-	-	-	-	-	1,548,606	1,548,606	-	-	-	-	-	1,548,606
Difference adjustment between the equity in net assets for the investments and the book value from subsidiaries	-	-	-	-	-	(8,256)	(8,256)	-	-	-	-	(8,256)	-
Unrealized loss on long-term equity investments recognized from subsidiaries	-	-	-	-	-	-	-	4,493	-	-	-	-	4,493
Unrealized revaluation loss on long-term equity investments recognized from investees	-	-	-	-	-	-	-	(4,949)	-	-	-	(4,949)	-
Change in cumulative translation adjustment on long-term equity investments recognized from subsidiaries	-	-	-	-	-	-	-	-	(69,117)	-	-	(69,117)	-
Treasury stock transactions recognized from subsidiaries	-	-	11,663	-	-	(9,077)	(9,077)	-	-	-	-	706,698	709,284
BALANCE, DECEMBER 31, 2002	3,748,127	\$37,481,270	\$9,067,958	-	-	\$1,531,273	\$1,531,273	(\$ 321,429)	(\$ 40,695)	\$324,552	\$ -	(\$ 3,245,570)	\$44,797,359
Appropriation of earnings from May 9, 2002 to December 31, 2002													
Legal reserve	-	-	-	153,127	-	(153,127)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	37,573	(37,573)	-	-	-	-	-	-	-
Remuneration to directors and supervisors	-	-	-	-	-	(54,000)	(54,000)	-	-	-	-	(54,000)	-
Bonus to employees	-	-	-	-	-	(13,406)	(13,406)	-	-	-	-	(13,406)	-
Cash dividends—\$0.65 per share	-	-	(1,141,236)	-	-	(1,273,167)	(1,273,167)	-	-	-	-	(2,414,403)	-
Net income for the year ended December 31, 2003	-	-	-	-	-	4,212,314	4,212,314	-	-	-	-	-	4,212,314
Adjustment of cash dividends from treasury stock received by the subsidiary	-	-	140,753	-	-	-	-	-	-	-	-	-	140,753
Difference adjustment between the equity in net assets for the investments and the book value from subsidiaries	-	-	732	-	-	(2,007)	(2,007)	-	-	-	-	(1,275)	-
Prior years' adjustments recognized from subsidiaries	-	-	-	-	-	220	220	-	-	-	-	-	220
Unrealized loss on long-term equity investments recognized from subsidiaries	-	-	-	-	-	-	-	20,628	-	-	-	-	20,628
Unrealized revaluation loss on long-term equity investments recognized from subsidiaries	-	-	-	-	-	-	-	-	23,679	-	-	-	23,679
Change in cumulative translation adjustment on long-term equity investments recognized from subsidiaries	-	-	-	-	-	-	-	-	(99,813)	-	-	(99,813)	-
Net loss not recognized as pension cost recognized from subsidiaries	-	-	-	-	-	-	-	-	-	(220)	-	(220)	-
Treasury stock transactions recognized from subsidiaries	-	-	19,695	-	-	-	-	-	-	-	-	348,648	368,343
BALANCE, DECEMBER 31, 2003	<u>3,748,127</u>	<u>\$37,481,270</u>	<u>\$ 8,087,902</u>	<u>\$153,127</u>	<u>\$ 37,573</u>	<u>\$4,210,527</u>	<u>\$4,401,227</u>	<u>(\$ 300,801)</u>	<u>(\$ 17,016)</u>	<u>\$224,739</u>	<u>(\$220)</u>	<u>(\$ 2,896,922)</u>	<u>\$46,980,179</u>

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

English Translation of Financial Statements Originally Issued in Chinese

SINOPAC HOLDINGS

**STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2003 AND FOR THE PERIOD FROM
MAY 9, 2002 (DATE OF ESTABLISHMENT) TO DECEMBER 31, 2002 (Note 1)
(In Thousands of New Taiwan Dollars)**

	<u>2003</u>	<u>2002</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$4,212,314	\$1,548,606
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	7,706	2,284
Euro-convertible bonds and its accrued interest premium	228,218	-
Income from long-term equity investments under the equity method—net	(4,791,534)	(1,874,109)
Cash dividends received from long-term equity investments under the equity method	2,558,311	1,798,372
Increase in receivables and receivables—related party	(51,319)	(21,154)
Increase in prepayments and other current financial assets	(14,813)	(4,858)
Increase in payables	214,002	18,541
Deferred income taxes	(35,753)	-
Increase in accrued pension cost	5,401	3,200
Other	(1,379)	-
Net cash provided by operating activities	<u>2,331,154</u>	<u>1,470,882</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in bonds purchased under agreements to resell	90,000	(470,000)
Increase in long-term equity investments	(1,829,669)	(569,574)
Acquisition of properties	(3,613)	(29,063)
Decrease (increase) in other assets	<u>42,370</u>	<u>(108,423)</u>
Net cash used in investing activities	<u>(1,700,912)</u>	<u>(1,177,060)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	50,000	250,000
Issuance of Euro-convertible bonds	-	8,160,299
Cash dividends paid	(2,414,403)	-
Remuneration to directors and supervisors and bonus to employees	<u>(67,406)</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>(2,431,809)</u>	<u>8,410,299</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,801,567)	8,704,121
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>8,704,121</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$6,902,554</u>	<u>\$8,704,121</u>

(Continued)

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	<u>2003</u>	<u>2002</u>
SUPPLEMENTAL INFORMATION		
Interest paid	<u>\$ 8,929</u>	<u>\$ 321</u>
Income tax paid	<u>\$ 2,504</u>	<u>\$ 5,619</u>
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Payables on long-term equity investments	<u>\$ 272,416</u>	<u>\$ -</u>

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

(Concluded)

SINOPAC HOLDINGS

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003 AND FOR THE PERIOD FROM
MAY 9, 2002 TO DECEMBER 31, 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 December 31, 2003 and 2002, the Company had a total of 44 and 47 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.

**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 (the "ARDF of the ROC") of the ROC, a financial holding company should treat the investees' net worth as paid-in capital if the holding company is incorporated through shares 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 insignificant 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 costs 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 the shares swap, should continue to be treated as treasury stock in the subsidiary's books after the swap. But if the subsidiary owns shares of another subsidiary under the same financial holding company, and the shares are later exchanged for the parent company's 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.

Following accounting principles generally accepted in ROC, a parent company should treat its shares held by subsidiaries as treasury stocks in preparing financial statements and recognizing investment income or losses. Thus, when the subsidiaries receive the cash dividends declared by the parent company, the parent company should adjust the investment income as the transaction of treasury stock, which are debited to “investment income” and credited to “additional paid-in capital surplus—treasury stock transactions”.

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 for 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.

The accounting applied by the Company for linked tax system of income tax filing adopted by the Company, Bank SinoPac, SinoPac Securities and SinoPac Call Center Co., Ltd. since 2003 is upon to a directive issued by the ARDF of the ROC.

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\$33.978=US\$1 and NT\$34.753=US\$1 as of December 31, 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

	December 31	
	2003	2002
Time deposits—due in February 2004 and August 2003, with interest rate of 0.70%-1.34% and 1.35%-2.03%, respectively	\$ 6,860,098	\$ 8,488,079
Checking deposits	23,132	185,091
Demand deposits	<u>19,324</u>	<u>30,951</u>
	<u>\$ 6,902,554</u>	<u>\$ 8,704,121</u>

4. BONDS PURCHASED UNDER AGREEMENTS TO RESELL

Bonds purchased under agreements to resell as of December 31, 2003 and 2002 were sold by January 2004 and 2003 at \$380,056 and \$470,123, respectively.

5. LONG-TERM EQUITY INVESTMENTS

	December 31			
	2003		2002	
	Amount	%	Amount	%
<u>Equity method—unlisted company</u>				
Bank SinoPac	\$23,213,584	100.00	\$22,035,057	100.00
SinoPac Securities	22,770,853	100.00	21,322,310	100.00
AnShin Card Services	1,200,567	89.43	151,227	49.76
SinoPac Venture Capital	501,683	100.00	-	-
SinoPac Asset Management International	119,492	100.00	-	-
SinoPac Call Center	102,509	100.00	97,134	100.00
SinoPac Life Insurance Agent	101,440	100.00	-	-
SinoPac Marketing Consulting	43,981	100.00	-	-
SinoPac Property Insurance Agent	<u>3,957</u>	100.00	<u>-</u>	-
	<u>48,058,066</u>		<u>43,605,728</u>	

(Continued)

	December 31			
	2003		2002	
	Amount	%	Amount	%
<u>Other</u>				
Cost method—unlisted company				
Li-Seng Develop Company	\$ 125,000	5.00	\$ -	-
Debt instruments Depository and Clearing Co., Ltd., Taiwan	20,000	1.00	-	-
Preferred stock				
AnShin Card Services	<u>288,336</u>	60.07	<u>288,336</u>	60.07
	<u>433,336</u>		<u>288,336</u>	
Prepaid investments	<u>191,664</u>		<u>-</u>	
	<u>\$48,683,066</u>		<u>\$43,894,064</u>	

As of December 31, 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 \$300,801 and \$321,429, respectively. Also, as of December 31, 2003 and 2002, the Company recognized its equity in the unrealized revaluation loss on long-term equity investments totaling \$17,016 and \$40,695, respectively (included in the debit balance of stockholders' equity) from subsidiaries, and cumulative translation adjustment (under the stockholders' equity) from subsidiaries and investees totaling \$224,739 and \$324,552, respectively.

The Company recognized its equity in the net loss not recognized as pension cost (included in the debit balance of stockholders' equity) totaling \$220 from SinoPac Securities as of December 31, 2003.

Income (loss) from long-term equity investments under the equity method for the year ended December 31, 2003 and for the period from May 9, 2002 to December 31, 2002 were as follows:

	For the Year Ended December 31, 2003	For the Period from May 9, 2002 to December 31, 2002
Bank SinoPac	\$ 2,586,951	\$ 1,467,793
SinoPac Securities	2,095,153	438,352
AnShin Card Services	(5,311)	(29,170)
SinoPac Venture Capital	4,927	-
SinoPac Asset Management International	19,492	-
SinoPac Call Center	5,155	(2,866)
SinoPac Life Insurance Agent	89,532	-
SinoPac Marketing Consulting	(6,019)	-
SinoPac Property Insurance Agent	<u>1,654</u>	<u>-</u>
	<u>\$ 4,791,534</u>	<u>\$ 1,874,109</u>

As of December 31, 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 \$3,945,412 and \$3,040,262, respectively, based on the daily average closing prices in December 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 year ended December 31, 2003 and recognized "additional paid-in capital-treasury stock transactions" 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 16, 9) 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 \$13,760 and \$1,991 for the year ended December 31, 2003 and for the period from May 9, 2002 to December 31, 2002, respectively.

As of December 31, 2003, prepaid investments amount to \$191,664 were generated from the preferred stock issued by AnShin Card Services.

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.

6. PROPERTIES

	December 31	
	2003	2002
Cost	\$ 31,474	\$ 24,491
Accumulated depreciation		
Computer equipment	967	237
Transportation equipment	871	174
Office and other equipment	1,364	416
Leasehold improvement	<u>5,332</u>	<u>1,125</u>
	<u>8,534</u>	<u>1,952</u>
Advances on acquisitions of equipment	<u>110</u>	<u>4,572</u>
Net	<u>\$ 23,050</u>	<u>\$ 27,111</u>

7. SHORT-TERM BORROWINGS

As of December 31, 2003 and 2002, the unsecured short-term borrowings from bank bore interest rates of 1.30%-1.58% and 1.75%-2.45%, and the last maturity date were in January 2004 and 2003, respectively.

As of December 31, 2003 and 2002, the Company had unutilized credit lines of \$2,650,000 and \$3,200,000, respectively, which were available for short-term borrowings.

8. PAYABLES

	<u>December 31</u>	
	<u>2003</u>	<u>2002</u>
Salaries payable	\$ 30,398	\$ 12,869
Stock affairs collection payable	22,512	103
Interest payable	9,085	34
Other	<u>170,548</u>	<u>5,535</u>
	<u>\$ 232,543</u>	<u>\$ 18,541</u>

9. EURO-CONVERTIBLE BONDS

	<u>December 31</u>	
	<u>2003</u>	<u>2002</u>
Euro-convertible bonds	\$ 7,866,900	\$ 7,993,925
Add—interest premium payable	<u>521,617</u>	<u>166,374</u>
	<u>\$ 8,388,517</u>	<u>\$ 8,160,299</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.

10. 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 annual net income should be appropriated after deducting any accumulated losses and taxes, providing legal and special reserves, and offering employee bonus which should not be less than 1% of the balance. The board of directors will then 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.

The appropriation of 2003 earnings has not yet been resolved by the board of directors by February 11, 2004 on which the date of auditors' report. The related information regarding the proposed and resolved earnings appropriation can be referred from the SEC Market Observation Post System (M.O.P.S.) website.

In addition, had aforementioned remuneration to directors and supervisors and bonus to employees (included in earning for the period from May 9, 2002 to December 31, 2002) been recognized as expenses, the basic EPS (after tax) for the period from May 9, 2002 to December 31, 2002 would have been decreased from NT\$0.45 to NT\$0.43 per share, and the diluted EPS (after tax) for the period from May 9, 2002 to December 31, 2002 would have been decreased from NT\$0.44 to NT\$0.42 per share.

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 5).

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

d. Employee stock option certificates

On April 7, 2003, the board of directors of the Company resolved to issue 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.

On December 17, 2003, the board of directors (hereinafter "the Board") resolved to launch the residual 67,466 units of stock option certificates to specified superintendents in the Group with the proportion of the first issuance. The conditions of eligibility for subscription rights in the second issuance is limited to superintendents with special contribution. The chairman had ratified as of the award of the stock option as of December 30, 2003, and NT\$17.2 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.

11. TREASURY STOCK

(Expressed in Thousands)

<u>Reasons</u>	<u>Shares at the Beginning of Year</u>	<u>Shares Increase During the Year</u>	<u>Shares Decrease During the Year</u>	<u>Shares at the End of Year</u>
<u>For the year ended December 31, 2003</u>				
Reissuance to employees				
SinoPac Securities	33,660	-	33,660	-
Shares held by subsidiary	216,543	-	-	216,543
<u>For the period from May 9, 2002 to December 31, 2002</u>				
Reissuance to employees				
Bank SinoPac	41,618	-	41,618	-
SinoPac Securities	53,858	-	20,198	33,660
Shares held by subsidiaries	204,107	12,436	-	216,543

Under the Securities and Exchange Law, the Company should not acquire treasury stock in excess of 10% of its total shares outstanding. In addition, the Company should not spend more than the aggregate amount of the retained earnings, paid-in capital in excess of par value, and capital surplus arising from gains on disposal of properties and donated capital. The Company should not use treasury stock to secure any of its obligations and to exercise any shareholders' rights on those stocks.

Bank SinoPac and SinoPac Securities acquired 40,535,000 shares and 53,857,815 shares of treasury stock for \$500,354 and \$554,992, respectively. As a result of the shares 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 held by Bank SinoPac had been reissued to its employees at NT\$11.84 per share in 2002; 20,197,943 shares and 33,659,872 shares held by SinoPac Securities had been reissued to its employees at NT\$10.826 and NT\$10.976 in September 2002 and November 2003, respectively.

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 SinoPac Holdings' shares held by Bank SinoPac, the BOD of SinoPac Holdings, on October 22, 2003, resolved to sell two-thirds with a total of 144,361,929 shares on the securities exchange market. Moreover, under the Financial Holding Company Act and related Bureau of Monetary Affairs (BOMA) directives, in order to inspire the employees, the Board also decided 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.

12. 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 administrated by the employee's pension plan supervisors committee.

Following were summaries of certain pension information:

a. Change in pension fund

	For the Year Ended December 31, 2003	For the Period from May 9, 2002 to December 31, 2002
Balance, January 1	\$ 547	\$ -
Contributions	1,576	546
Interest income	<u>19</u>	<u>1</u>
Balance, December 31	<u>\$ 2,142</u>	<u>\$ 547</u>

b. Net pension cost for the year ended December 31, 2003 and for the period from May 9, 2002 to December 31, 2002 were as follows:

	For the Year Ended December 31, 2003	For the Period from May 9, 2002 to December 31, 2002
Service cost	\$ 6,876	\$ 3,754
Interest cost	150	-
Expected return on pension fund	<u>(49)</u>	<u>(7)</u>
Net pension cost	<u>\$ 6,977</u>	<u>\$ 3,747</u>

c. The reconciliation of the funded status of the plan and accrued pension cost as of December 31, 2003 and 2002 were as follows:

	December 31	
	<u>2003</u>	<u>2002</u>
Benefit obligation		
Vested benefit obligation	\$ 2,414	\$ 530
Nonvested benefit obligation	<u>5,774</u>	<u>2,234</u>
Accumulated benefit obligation	8,188	2,764
Additional benefit based on future salaries	<u>2,567</u>	<u>990</u>
Projected benefit obligation	10,755	3,754
Fair value of plan assets	(<u>2,142</u>)	(<u>550</u>)
Funded status	8,613	3,204
Unrecognized net transition obligation	-	-
Unrecognized prior service cost	-	-
Unrecognized pension loss	(12)	(4)
Additional pension liability	<u>-</u>	<u>-</u>
Accrued pension cost	<u>\$ 8,601</u>	<u>\$ 3,200</u>
d. Vested benefit	<u>\$ 2,653</u>	<u>\$ 582</u>
e. Actuarial assumptions		
1) Discount rate used in determining present values	3.5%	4.0%
2) Future salary increase rate	3.5%	4.0%
3) Expected rate of return on plan assets	3.5%	4.0%

13. OPERATING AND ADMINISTRATIVE EXPENSES

	For the Year Ended December 31, 2003	For the Period from May 9, 2002 to December 31, 2002
Personnel expenses		
Salaries and wages	\$ 109,276	\$ 50,820
Pension	6,977	3,746
Labor insurance and national health insurance	2,679	1,017
Other	261	57
Professional service charges	215,720	59,328
Rental	26,899	18,249
Entertainment	7,037	3,625
Depreciation	6,868	1,952
Insurance	3,565	3,403
Postage	3,526	5,174
Promotion	3,304	18,134
Amortization	838	332
Other	<u>29,732</u>	<u>77,764</u>
	<u>\$ 416,682</u>	<u>\$ 243,601</u>

14. INCOME TAX

Under a directive issued by MOF, a financial holding company and its domestic subsidiaries that held over 90% of shares issued by the financial holding company for 12 months within the same tax year, may choose to adopt the linked tax system for income tax filings. The Company intended to adopt the linked tax system for income tax filings with its qualified subsidiaries, including Bank SinoPac, SinoPac Securities and SinoPac Call Center Co., Ltd. since 2003.

The principle adopted by the Company, Bank SinoPac, SinoPac Securities and SinoPac Call Center Co., Ltd. (collectively, the Group) for the allocation of linked tax system is to reduce the income tax liabilities of the Group and to maximize the synergy of the Group. However, as of December 31, 2003, the Company has not reached an agreement with all involved companies on the details of the adoption of the linked tax system.

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

	For the Year Ended December 31, 2003	For the Period from May 9, 2002 to December 31, 2002
Tax on pretax income at 25% statutory rate	\$ 1,040,828	\$ 387,777
Add (deduct) tax effects of:		
Tax-exempt income	(3,440)	(498)
Permanent difference	(1,196,375)	(387,279)
Temporary difference	82,356	-
Loss carryforward	<u>76,631</u>	<u>-</u>
Current income tax payable	<u>\$ -</u>	<u>\$ -</u>

- b. The components of income tax (income tax benefit) were as follows:

Separation taxes on short-term bills interest revenue	\$ 198	\$ 2,541
Tax on unappropriated earnings (10%)	13,174	-
Effect upon linked tax system	(26,622)	-
Changes upon deferred income tax	<u>(35,753)</u>	<u>-</u>
	<u>(\$ 49,003)</u>	<u>\$ 2,541</u>

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

	December 31, 2003
Noncurrent	
Deferred income tax assets	
Loss carryforward	\$ 76,631
Deferred pension cost	2,150
Deferred organization costs	5,286
Effects upon linked tax system	<u>(13,449)</u>
	70,618
Less: Allowance for deferred income tax assets	<u>31,591</u>
Net	<u>\$ 39,027</u>

(Continued)

	December 31, 2003
Current	
Deferred income tax assets (liabilities)	
Unrealized exchange gains	(\$ 5,539)
Other	<u>2,265</u>
	(\$ <u>3,274</u>)

d. The receivable resulting from the adoption of linked tax system was as follow:

	December 31, 2003
Receivable from subsidiaries—SinoPac Securities	<u>\$ 13,449</u>

The balances of imputed tax credit account as of December 31, 2003 and 2002 amounted to \$1,791 and \$155,165, respectively, and the actual imputed tax ratios for earnings for the period from May 9, 2002 to December 31, 2002 and the year ended December 31, 2001 (derived from the subsidiaries' retained earnings as capital surplus at the date of establishment) were 14.12% and 5.70%, respectively.

The tax credit allocable 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 December 31, 2003, income tax return for the period from May 9, 2002 to December 31, 2002 had not yet been examined by the tax authorities.

15. 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>
<u>For the year ended December 31, 2003</u>					
Basic EPS	\$4,163,311	\$4,212,314	3,501,244	<u>\$ 1.19</u>	<u>\$ 1.20</u>
Influence on diluted common shares:					
Employee stock option certificates	-	-	41,600		
Euro-convertible bonds	<u>394,669</u>	<u>394,669</u>	<u>488,838</u>		
Diluted EPS	<u>\$4,557,980</u>	<u>\$4,606,983</u>	<u>4,031,682</u>	<u>\$ 1.13</u>	<u>\$ 1.14</u>
<u>For the period from May 9, 2002 to December 31, 2002</u>					
Basic EPS	\$1,551,147	\$1,548,606	3,462,481	<u>\$ 0.45</u>	<u>\$ 0.45</u>
Influence on diluted common shares:					
Euro-convertible bonds	<u>166,374</u>	<u>166,374</u>	<u>462,915</u>		
Diluted EPS	<u>\$1,717,521</u>	<u>\$1,714,980</u>	<u>3,925,396</u>	<u>\$ 0.44</u>	<u>\$ 0.44</u>

16. 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
AnShin Card Services Co., Ltd. (AnShin Card Services)	Subsidiary
SinoPac Call Center Co., Ltd. (SinoPac Call Center)	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 7

b. Significant transactions between the Company and related parties

1) Cash and cash equivalents—bank deposits

	<u>December 31</u>			
	<u>2003</u>		<u>2002</u>	
	<u>Amount</u>	<u>% of Account Balance</u>	<u>Amount</u>	<u>% of Account Balance</u>
Bank SinoPac	\$ 5,226,530	75.72	\$ 5,906,212	67.86
FENB	1,575,924	22.83	2,622,421	30.13

2) Bills and bonds transactions (cumulative trading amounts)

<u>Type of Transaction</u>	<u>For the Period</u>	
	<u>For the Year Ended December 31, 2003</u>	<u>from May 9, 2002 to December 31, 2002</u>
SinoPac Securities Bonds purchased under agreements to resell	\$ 2,420,403	\$ 650,000
Bank SinoPac Outright purchases of commercial papers	124,856	2,275,381
Outright sales of commercial papers	124,879	1,310,696
Bills purchased under agreements to resell	2,145,904	1,307,750
Bonds purchased under agreements to resell	1,925,014	-

For the year ended December 31, 2003 and for the period from May 9, 2002 to December 31, 2002, interest revenue generated from the aforesaid bills and bonds transactions under repurchase/resale agreements with Bank SinoPac amounted to \$1,966 and \$7,556, respectively, and gains generated from outright purchases and sales transactions amounted to \$28 and \$5,152, respectively.

For the year ended December 31, 2003 and for the period from May 9, 2002 to December 31, 2002, interest revenue generated from the aforesaid bonds transactions with SinoPac Securities amounted to \$639 and \$88, respectively.

3) Receivables from related parties—interest receivable

	December 31			
	2003		2002	
	<u>Amount</u>	<u>% of Account Balance</u>	<u>Amount</u>	<u>% of Account Balance</u>
Bank SinoPac	\$ 7,569	16.49	\$ 9,537	45.11
FENB	8,293	18.06	9,543	45.14
SinoPac Securities	-	-	72	0.34

4) Receivables from related parties—receivable on preferred stock dividends

	December 31			
	2003		2002	
	<u>Amount</u>	<u>% of Account Balance</u>	<u>Amount</u>	<u>% of Account Balance</u>
AnShin Card Services	\$ 15,751	26.33	\$ 1,991	9.42

5) Receivables from related parties—tax refund receivables

The Company and its subsidiaries Bank SinoPac, SinoPac Securities and SinoPac Call Center Co., Ltd. intended to adopt the linked tax system for income tax filings since 2003. The receivable of the Company resulting from adoption of the linked tax system to SinoPac Securities amounting to \$13,449 as of December 31, 2003.

6) Interest revenue from bank deposits

	For the Year Ended December 31, 2003		For the Period from May 9, 2002 to December 31, 2002	
	<u>Amount</u>	<u>% of Account Balance</u>	<u>Amount</u>	<u>% of Account Balance</u>
Bank SinoPac	\$ 67,013	45.36	\$ 46,028	64.13
FENB	30,597	20.71	25,618	35.69

7) Professional service charges

Professional service charges paid to SinoPac Securities amounted to \$5,497 for the year ended December 31, 2003.

8) 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 year ended December 31, 2003 and for the period from May 9, 2002 to December 31, 2002 were \$2,258 and \$1,944, 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 year ended December 31, 2003 and for the period from May 9, 2002 to December 31, 2002 were \$3,525 and \$2,274, respectively.

9) 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 December 31, 2003, the considerations had already been paid.

The Company sold properties totaling \$846 to SinoPac Securities in October 2003. As of December 31, 2003, the considerations had not been received.

The Company acquired 81,104,000 shares of 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 \$27,528 for the year ended December 31, 2003.

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

In January 2003, the BOD 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.

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	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 7.

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 year ended December 31, 2003	\$ 2,191,729	1.04	1.30%-11.66%	\$ 54,404	0.57
For the year ended December 31, 2002	2,123,235	1.14	1.70%-12.50%	63,523	0.54

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 year ended December 31, 2003					
SinoPac Holdings	\$ 5,226,530	1.72	0%-1.19%	\$ 67,013	1.32
Other	4,999,548	1.64	0%-6.475%	35,411	0.70
For the year ended December 31, 2002					
SinoPac Holdings	5,906,212	2.50	0%-2.00%	46,028	0.67
Other	869,364	0.37	0%-6.95%	50,401	0.74

c) Due from Banks

	<u>Ending Balance</u>		<u>% of Total</u>	
	<u>December 31</u>		<u>For the Year Ended</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
FENB	\$ 110,146	\$ 220,368	0.59%	2.08%

d) Guarantees and securities purchased

As of December 31, 2003 and 2002, Bank SinoPac had provided guarantees on commercial papers issued by Wal Tech International, SinoPac Securities and Fortune Investment. The aggregate face amounts of commercial papers were as follows:

	December 31	
	2003	2002
Wal Tech International	\$ 146,000	\$ 168,000
SinoPac Securities	45,000	48,000
Fortune Investment	<u>-</u>	<u>19,000</u>
	<u>\$ 191,000</u>	<u>\$ 235,000</u>

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

	December 31	
	2003	2002
Properties—carrying amount	<u>\$1,461,650</u>	<u>\$1,551,724</u>

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

	December 31	
	2003	2002
Properties and properties held for lease—carrying amount	\$ 1,194,304	\$ 134,579
Certificates of deposit	<u>1,130,000</u>	<u>1,130,000</u>
	<u>\$2,324,304</u>	<u>\$1,264,579</u>

e) Outright sales/purchases of bills and bonds (cumulative trading amounts)

	For the Year Ended December 31, 2003	For the Period from May 9, 2002 to December 31, 2002
SinoPac Holdings		
Trading amount of outright purchases	\$ 124,879	\$ 1,310,696
Trading amount of outright sales	124,856	2,275,381
SinoPac Securities		
Trading amount of outright purchases	-	1,950,955
Trading amount of outright sales	-	3,027,335

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

	For the Year Ended December 31, 2003	For the Period from May 9, 2002 to December 31, 2002
SinoPac Holdings		
Bills sold under agreements to repurchase	\$ 2,145,904	\$ 1,307,750
Bonds sold under agreements to repurchase	1,925,014	-
SinoPac Securities		
Bills sold under agreements to repurchase	-	271,779

- g) Professional services charges

Bank SinoPac had entered into several professional advisory contracts with its investees. The professional advisory charges paid for the years ended December 31, 2003 and 2002 amounted to \$114,607 and \$97,173, respectively.

- h) Receivables and accrued receivables paid for others

On May 1, 2000, Bank SinoPac had transferred its credit card business to AnShin Card Services for a total consideration of \$3,823,798, which had been received as of December 31, 2001.

The compensation received by Bank SinoPac for its credit card accounts and the personnel of its credit card business was recognized as income over five years in the case of the credit card accounts and over three years in the case of the transfer price for the related personnel. The related income recognized from this transaction amounted to \$91,988 for the year ended December 31, 2002.

In December 2002, Bank SinoPac had sold its shares of AnShin Card Services to SPH for a total consideration of \$181,238, which had been received before December 31, 2002. The related deferred income had been also written off fully upon shares transferring.

As of December 31, 2003, Bank SinoPac's receivable to SinoPac Securities resulting from the adoption of linked tax system for 2003 tax filing amounted to \$175,060.

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 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)

a) Bonds sold under agreements to repurchase

	Balance as of December 31	
	Face	
	Amount	Cost
<u>2002</u>		
Mutual funds managed by NITC	\$ 1,672,200	\$ 1,678,576
SinoPac Holdings	424,000	470,000

b) Bank deposits (including exchange clearing receivables)

	December 31	
	2003	2002
Bank SinoPac	<u>\$ 944,763</u>	<u>\$ 68,058</u>

c) Short-term borrowings and pledged assets

As of December 31, 2003 and 2002, SinoPac Securities had short-term borrowings from Bank SinoPac amounted to \$600,000 and \$200,000, respectively. Time deposits, properties and properties held for lease amounted to \$1,130,000, \$1,123,881 and \$70,423 as of December 31, 2003, respectively; and time deposits, properties and properties held for lease amounted to \$1,130,000, \$1,133,668 and \$71,028 as of December 31, 2002, respectively, were pledged as collateral of credit lines for issuance of commercial papers, borrowings and overdrafts.

d) Futures trading margins

As of December 31, 2003 and 2002, SinoPac Securities provided \$269,295 and \$117,793 as futures trading margins to SinoPac Futures to engage in futures dealing business. For the year ended December 31, 2003 and for the period from May 9, 2002 to December 31, 2002, SinoPac Securities accrued commission income toward SinoPac Futures amounting to \$139,391 and \$73,892, respectively.

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

3) AnShin Card Services

Name	Relationship with AnShin Card Services
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 December 31, 2003 and 2002, the details of deposits in Bank SinoPac were as follows:

For the Year Ended December 31, 2003					
	<u>Maximum Amount</u>	<u>Balance as of December 31</u>	<u>Interest Rate</u>	<u>Interest Income</u>	<u>Interest Receivable as of December 31</u>
Demand deposits	\$ 748,722	\$ 7,809	0.30%-0.50%	\$ 45	\$ -
Checking deposits	200,071	-	-	-	-

For the Year Ended December 31, 2002					
	<u>Maximum Amount</u>	<u>Balance as of December 31</u>	<u>Interest Rate</u>	<u>Interest Income</u>	<u>Interest Receivable as of December 31</u>
Demand deposits	\$ 1,201,600	\$ 3,167	0.50%	\$ 104	\$ -
Checking deposits	213,459	-	-	-	-

b) Collections payable

AnShin Card services provided premium collection services to ING Life, fund underwriting payment collection services to Bank SinoPac, and mail order payment collection services to ING Life trading for its credit card holders.

As of December 31, 2003 and 2002, the related service fee income resulting from the above transactions were as follows:

<u>Name</u>	<u>For the Year Ended December 31</u>			
	<u>2003</u>		<u>2002</u>	
	<u>Service Fee Income</u>	<u>Ending Balance</u>	<u>Service Fee Income</u>	<u>Ending Balance</u>
ING Life	\$ -	\$ 1,255,029	\$ 4,722	\$ 1,094,942

4) FENB

<u>Name</u>	<u>Relationship with FENB</u>	<u>December 31</u>	
		<u>2003</u>	<u>2002</u>
SinoPac Holdings	Parent company		
Bank SinoPac	Subsidiary of SinoPac Holdings		
Deposits—SinoPac Holdings		\$ 1,575,924	\$ 2,622,421
Due from Banks—Bank SinoPac		\$ 110,146	\$ 220,368

5) SPL

<u>Name</u>	<u>Relationship with SPL</u>	<u>December 31</u>	
		<u>2003</u>	<u>2002</u>
Bank SinoPac	Subsidiary of SinoPac Holdings		
Borrowings from Bank SinoPac		<u>\$ 582,000</u>	<u>\$ 696,000</u>

6) Grand Capital

<u>Name</u>	<u>Relationship with Grand Capital</u>	<u>December 31</u>	
		<u>2003</u>	<u>2002</u>
Bank SinoPac	Subsidiary of SinoPac Holdings		
Allstar Venture Ltd. (BVI) (Allstar)	Affiliate		
CyberPac Holding Ltd. (BVI) (CyberPac)	Affiliate		
Borrowings from Bank SinoPac		<u>\$ 466,039</u>	<u>\$ 583,369</u>
Short-term loans—Allstar		<u>\$ -</u>	<u>\$ 627,091</u>
Short-term loans—CyberPac		<u>\$ -</u>	<u>\$ 275,532</u>

7) Wal Tech International

<u>Name</u>	<u>Relationship with Wal Tech International</u>	<u>December 31</u>	
		<u>2003</u>	<u>2002</u>
Bank SinoPac	Subsidiary of SinoPac Holdings		
Borrowings from Bank SinoPac		<u>\$ 145,000</u>	<u>\$ 325,000</u>

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

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

<u>Name</u>	<u>Relationship with SinoPac Capital Limited</u>
SinoPac Capital (B.V.I.) Ltd.	Subsidiary

As of December 31, 2003, SinoPac Capital Limited had short-term borrowings amounting to \$105,332 from its subsidiary, SinoPac Capital (B.V.I.) Ltd.

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

<u>Name</u>	<u>Relationship with SinoPac Asia Limited</u>
SinoPac Asset Management Corp. (B.V.I.)	Parent company
SinoPac Securities (Asia) Ltd.	Affiliate

As of December 31, 2003, SinoPac Asia Limited engaged in the transaction of bonds sold under agreements to repurchase amounting to \$210,328 and \$967,937, with its parent company, SinoPac Asset Management Corp. (B.V.I.) and its affiliate company, SinoPac Securities (Asia) Ltd., respectively.

17. SIGNIFICANT CONTINGENCIES AND COMMITMENTS

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

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

<u>Year</u>	<u>Amount</u>
2004	\$ 20,248
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>
2004	\$ 230,165
2005	137,028
2006	119,320
2007	80,657
2008	30,173

Rentals for the years beyond 2008 amount to \$12,207, the present value of which is about \$11,223 as discounted at Bank SinoPac's one-year time deposit rate of 1.35% on January 1, 2004.

- 2) Land and buildings purchase contract

In January 2001, Bank SinoPac had entered into contract to buy land and buildings located in Taipei for business purposes. The purchase cost was \$199,900, of which \$198,830 had already been paid as of December 31, 2003.

- 3) Equipment purchase contract

Bank SinoPac had entered into contracts to buy computer hardware and software for \$112,093, of which \$75,179 had already been paid as of December 31, 2003.

4) Interior decoration contract

Bank SinoPac had entered into contracts to do interior decoration of its premises for \$12,500, of which \$11,250 had already been paid as of December 31, 2003.

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

As of December 31, 2003, short-term bills and bonds with a total face amount of \$9,802,848, were sold under agreements to repurchase at \$10,227,503 between January and March 2004.

6) Short-term bills purchased under agreements to resell

As of December 31, 2003, short-term bills with a total face amount of \$6,662,900 were purchased under agreements to resell at \$6,654,294 in January 2004.

7) Balance sheet and trust property of trust accounts

**Balance Sheet of Trust Accounts
December 31, 2003**

<u>Trust Assets</u>		<u>Trust Liabilities and Equities</u>	
Bank deposits	\$ 457,501	Trust capital	\$47,884,858
Short-term investments	46,294,619	Cumulative earnings	<u>1,203,238</u>
Receivables	8,554		
Properties	406,709		
Collective investment trust fund—net	<u>1,920,713</u>		
Total trust assets	<u>\$49,088,096</u>	Total trust liabilities and equities	<u>\$49,088,096</u>

**Trust Property of Trust Accounts
December 31, 2003**

<u>Investment Portfolio</u>	<u>Amount</u>
Bank deposits	\$ <u>457,501</u>
Short-term investments	
Bonds	7,066,381
Common stock	451,954
Funds	38,715,629
Short-term bills or investments sold under agreements to repurchase	<u>60,655</u>
	<u>46,294,619</u>
Receivables	<u>8,554</u>
Properties	
Land	406,398
Construction in process	<u>311</u>
	<u>406,709</u>
Collective investment trust fund—net	<u>1,920,713</u>
Total	<u>\$49,088,096</u>

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 \$32,000 loss, recorded as nonoperating expenses and losses and other payables in the financial statements.
- 3) 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. After the trial at the district court of second instance on December 31, 2003, the district court judged that SinoPac Securities should assume pay the related compensation of \$7,799 plus 5% interest. In the opinion of SinoPac Securities' management, since plaintiff Mr. Chen did not have brokerage transactions with the plaintiff, SinoPac Securities had appealed to the district court of third to redress a miscarriage of justice. However, on the basis of the conservative principle, SinoPac Securities estimated a \$8,500 loss, recorded as nonoperating expenses and losses and other payable, in the financial statements.
- 4) 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 \$63,492, 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 (January 1, 2004 to December 31, 2004)	\$ 163,083	Monthly or quarterly
The second to fifth years (January 1, 2005 to December 31, 2008)	341,801	Monthly or quarterly

Rentals for the year ended December 31, 2003 and 2002 were \$162,961 and \$172,284, respectively.

AnShin Card Services

As of December 31, 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 \$73,198.

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>
2004	\$ 5,706
2005	5,706
2006	2,024

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>
2004	\$ 2,095
2005	1,063

SinoPac Venture Capital

SinoPac Venture Capital Co., Ltd. had entered into a management contract with SinoPac Asset Management International, the terms of service fees paid quarterly. Service fees for the future are as follows:

<u>Year</u>	<u>Amount</u>
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>
2004	\$ 2,055
2005	1,944
2006	540

18. CAPITAL ADEQUACY RATIO

Under the Financial Holding Company Act and related regulations, a financial holding company should maintain a consolidated capital adequacy ratio (CAR) of at least 100%. Thus, if a 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 December 31, 2003 and 2002, consolidated CARs of the Company were 154% 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 December 31, 2003 and 2002, Bank SinoPac's standalone CARs were 12.39% and 12.85%, respectively, the consolidated CARs were 10.50% and 10.76%, 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 December 31, 2003 and 2002, SinoPac Securities' CARs were 425% and 504%, respectively.

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

As of December 31, 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>December 31</u>	<u>December 31</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	1,096	1,202
b.	$\frac{\text{Current assets}}{\text{Current liabilities}}$	≥ 1	128	133
c.	$\frac{\text{Equities}}{\text{Capital stock}}$	$\geq 60\%$ $\geq 40\%$	124	113
d.	$\frac{\text{Adjusted net capital}}{\text{Client and proprietary account}}$	$\geq 20\%$ $\geq 15\%$	91	287

20. 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 December 31, 2003 was summarized as follows:

(In Millions of New Taiwan Dollars, %)

<u>Name</u>	<u>December 31, 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	\$ 5,509	11.76%
Client B	4,587	9.79%
Client C	2,392	5.11%
To the same affiliate:		
Cathay Financial Holdings and its affiliates	5,566	11.88%
Taiwan Semiconductor Manufacturing Company, Ltd. and its affiliates	5,128	10.95%
Fubon Financial Holding Co., Ltd. and its affiliates	2,785	5.94%

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 December 31, 2003 provided by the Company and its subsidiaries.

21. 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>December 31, 2003</u>			<u>December 31, 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:						
Cross-currency swap contracts	\$ 2,260,530	\$ -	(\$ 28,828)	\$ 174,500	\$ -	(\$ 837)

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 year ended December 31, 2003 and for the period from May 9, 2002 to December 31, 2002 were as follows:

<u>Account</u>	For the Year Ended December 31, 2003	For the Period from May 9, 2002 to December 31, 2002
For hedging purposes:		
Cross-currency swap contracts		
Realized		
Interest revenue	\$46,192	\$ 11
Interest expense	(17,737)	(5)

b. Fair values of nonderivative financial instruments

	December 31			
	2003		2002	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Assets</u>				
Financial assets—with fair values approximating carrying amounts	\$ 6,975,833	\$ 6,975,833	\$ 8,725,275	\$ 8,725,275
Bonds purchased under agreements to resell	380,000	380,000	470,000	470,000
Long-term equity investments	48,683,066	48,683,066	43,894,064	43,894,064
Refundable guarantee deposits	3,338	3,338	5,014	5,014
<u>Liabilities</u>				
Financial liabilities—with fair values approximating carrying amounts	232,543	232,543	18,541	18,541
Short-term borrowings	300,000	300,000	250,000	250,000
Euro-convertible bonds	8,388,517	9,417,003	8,160,299	8,662,620

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

- 1) The carrying amounts of cash and cash equivalents, receivables, receivables from related parties, bonds 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.

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

a. Condensed balance sheets

Bank SinoPac
Balance Sheets
December 31, 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	\$ 90,824,235	\$ 66,128,225	Call loans and due to banks	\$ 39,071,110	\$ 52,070,588
Due from banks	18,797,468	10,583,049	Payables	16,167,139	8,079,631
Due from Central Bank	11,409,591	11,011,956	Deposits and remittances	304,287,799	235,996,703
Securities purchased	28,817,564	24,551,850	Bank debentures	21,400,000	7,000,000
Receivables—net	29,465,218	14,818,476	Other liabilities	<u>2,921,539</u>	<u>2,559,811</u>
Prepayments	168,090	169,053	Total liabilities	<u>383,847,587</u>	<u>305,706,733</u>
Loans, discounts and bills purchased—net	210,581,634	187,068,957	Stockholders' equity		
Long-term equity investments—net	9,189,220	8,817,462	Capital stock	19,443,976	19,443,976
Properties—net	4,929,506	4,793,116	Capital surplus	125,208	125,208
Other assets	<u>5,811,733</u>	<u>2,760,263</u>	Retained earnings	6,708,183	5,526,647
			Equity adjustments	(130,695)	(100,157)
			Total stockholders' equity	<u>26,146,672</u>	<u>24,995,674</u>
			Total liabilities and stockholders' equity	<u>\$409,994,259</u>	<u>\$330,702,407</u>
Total assets	<u>\$409,994,259</u>	<u>\$330,702,407</u>			

SinoPac Securities Corporation

Balance Sheets
December 31, 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	\$ 41,453,192	\$ 41,492,043	Current liabilities	\$ 26,238,281	\$ 27,357,457
Long-term equity investments	4,693,980	2,847,933	Long-term liabilities	2,000,000	-
Properties—net	2,722,759	2,749,743	Other liabilities	638,741	384,867
Other assets	2,689,838	2,066,401	Securities brokerage credit account—net	-	91,486
Securities brokerage debit account—net	<u>88,106</u>	<u>-</u>	Total liabilities	<u>28,877,022</u>	<u>27,833,810</u>
			Stockholders' equity		
			Capital stock	15,269,020	15,269,020
			Capital surplus	2,342,425	2,321,997
			Retained earnings	5,101,751	3,976,662
			Equity adjustments	<u>57,657</u>	<u>(245,369)</u>
			Total stockholders' equity	<u>22,770,853</u>	<u>21,322,310</u>
			Total liabilities and stockholders' equity	<u>\$ 51,647,875</u>	<u>\$ 49,156,120</u>
Total assets	<u>\$ 51,647,875</u>	<u>\$ 49,156,120</u>			

SinoPac Life Insurance Agent Co., Ltd.

Balance Sheets
December 31, 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	\$ 159,729	\$ 115,882	Current liabilities	\$ 61,850	\$ 37,275
Properties—net	701	2,631			
Other assets	<u>2,861</u>	<u>670</u>	Stockholders' equity		
			Capital stock	2,000	2,000
			Retained earnings	<u>99,441</u>	<u>79,908</u>
			Total stockholders' equity	<u>101,441</u>	<u>81,908</u>
			Total liabilities and stockholders'		
Total assets	<u>\$ 163,291</u>	<u>\$ 119,183</u>	equity	<u>\$ 163,291</u>	<u>\$ 119,183</u>

SinoPac Property Insurance Agent Co., Ltd.

Balance Sheets
December 31, 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	\$ 5,032	\$ 4,095	Current liabilities	\$ 1,675	\$ 777
Other assets	<u>600</u>	<u>600</u>			
			Stockholders' equity		
			Capital stock	2,000	2,000
			Retained earnings	<u>1,957</u>	<u>1,918</u>
			Total stockholders' equity	<u>3,957</u>	<u>3,918</u>
			Total liabilities and stockholders'		
Total assets	<u>\$ 5,632</u>	<u>\$ 4,695</u>	equity	<u>\$ 5,632</u>	<u>\$ 4,695</u>

b. Condensed statements of income

Bank SinoPac

Statements of Income
For the Years Ended December 31, 2003 and 2002
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<u>2003</u>	<u>2002</u>
Operating revenues	\$ 15,077,357	\$ 15,144,749
Operating costs and expenses	<u>12,187,321</u>	<u>12,494,165</u>
Operating income	2,890,036	2,650,584
Nonoperating income and gains	181,106	165,472
Nonoperating expenses and losses	<u>59,621</u>	<u>55,663</u>
Income before income tax	<u>3,011,521</u>	<u>2,760,393</u>
Net income	<u>\$ 2,753,899</u>	<u>\$ 2,255,049</u>
Pretax earnings per share	<u>\$ 1.55</u>	<u>\$ 1.44</u>
After tax earnings per share	<u>\$ 1.42</u>	<u>\$ 1.18</u>

SinoPac Securities Corporation

Statements of Income
For the Years Ended December 31, 2003 and 2002
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2003	2002
Operating revenues	\$ 6,644,901	\$ 6,055,431
Operating costs and expenses	4,077,126	4,146,564
Operating income	2,567,775	1,908,867
Nonoperating income and gains	284,738	366,370
Nonoperating expenses and losses	145,558	293,536
Income before income tax	2,706,955	1,981,701
Net income	\$ 2,162,094	\$ 1,629,284
Pretax earnings per share	\$ 1.81	\$ 1.34
After tax earnings per share	\$ 1.44	\$ 1.10

SinoPac Life Insurance Agent Co., Ltd.

Statements of Income
For the Years Ended December 31, 2003 and 2002
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2003	2002
Operating revenues	\$ 243,491	\$ 182,228
Operating costs and expenses	124,165	75,957
Operating income	119,326	106,271
Nonoperating income and gains	894	155
Income before income tax	120,220	106,426
Net income	\$ 90,250	\$ 79,829
Pretax earnings per share	\$ 601.10	\$ 532.13
After tax earnings per share	\$ 451.25	\$ 399.15

SinoPac Property Insurance Agent Co., Ltd.

Statements of Income
For the Years Ended December 31, 2003 and 2002
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2003	2002
Operating revenues	\$ 6,276	\$ 4,520
Operating costs and expenses	4,057	2,146
Operating income	2,219	2,374
Nonoperating income and gains	6	30
Income before income tax	2,225	2,404
Net income	\$ 1,671	\$ 1,812
Pretax earnings per share	\$ 11.12	\$ 12.02
After tax earnings per share	\$ 8.35	\$ 9.06

23. 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 year ended December 31, 2003, Bank SinoPac paid SinoPac Securities totalling \$18,654 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 year ended December 31, 2003, SinoPac Property Insurance Agent paid Bank SinoPac and SinoPac Securities \$1,059 and \$29, respectively, and SinoPac Life Insurance Agent paid SinoPac Securities \$296 as service 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 year ended December 31, 2003, SinoPac Life Insurance Agent accrued related expenses amounting to \$31,000 from AnShin Card Services as service charges, and related payable amounting to \$19,421.

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

a. Statement of capital adequacy

(In Thousands of New Taiwan Dollars, %)

Item	December 31, 2003	December 31, 2002
1) Tier I capital	\$ 26,143,866	\$ 24,977,464
2) Tier II capital	4,463,024	2,321,711
3) Tier III capital	-	-
4) Capital deduction	3,755,878	3,600,744
Net (1+2+3+4)	26,851,012	23,698,431
Total risk—based assets	216,730,585	184,397,046
Capital adequacy ratios (Note)	12.39%	12.85%
Ratios of debt to net worth	1,468.06%	1,223.04%

Note: Capital adequacy ratio = Eligible capital/Risk-based assets. Pursuant to the Banking Law and related regulations, the capital adequacy ratio should be computed at the end of June and December, respectively.

b. Assets quality

(In Thousands of New Taiwan Dollars, %)

Item	December 31, 2003	December 31, 2002
Overdue loans (including nonperforming loans) (Note 1)	\$ 3,722,533	\$ 3,798,045
Nonperforming loans	2,840,297	2,027,366
Overdue loans ratio (Note 2)	1.75%	2.02%
Classified loans (Note 3)	832,027	2,095,110
Ratios of classified loans to total loans	0.39%	1.11%
Allowance for credit losses	1,544,941	1,450,886
Write-off amounts of credits (Note 4)	1,504,618	1,048,362

Note 1: Overdue loans (including non-accrual loans) represent the amounts of reported overdue loans as required by the MOF letters dated February 16, 1994 (Ref. No. Tai-Tsai-Zong-832292834) and December 1, 1997 (Ref. No. Tai-Tsai-Zong-86656564).

Note 2: 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 December 31, 2003 and 2002 were 1.43% and 1.73%, respectively.

Note 3: Loans subject to observation are mid-term 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.

Note 4: Write-off amounts of credits = Accumulated write-off amounts of credits for the years ended December 31, 2003 and 2002.

c. Management information

1) Concentration of credit extensions

(In Thousands of New Taiwan Dollars, %)

	December 31, 2003		December 31, 2002	
	Industry	Percentage	Industry	Percentage
Credit extensions to interested parties	\$4,531,615		\$4,326,511	
Ratios of credit extensions to interested parties	2.04%		1.97%	
Ratios of credit extensions secured by pledged stocks	0.36%		1.19%	
Industry concentration	Natural person	79.49%	Natural person	79.23%
	Manufacturing	6.91%	Manufacturing	8.73%
	Wholesaling	3.72%	Wholesaling	2.89%

- Note 1: Consist of loans, discounts and bills purchased (including import and export bill negotiations), acceptances and guarantees.
- Note 2: Ratio of credit extensions to interested parties = credit extensions to interested parties/total credit extensions.
- Note 3: Ratio of credit extensions secured by pledged stocks = credit extensions secured by pledged stocks/total credit extensions.
- Note 4: The amounts of credit extensions to interested parties are required to be computed pursuant to the Banking Law.
- Note 5: Consist of the following industries required by the Central Bank: agriculture, forestry, fishing and grazing; mining and soil excavation; manufacturing; utility and gas; construction; wholesale, retail, food and beverage; shipping, storage and communications; finance, insurance and real estate; general services and other.

2) Information of investees of Bank SinoPac

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

Name of Investee	Original Investment Amount	Percentage of Ownership
SinoPac Bancorp	US\$ 112,306	100.00%
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 and investment losses

a) Allowance for credit losses and provision for losses on guarantees

In determining the allowance for credit losses and provision for losses on guarantees, Bank SinoPac 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.

b) Provision for investment losses

Stocks, beneficiary certificates and bonds are stated at the lower of cost or market. Market prices are determined as follows: (a) listed stocks—average daily closing prices for the last month of the accounting period; (b) beneficiary certificates (open-end fund)—net asset values as of the balance sheet dates; and (c) over-the-counter stocks—average daily closing prices for the last month of the accounting period, published by GreTai Securities Market (the “OTC”); and (d) bonds—period-end reference prices published by the OTC.

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

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

For the listed stock investments reclassified from securities purchased to long-term equity investments or vice versa, when the market value is lower than the carrying amount, a realized loss for market value decline is recognized and the related cost is recorded at market value.

4) Matters requiring special notation

December 31, 2003

Causes (Note 1)	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.
Within the past one year, a fine was levied on Bank SinoPac for violations of the related regulations (Note 2)	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 1: The term “within the past one year” means the one year prior to the balance sheet date.

Note 2: The term “a fine levied on Bank SinoPac for violations of the related regulations within the past one year” means a fine levied by Bureau of Monetary Affairs, Securities and Futures Commission or Department of Insurance.

d. Profitability

Item	For the Year Ended December 31, 2003	For the Year Ended December 31, 2002
Return on total assets	0.81%	0.91%
Return on net worth	11.79%	11.43%
Profit margin	19.97%	18.23%

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 years ended December 31, 2003 and 2002.

e. Information of average amount and average interest rate of interest-earning assets and interest-bearing liabilities

(In Thousands of New Taiwan Dollars, %)

	2003		2002	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
<u>Interest-earning assets</u>				
Cash—negotiable certificates of deposit	\$ 79,571,156	1.01	\$ 38,201,479	1.62
Due from banks	3,871,717	1.32	1,943,357	1.70
Call loans (placement)	7,994,742	1.09	18,732,491	2.75
Due from Central Bank	5,882,812	1.85	5,254,416	2.47
Securities purchased	31,475,938	6.52	26,129,637	3.99
Loans, discounts and bills purchased	195,533,730	3.90	172,342,097	5.53
Accounts receivable from factoring	5,913,668	3.65	4,589,239	4.90
<u>Interest-bearing liabilities</u>				
Due to banks	9,211	0.03	5,441	0.69
Call loans (taken)	49,212,529	1.16	33,630,163	1.90
Demand deposits	35,436,955	0.63	21,579,614	0.96
Savings-demand deposits	54,893,986	0.67	49,263,426	1.71
Time deposits	105,804,037	1.28	96,322,075	2.21
Savings—time deposits	58,570,590	1.94	57,815,254	2.96
Negotiable certificates of deposit	10,064,964	0.97	949,050	2.13

Note 1: Average amounts are calculated by the daily average balances of interest-earning assets and interest-bearing liabilities.

Note 2: Interest-earning assets and interest-bearing liabilities should be properly categorized according to accounts or the nature of each account.

f. Liquidity

**Maturity Analysis of Assets and Liabilities
December 31, 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	\$ 357,137	\$ 61,588	\$ 27,373	\$ 63,840	\$ 40,964	\$ 163,372
Liabilities	361,352	140,686	54,069	46,709	61,737	58,151
Gap	(4,215)	(79,098)	(26,696)	17,131	(20,773)	105,221
Accumulated gap	(4,215)	(79,098)	(105,794)	(88,663)	(109,436)	(4,215)

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

g. Market risk sensitivity

Item	December 31, 2003	December 31, 2002
Ratio of interest-rate sensitive assets to liabilities	90.89%	80.34%
Ratio of interest-rate sensitive gap to net worth	(81.91%)	(30.28%)

Note 1: Interest-rate sensitive assets and liabilities mean the revenues or costs of interest earnings assets and interest bearing liabilities are affected by the change of interest-rate.

Note 2: 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 3: Interest-rate sensitive gap = Interest-rate sensitive assets – Interest-rate sensitive liabilities

h. Net positions of major foreign-currency

	December 31			
	2003		2002	
	Foreign-currency Amounts (in Thousand)	New Taiwan Dollar Amounts (in Thousand)	Foreign-currency Amounts (in Thousand)	New Taiwan Dollar Amounts (in Thousand)
Net positions of major foreign-currency with market risk	JPY 11,904,313	\$ 3,783,191	USD 38,766	\$ 1,347,236
	USD 108,837	3,698,052	EUR 10,049	365,538
	DEM 74,935	670,036	JPY 858,414	251,258
	EUR 13,401	574,210	NZ 9,897	180,968
	RMB 9,736	80,807	CHF 6,943	173,550

Note 1: “Major foreign currencies” mean the top five currencies with largest positions.

Note 2: “Net position of major foreign currencies” shall mean the absolute net value of each currency.

25. ADDITIONAL DISCLOSURES

- a. Followings are the additional disclosures required by the SFC for the Company and investees:
- 1) Financing provided: Table 1;
 - 2) Endorsement/guarantee provided: Table 2;
 - 3) Marketable securities held: Table 3 (the related disclosures for SinoPac Securities are excluded from disclosure requirement under the Criteria Governing the Preparation of Financial Reports by Securities Firms);
 - 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 (the related disclosures for SinoPac Securities are excluded from disclosure requirement under the Criteria Governing the Preparation of Financial Reports by Securities Firms);
 - 5) Acquisition of individual real estate at costs of at least NT\$100 million or 20% of the issued capital: Table 5;
 - 6) Receivables from related parties amounting to at least NT\$100 million or 20% of the issued capital: Table 6.
 - 7) Names, locations, and other information of investees on which the Company exercises significant influences: Table 7;
 - 8) Derivative financial transactions: Please refer to Note 21. 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.

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

<u>Financial Instruments</u>	<u>December 31, 2003</u>			<u>December 31, 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	\$ 9,861,000	\$ 186,149	\$ 105,994	\$ 1,561,000	\$ -	(\$ 80,826)
Cross-currency swap contracts	8,500,000	70,031	(53,693)	-	-	-
For the purposes of accommodating customers' needs or managing Bank SinoPac's exposures:						
Forward contracts						
—Buy	90,962,643	568,992	416,042	24,868,277	264,793	178,243
—Sell	67,245,886	272,535	(150,726)	20,890,261	252,601	116,617
Forward rate agreements						
—Buy	10,193,400	-	(4,443)	63,931,364	-	(241,496)
—Sell	10,193,400	1,862	918	64,931,364	242,187	242,187
Currency swap contracts	121,291,215	439,216	(282,064)	60,606,619	668,675	(177,765)
Interest rate swap contracts	41,193,742	231,480	(33,528)	44,233,503	461,519	(60,003)
Cross-currency swap contracts	1,427,240	14,300	3,513	-	-	-
Interest rate futures contract						
—Long position	135,912	-	(478)	-	-	-
—Short position	203,868	-	(3,674)	-	-	-
<u>Financial Instruments</u>	<u>December 31, 2003</u>			<u>December 31, 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						
—As buyer	\$98,806,468	\$ 920,136	\$ 2,578,357	\$47,935,279	\$ 531,332	\$ 1,124,421
—as seller	95,487,067	-	1,485,029	48,700,237	-	1,119,744

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 December 31, 2003 and 2002, Bank SinoPac entered into asset swap contracts for hedging purposes, with notional amounts at \$2,552,493 and \$4,830,283, 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.

As of December 31, 2003, Bank SinoPac entered into credit default swap contracts for the purposes of accommodating customers' needs, with notional amounts at \$384,130. 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 years ended December 31, 2003 and 2002 were as follows:

	<u>Account</u>	<u>For the Years Ended December 31</u>	
		<u>2003</u>	<u>2002</u>
For hedging purposes:			
Cross-currency swap contracts			
—Realized	Interest revenue	\$ 37,516	\$ 31,690
	Interest expense	(22,123)	(14,425)
Interest rate swap contracts			
—Realized	Interest revenue	60,919	-
	Interest expense	(28,381)	-
—Realized	Income from derivative financial transactions	14,207	-
Interest rate futures contracts			
—Realized	Gain from derivative financial transactions	789	-
For the purposes of accommodating customers' needs or managing Bank SinoPac's exposures:			
Forward contracts			
—Realized	Foreign exchange gain	113,675	128,377
—Unrealized	Foreign exchange gain (loss)	(72,664)	358,774
Forward rate agreements			
—Realized	Income from derivative financial transactions	6,789	10,033
—Unrealized	Loss from derivative financial transactions	(4,216)	(6,855)
Currency swap contracts			
—Realized	Interest revenue	363,384	368,811
	Interest expense	(302,867)	(402,643)
Interest rate swap contracts			
—Realized	Interest revenue	577,879	571,601
	Interest expense	(641,179)	(627,702)
—Realized	Loss from derivative financial transactions	(473)	-
—Unrealized	Income from derivative financial transactions	17,585	17,263
Options contracts			
—Realized	Income from derivative financial transactions	729,563	268,438
	Foreign exchange loss	(97,712)	(48,152)
—Unrealized	Income from derivative financial transactions	289,773	17,007
Interest rate futures contracts			
—Realized	Income (loss) from derivative financial transactions	1,012	(3,423)
—Unrealized	Loss from derivative financial transactions	(478)	-

(Continued)

	<u>Account</u>	<u>For the Years</u>	
		<u>2003</u>	<u>2002</u>
Cross-currency swap contracts			
—Realized	Interest revenue	\$ 2,779	\$ -
	Interest expense	(1,936)	-
—Unrealized	Income from derivative financial transactions	3,512	-
Credit default swap contracts			
—Realized	Income from derivative financial transactions	201	-

Income from derivative financial transactions—net (included in other operating revenue) for the years ended December 31, 2003 and 2002 were \$1,058,264 and \$302,463, respectively.

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' 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 March to September 2004. Except for the cash inflows and outflows arising from hedging, no additional cash is needed.

v. Leverage of warrants

December 31, 2003							
	Listed Date	Underlying Securities	Units Issued	Price at Issuance (in New Taiwan Dollars)	Amount	Strike Price (in New Taiwan Dollars)	Leverage at Issuance
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—24	October 3, 2003	Nan Ya Plastics Corporation	20,000,000	2.27	45,400	60.30	17.70
SinoPac Securities—25	October 13, 2003	Far Eastern Textile Ltd.	20,000,000	1.38	27,640	21.52	10.38
SinoPac Securities—26	October 13, 2003	Taiwan Cement Corp.	20,000,000	1.19	23,700	18.37	10.34
SinoPac Securities—27	October 21, 2003	Yulon Motor Co., Ltd.	20,000,000	3.56	71,200	61.20	11.46
SinoPac Securities—28	October 22, 2003	D-Link Corporation	20,000,000	3.46	69,200	51.00	9.83
SinoPac Securities—29	October 22, 2003	Pou Chen Corporation	20,000,000	2.77	55,300	54.15	13.06
SinoPac Securities—30	October 23, 2003	Amtran Technology Co., Ltd.	20,000,000	3.36	67,200	49.20	9.76
SinoPac Securities—31	October 27, 2003	Chi Mei Optoelectronics Corporation	20,000,000	4.74	94,800	66.15	9.30
SinoPac Securities—32	October 27, 2003	Siliconware Precision Industries Co., Ltd.	20,000,000	2.87	57,300	43.65	10.16
SinoPac Securities—33	November 3, 2003	Systex Corporation	20,000,000	1.58	31,600	27.60	11.65
SinoPac Securities—34	November 14, 2003	Sampo Corporation	20,000,000	1.58	31,600	24.00	10.13
SinoPac Securities—35	November 28, 2003	Chang Hwa Commercial Bank Ltd.	20,000,000	1.33	26,660	24.15	12.08

(Continued)

December 31, 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—36	December 22, 2003	Uni-President Enterprises	20,000,000	\$ 0.94	\$ 18,760	\$ 21.00	14.93
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 December 31, 2003					(887,560)		
Market value					<u>\$ 747,250</u>		

December 31, 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—11	January 23, 2002	United Microelectronics Corp.	19,000,000	\$ 11.20	\$ 212,800	62.40	4.60
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
Less: Gain on change in market value of warrants liabilities as of December 31, 2002					(286,850)		
Market value					<u>\$ 81,950</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:

	December 31, 2003			December 31, 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>\$2,600,000</u>	<u>(\$28,548)</u>	<u>\$11,221</u>	<u>\$1,200,000</u>	<u>(\$23,222)</u>	<u>\$10,720</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 December 31, 2003, fair values of outstanding IRS contracts were recognized as derivative financial assets—OTC at \$21,022 and derivative financial liabilities—OTC at \$49,750, respectively. As of December 31, 2002, fair values of outstanding IRS contracts were recognized as derivative financial assets—OTC at \$21,461 and derivative financial liabilities—OTC at \$44,683, 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 December 31, 2003 and 2002, the VARs were \$1,183 and \$2,626, 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 years ended December 31, 2003 and 2002, gains and losses (recognized as gain/loss from derivative financial instruments—OTC) under the IRS valuation were \$6,396 and \$54,418, respectively.

c) Stock index futures and options

i. The objective of stock index futures and options and related strategies

SinoPac Securities engaged in 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. 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

Item	Transaction Type	December 31, 2003			
		Opening Positions		Carrying Value/ Premium Paid (Received)	Fair Value
		Long/ Short	Volume		
TAIFEX futures	Stock index futures contracts	Long	59	\$ 69,687	\$ 69,655
TAIFEX futures	Electronic sector index futures contracts	Long	20	19,510	19,800
TAIFEX futures	Mini-TAIEX futures contracts	Long	2	583	590

(Continued)

		December 31, 2003			
Item	Transaction Type	Opening Positions		Carrying Value/ Premium Paid (Received)	Fair Value
		Long/ Short	Volume		
TAIFEX futures	Banking and insurance sector index futures contracts	Short	22	\$ 19,168	\$ 19,281
TAIFEX options	Stock index put options	Long	16	101	31
TAIFEX options	Stock index call options and put options	Short	3,085	(5,199)	(4,248)
TAIFEX futures	Stock index futures contracts	Long	104	92,509	91,624
TAIFEX options	Stock index call options	Long	3,458	11,969	12,188
TAIFEX options	Stock index put options	Short	653	(1,849)	(1,669)

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 December 31, 2003 and 2002, the fair value of options contracts were recognized as premiums of \$31 and \$4,248 paid for long options—non-hedging and premiums of \$12,188 and \$1,669 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 years ended December 31, 2003 and 2002 were summarized as follows:

	For the Year Ended December 31, 2003	
	Gains from Futures Transactions	(Losses) from Options Transactions
Non-hedging and realized	\$ 87,564	(\$ 113,779)
Non-hedging and unrealized	<u>152</u>	<u>881</u>
	<u>\$ 87,716</u>	<u>(\$ 112,898)</u>

	For the Year Ended December 31, 2002	
	Gains (Losses) from Futures Transactions	Gains (Losses) from Options Transactions
Non-hedging and realized	\$ 6,617	(\$ 5,699)
Non-hedging and unrealized	<u>(885)</u>	<u>399</u>
	<u>\$ 5,732</u>	<u>(\$ 5,300)</u>

SinoPac Securities recognized hedging and realized loss of \$1,931 on stock index futures intended for hedging purposes for the year ended December 31, 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:

	December 31, 2003			
	Nominal Amount	Premiums Paid (Received)	Fair Value	Credit Risk
i) Fixed income transactions				
Interest rate swaps	\$ 305,000	\$ -	\$ 383	\$ 6,256
Long call options on convertible bonds	-	10,309	59,914	131,127
ii) Short call options on convertible bonds	232,000	(10,273)	(56,893)	-

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 December 31, 2003, the fair values of fixed income convertible bonds swap transactions were recognized as derivative financial assets—OTC at \$7,974 and derivative financial liabilities—OTC at \$7,951, 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 December 31, 2003, the VAR was \$907.

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 year ended December 31, 2003, marking to market of convertible bonds swap transactions resulted in gains of \$15,496 (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>December 31, 2003</u>		
	<u>Nominal</u>	<u>Premiums</u>	<u>Fair Value</u>
	<u>Amount</u>	<u>Paid</u>	
		<u>(Received)</u>	
i) Principal-guaranteed note transactions			
Fixed income instruments	\$ 122,700	\$ -	(\$ 119,523)
Short call options on underlying assets	-	(3,215)	(4,022)
ii) Equity-linked note transactions			
Fixed income instruments	94,400	-	(94,114)
Long put options on linked underlying assets	-	587	706

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 year ended December 31, 2003, gains (losses) from structured note transactions were as follows: Losses of \$434 from principal-guaranteed note transactions, losses of \$807 from principal-guaranteed note valuation; gains of \$98 from equity-linked note transactions; and gains of \$119 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 December 31, 2003 and 2002, the nominal amount, credit risk and fair value of outstanding IRS contracts were as follows:

<u>Financial Instruments</u>	<u>December 31, 2003</u>			<u>Maturity</u>
	<u>Nominal Amount</u>	<u>Credit Risk</u>	<u>Fair Value</u>	
IRS	\$ 2,300,000	\$ _____ -	(\$ 39,450)	2004.02-2006.11

<u>Financial Instruments</u>	<u>December 31, 2002</u>			<u>Maturity</u>
	<u>Nominal Amount</u>	<u>Credit Risk</u>	<u>Fair Value</u>	
IRS	\$ 2,500,000	\$ _____ -	(\$ 81,788)	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 years ended December 31, 2003 and 2002, AnShin Card Services recognized realized interest expenses as operating expenses amounting to \$65,866 and \$56,055, respectively. The unrealized revaluation losses, recognized as other liabilities and the debit balance of stockholders' equity, were marked to market at \$39,450 and \$81,788 as of December 31, 2003 and 2002, respectively.

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

26. SEGMENT AND GEOGRAPHICAL INFORMATION

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

SINOPAC HOLDINGS AND INVESTEEES

FINANCING PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2003
(In Thousands of New Taiwan Dollars)

No.	Financing Name	Counter-party	Financial Statement Account	Maximum Balance for the Period	Ending Balance	Interest Rate	Financing Type	Transaction Amount	Financing Reason	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrowing Company	Financing Company's Financing Amount Limit
											Item	Value		
4	SinoPac Capital (B.V.I.) Ltd.	SinoPac Capital Ltd.	Short-term borrowings	\$ 138,180	\$ 105,332	-	Short-term financing	\$ -	Working capital	\$ -	-	\$ -	\$ -	\$ -

SINOPAC HOLDINGS AND INVESTEES

**ENDORSEMENT/GUARANTEE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 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	\$ 9,108,341 (Note 2)	\$ 594,475 (Note 1) (US\$ 17,500) thousand	\$ -	\$ -	-	\$9,108,341 (Note 2)
2	SinoPac Leasing Corporation	Grand Capital International Limited	Subsidiary	(Note 3)	4,442,961 (Note 1)	4,265,554 (Note 1)	-	219%	(Note 4)
		Wal Tech International Corporation	Affiliate	(Note 3)	530,000	530,000	-	27%	(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 5) of SinoPac Leasing Corporation. But no limit applied on any subsidiary of SinoPac Leasing Corporation. As of December 31, 2003, the limit was \$3,901,499.

Note 4: The maximum amount of endorsement or guarantee is up to 500% of the net asset value (Note 5) of SinoPac Leasing Corporation. But no limit applied on any subsidiary of SinoPac Leasing Corporation. As of December 31, 2003, the maximum allowance was \$9,753,749.

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

SINOPAC HOLDINGS AND INVESTEES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2003

(In Thousands of New Taiwan Dollars)

Name of Held Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	December 31, 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	\$ 23,213,584	100.00%	\$ 26,146,672	Note 5
	SinoPac Securities Corporation	Subsidiary	Long-term equity investments	1,526,902	22,770,853	100.00%	22,770,853	Note 5
	AnShin Card Services Co., Ltd.	Subsidiary	Long-term equity investments	145,769	1,200,567	89.43%	319,015	Note 5
	SinoPac Life Insurance Agent Co., Ltd.	Subsidiary	Long-term equity investments	200	101,440	100.00%	101,440	Note 5
	SinoPac Property Insurance Agent Co., Ltd.	Subsidiary	Long-term equity investments	200	3,957	100.00%	3,957	Note 5
	SinoPac Venture Capital Co., Ltd.	Subsidiary	Long-term equity investments	50,000	501,683	100.00%	501,683	Note 5
	SinoPac Call Center Co., Ltd.	Subsidiary	Long-term equity investments	10,000	102,509	100.00%	102,509	Note 5
	SinoPac Asset Management International	Subsidiary	Long-term equity investments	10,000	119,492	100.00%	119,492	Note 5
	SinoPac Marketing Consulting Co., Ltd.	Subsidiary	Long-term equity investments	5,000	43,981	100.00%	43,981	Note 5
	Li-Seng Develop company	Investee accounted for by the cost method	Long-term equity investments	12,500	125,000	5.00%	125,000	Note 4
	Debt Instruments Depository and Clearing Co., Ltd., Taiwan	Investee accounted for by the cost method	Long-term equity investments	2,000	20,000	1.00%	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
	AnShin Card Services Co., Ltd.	-	Prepaid investments	19,166	191,664	39.93%	191,664	Note 5
Bank SinoPac	<u>Stock</u>							
	SinoPac Bancorp	Subsidiary	Long-term equity investments	20	5,259,093	100.00%	5,259,093	Note 5
	Rocorp Holding S.A.	Investee accounted for by the equity method	Long-term equity investments	0.11	-	33.33%	3,531	Note 4
					(Note 8)			
	SinoPac Leasing Corporation	Subsidiary	Long-term equity investments	159,629	2,163,470	99.77%	1,946,230	Note 5
	SinoPac Capital Limited	Subsidiary	Long-term equity investments	229,998	1,021,126	99.9991%	1,021,126	Note 5
	SinoPac Financial Consulting Co., Ltd.	Subsidiary	Long-term equity investments	194	2,177	97.00%	2,177	Note 5
	Ruentex Industries Ltd.	Supervisor of Bank SinoPac and an investee accounted for by the cost method	Long-term equity investments	11,452	165,487	1.45%	174,248	Note 2
					(Note 3)			
	Mega Financial Holding Company	Investee accounted for by the cost method	Long-term equity investments	4,158	110,732	0.04%	81,910	Note 2
					(Note 3)			
	China Television Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	12,468	364,539	3.42%	103,122	Note 2
					(Note 3)			
	Global Securities Finance Corp.	Investee accounted for by the cost method	Long-term equity investments	11,719	100,000	1.56%	134,093	Note 5
Z-Com, Inc.	Investee accounted for by the cost method	Long-term equity investments	1,040	13,230	1.58%	13,024	Note 4	
Taipei Forex Inc.	Investee accounted for by the cost method	Long-term equity investments	80	800	0.40%	1,226	Note 4	
Taiwan Future Exchange Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	899	8,990	0.45%	13,745	Note 5	
Taiwan Leader Advanced Technology Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	1,103	16,554	1.07%	8,991	Note 4	
Apack Technology Inc.	Investee accounted for by the cost method	Long-term equity investments	1,694	-	1.31%	12,717	Note 4	
				(Note 8)				

(Continued)

Name of Held Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	December 31, 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%	\$ 37,164	Note 4	
	Financial Information Services Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	4,550	45,500	1.14%	67,081	Note 4	
	Taiwan Asset Management Corporation	Investee accounted for by the cost method	Long-term equity investments	5,000	50,000	0.28%	53,411	Note 4	
	Taiwan Financial Asset Service Corporation	Investee accounted for by the cost method	Long-term equity investments	5,000	50,000	2.94%	50,788	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%	10,967	Note 4	
	<u>Stock</u>								
	Far East National Bank	Subsidiary		Long-term equity investments	175	5,268,641	100.00%	5,268,641	Note 5
	Far East National Bank	<u>Stock</u>							
		Far East Capital Corporation	Subsidiary		Long-term equity investments	350	70,078	100.00%	70,078
FENB Securities, Inc.		Subsidiary		Long-term equity investments	2.5	34,448	100.00%	34,448	Note 5
FENB Loan Corp.		Subsidiary		Long-term equity investments	0.1	(35,418)	100.00%	(35,418)	Note 5
FENB Film Corp.		Subsidiary		Long-term equity investments	0.1	(79,750)	100.00%	(79,750)	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	114,895	-	114,895	Note 6
Federal Home Loan Bank		Investee accounted for by the cost method		Long-term equity investments	63	212,363	-	212,363	Note 6
Southern California Business Development Corporation (SCBDC)		Investee accounted for by the cost method		Long-term equity investments	40	1,359	-	1,359	Note 6
California Economic Development Lending Initiative (CEDLI)		Investee accounted for by the cost method		Long-term equity investments	50	1,699	-	1,699	Note 6
<u>Fund</u>									
Genesis L.A. Real Estate Fund LLC		-		Long-term investments	-	65,176	-	65,176	Note 6
California Tax Credit Fund LLC		-		Long-term investments	-	23,842	-	23,842	Note 6
Bay Area Equity Fund I		-		Long-term investments	-	1,699	-	1,699	Note 6
Bay Area Smart Growth Fund LLC	-		Long-term investments	-	28,974	-	28,974	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	-	1,819	4.00%	1,819	Note 6
	TVIA, Inc.	Investee accounted for by the cost method		Long-term equity investments	33	2,764	0.20%	2,764	Note 7
	<u>Stock (preferred stock)</u>								
	AgraQuest, Inc.	-		Long-term equity investments	100	7,985	0.80%	7,985	Note 6
	Silicon Motion, Inc.	-		Long-term equity investments	61	8,495	0.20%	8,495	Note 6
	Softknot Corporation	-		Long-term equity investments	250	6,797	2.00%	6,797	Note 6
	Zone Reactor, Inc.	-		Long-term equity investments	300	1,144	1.50%	1,144	Note 6
	SinoPac Leasing Corporation	<u>Stock</u>							
Grand Capital International Limited		Subsidiary		Long-term equity investments	29,900	1,416,664	100.00%	1,416,664	Note 5
Bank of Overseas Chinese		Investee accounted for by the cost method		Long-term equity investments	1,718	24,613	0.103%	8,487	Note 3
Chain Yarn Co., Ltd.		Investee accounted for by the cost method		Long-term equity investments	1,969	38,444	1.90%	26,709	Note 4
Tekcon Electronics Corp.		Investee accounted for by the cost method		Long-term equity investments	832	20,768	1.51%	5,507	Note 4
Global Securities Finance Corp.		Investee accounted for by the cost method		Long-term equity investments	1,423	15,664	0.19%	16,306	Note 5

(Continued)

Name of Held Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	December 31, 2003				Note
				Shares/Units/ Face Amount (In Thousand)	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
Grand Capital International Limited	Z-Com, Inc.	Investee accounted for by the cost method	Long-term equity investments	317	\$ 6,340	0.48%	\$ 3,967	Note 4
	Walton Advanced Engineering, Inc.	Investee accounted for by the cost method	Long-term equity investments	1,528	23,616	0.34%	11,944	Note 4
	Telexpress Corp.	Investee accounted for by the cost method	Long-term equity investments	525	7,835	5.00%	5,277	Note 5
SinoPac Capital Limited	<u>Venture fund</u> World Wide Multimedia L.P.	-	Long-term investments	0.005	33,242	16.67%	47,875	Note 4
	<u>Stock (preferred stock)</u> Best 3C. Com, Inc. e21 Corp.	- -	Long-term equity investments Long-term equity investments	600 200	15,290 10,193	1.85% 0.79%	15,290 10,193	Note 6 Note 6
SinoPac Capital (B.V.I.) Ltd.	<u>Stock</u> SinoPac Capital (B.V.I.) Ltd.	Subsidiary	Long-term equity investments	4,450	119,743	100.00%	404,855	Note 4
	TPV Technology	-	Short-term investments	3,000	53,447	0.22%	53,507	Note 2
	Sino Golf	-	Short-term investments	9,962	38,833	3.30%	65,839	Note 2
	HC	-	Short-term investments	5,284	28,307	1.27%	50,302	Note 2
	Comba	-	Short-term investments	3,064	44,482	0.37%	50,961	Note 2
	Suga International	-	Short-term investments	7,080	44,845	3.17%	45,862	Note 2
	Haitian	-	Short-term investments	11,448	37,575	7.08%	36,077	Note 2
	Sun East	-	Short-term investments	10,000	60,432	2.86%	54,711	Note 2
	Kanssen	-	Short-term investments	29	17,303	-	17,303	Note 2
	<u>Bond</u> Chiam International	-	Short-term investments	US\$ 5,000	169,890	-	169,890	Note 6
	InvestLink International	-	Short-term investments	US\$ 1,410	47,909	-	47,909	Note 6
	<u>Convertible bill and bond</u> Sino-Wood Partners	-	Short-term investments	US\$ 1,000	33,978	-	33,978	Note 2
	Sinbon Electronics Co., Ltd.	-	Short-term investments	US\$ 1,000	33,978	-	35,592	Note 2
	Micro-Star Int'l Co., Ltd.	-	Short-term investments	US\$ 2,000	67,956	-	74,794	Note 2
	Asia Optical	-	Short-term investments	US\$ 500	16,989	-	18,702	Note 2
	Yue Yuen Industrial	-	Short-term investments	US\$ 1,000	33,978	-	34,097	Note 2
	Ritek	-	Short-term investments	US\$ 1,000	33,978	-	36,108	Note 2
Powerchip	-	Short-term investments	US\$ 2,000	67,956	-	74,876	Note 2	
SinoPac Capital (B.V.I.) Ltd.	<u>Stock</u> Cyberpac Holding Ltd. (B.V.I.)	Subsidiary	Long-term equity investments	4,000	44,314	100.00%	44,323	Note 5
	Allstar Venture Ltd. (B.V.I.)	Subsidiary	Long-term equity investments	0.002	(183,139)	100.00%	(183,139)	Note 5
	Shanghai International Asset Management (Hong Kong) Co., Ltd.	Subsidiary	Long-term equity investments	4,800	29,796	60.00%	23,726	Note 4
	Pinnacle Investment Management Ltd.	Subsidiary	Long-term equity investments	200	4,116	99.9995%	4,104	Note 4
Cyberpac Holding Ltd. (B.V.I.)	<u>Venture fund</u> 3V Source One LP	-	Long-term investments	2,000	69,428	71.43%	49,461	Note 4

(Continued)

Name of Held Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	December 31, 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.)	<u>Stock</u> Wal Tech International Corporation	Subsidiary	Long-term equity investments	26,500	\$ 195,153	100.00%	\$ 190,232	Note 5
	RSP Information Service Company Limited	Subsidiary	Long-term equity investments	999.999	3,396	99.9999%	3,396	Note 5
	Telexpress Corp.	Investee accounted for by the equity method	Long-term equity investments	3,900	51,079	34.21%	36,102	Note 5
	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	83,007	6.25%	83,007	Note 6
	UOB Venture Technology Investments Limited	-	Long-term investments	26	75,816	8.62%	75,816	Note 6
	MDS Life Sciences Technology Fund—Barbados	-	Long-term investments	50	119,975	25.00%	83,355	Note 4
	Biotechnology Development Fund II, L.P.	-	Long-term investments	-	24,155	2.30%	42,007	Note 4
	North America Venture Fund II, L.P.O.	-	Long-term investments	-	15,137	2.07%	28,987	Note 4
	<u>Stock (common stock)</u> Ardent Pharmaceuticals, Inc.	Investee accounted for by the cost method	Long-term equity investments	143	17,368	0.58%	372	Note 4
	TVIA, Inc.	Investee accounted for by the cost method	Long-term equity investments	167	9,978	0.75%	13,818	Note 7
	DiCon Fiberoptics, Inc.	Investee accounted for by the cost method	Long-term equity investments	221	33,972	0.20%	4,307	Note 4
	<u>Stock (preferred stock)</u> Sunol Molecular Corp.	-	Long-term equity investments	100	17,149	0.92%	17,149	Note 6
	Phytoceutica, Inc.	-	Long-term equity investments	200	17,527	1.10%	17,527	Note 6
Immusol, Inc.	-	Long-term equity investments	75	10,421	0.15%	10,421	Note 6	
Virtual Silicon Technology, Inc.	-	Long-term equity investments	120	10,412	0.31%	10,412	Note 6	
BioAgri Corp.	-	Long-term equity investments	375	10,193	2.34%	10,193	Note 6	
Wal Tech International Corporation	<u>Stock</u> Intellisys Corp.	Subsidiary	Long-term equity investments	10,326	241,667	62.58%	125,870	Note 5
	Multiwin Asset Management Co., Ltd.	Investee accounted for by the equity method	Long-term equity investments	1,800	12,828	30.00%	13,504	Note 5
	Monmon Medza Technology Co., Ltd.	Investee accounted for by the equity method	Long-term equity investments	598	2,174	32.39%	2,144	Note 4
	Fu Po Electronics Corporation	Investee accounted for by the cost method	Long-term equity investments	1,650	29,700	1.50%	11,649	Note 4
	Webi & Neti Internet Services Inc.	Investee accounted for by the cost method	Long-term equity investments	63	625	2.63%	268	Note 4
	YesMobile Holdings Company Limited	Investee accounted for by the cost method	Long-term equity investments	294	12,000	0.75%	1,893	Note 4
	SynTest Technologies, Inc., Taiwan	Investee accounted for by the cost method	Long-term equity investments	79	10,598	0.35%	485	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%	12,847	Note 4
	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%	26,685	Note 4
	ENE Technology Inc.	Investee accounted for by the cost method	Long-term equity investments	861	29,996	3.15%	35,994	Note 2
	SonicEdge Industries Corporation	Investee accounted for by the cost method	Long-term equity investments	580	14,500	2.99%	4,549	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%	67	Note 5	
Silicon Motion Inc.	Investee accounted for by the cost method	Long-term equity investments	90	12,523	0.10%	1,409	Note 4	

(Continued)

Name of Held Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	December 31, 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> Collective Investment Fund—SinoPac Global Constant I	-	Short-term investments	1,000	\$ 10,000	-	\$ 10,390	Note 7
	Apollo Fund	-	Short-term investments	15	100 (Note 3)	-	106	Note 7
	<u>Stock</u> Orion Financial Tech. Ltd.	Investee accounted for by the cost method	Long-term equity investments	81	525	2.31%	237	Note 4
SinoPac Futures Corporation	<u>Beneficiary certificate</u> Cathay Bond Fund	-	Short-term investments	3,619	40,000	-	40,119	Note 7
	Jih Sun Global Bond Fund	-	Short-term investments	1,000	10,000	-	9,993	Note 7
	Sheng Hua 6666 Balance Fund	-	Short-term investments	926	10,000	-	9,925	Note 7
	The IIT Principal Guaranteed Fund No. 1	-	Short-term investments	1,000	10,000	-	9,990	Note 7
	Barits Value Balance Fund	-	Short-term investments	945	10,000	-	10,180	Note 7
	Grand Cathay Balance Fund	-	Short-term investments	789	10,000	-	10,418	Note 7
	Fuh-Hwa Digital Economy Fund	-	Short-term investments	1,211	10,000	-	9,722	Note 7
	<u>Stock</u> Taiwan Future Exchange Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	500	5,000	0.25%	8,290	Note 5
	SinoPac Managed Futures Co., Ltd.	-	Long-term equity investments	20,000	200,000	100.00%	-	Note 9
	SinoPac Capital Management Corporation	<u>Beneficiary certificate</u> NITC Bond Fund	-	Short-term investments	309	48,709	-	48,714
NITC Taiwan Bond Fund		-	Short-term investments	485	6,551	-	6,552	Note 7
SinoPac Life Insurance Agent Co., Ltd.	<u>Beneficiary certificate</u> Fuh-hwa Yu-Li Fund	-	Short-term investments	1,328	15,015	-	15,667	Note 7
	Fuh-hwa Bond Fund	-	Short-term investments	164	2,000	-	2,080	Note 7
	Prudential Aggressive Growth 2 Bond Fund	-	Short-term investments	1,689	24,746	-	25,227	Note 7
SinoPac Property Insurance Agent Co., Ltd.	<u>Beneficiary certificate</u> Prudential Aggressive Growth 2 Bond Fund	-	Short-term investments	104	1,500	-	1,557	Note 7
	ABN AMRO Bond Fund Cap	-	Short-term investments	71	1,000	-	1,029	Note 7
SinoPac Venture Capital Co., Ltd.	<u>Beneficiary certificate</u> NITC Bond Fund	-	Short-term investments	596	92,389	-	93,976	Note 7
	<u>Stock</u> ATM Electronic Corp.	Investee accounted for by the cost method	Long-term equity investments	400	10,000	2.5%	10,000	Note 6
	Micro Square Technology Inc.	Investee accounted for by the cost method	Long-term equity investments	500	10,000	3.7%	10,000	Note 6
	De Poan Pneumatic Corp.	Investee accounted for by the cost method	Long-term equity investments	300	15,000	1.24%	15,000	Note 6
	Global Sun Technology Inc.	Investee accounted for by the cost method	Long-term equity investments	466	29,177 (Note 3)	0.389%	16,869	Note 2
	Pandisk Technology Company Ltd.	Investee accounted for by the cost method	Long-term equity investments	656	9,980	2.95%	9,980	Note 6
	Skahex Technology Inc.	Investee accounted for by the cost method	Long-term equity investments	356	13,823	0.426%	13,823	Note 6
	Chinesegamer International Corp.	Investee accounted for by the cost method	Long-term equity investments	289	25,402 (Note 3)	0.665%	29,602	Note 2

(Continued)

Name of Held Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	December 31, 2003				Note
				Shares/Units/ Face Amount (In Thousand)	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
	ENE Technology Inc.	Investee accounted for by the cost method	Long-term equity investments	331	\$ 11,760 (Note 3)	1.18%	\$ 13,839	Note 2
	Creative Sensor Inc.	Investee accounted for by the cost method	Long-term equity investments	911	49,982	1.30%	49,982	Note 6
	Nanya PCB Corporation	Investee accounted for by the cost method	Long-term equity investments	61	2,173	0.01%	2,173	Note 6
	ST. SHINE Optical Company Limited	Investee accounted for by the cost method	Long-term equity investments	496	9,920	1.50%	9,920	Note 6
	Hu Lane Associate Inc.	Investee accounted for by the cost method	Long-term equity investments	304	9,842 (Note 3)	0.80%	12,665	Note 2
	Taimide Tech, Inc.	Investee accounted for by the cost method	Long-term equity investments	870	10,000	1.89%	10,000	Note 6
	Settv	Investee accounted for by the cost method	Long-term equity investments	520	18,720	0.45%	18,720	Note 6
	Alpha Microelectronics Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	944	9,995	1.917%	9,995	Note 6
	Proconn Technology Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	557	10,822	4.56%	10,822	Note 6
	Bcom Electronics Inc.	Investee accounted for by the cost method	Long-term equity investments	949	17,914	0.91%	17,914	Note 6
	Sunnic Technology & Merchandise Inc.	Investee accounted for by the cost method	Long-term equity investments	650	25,120	2.89%	25,120	Note 6
	Ampire Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	362	5,525	0.85%	5,525	Note 6
	AME, Inc.	Investee accounted for by the cost method	Long-term equity investments	240	10,000	0.89%	10,000	Note 6
	TennRich International Corp.	Investee accounted for by the cost method	Long-term equity investments	454	9,988	1.08%	9,988	Note 6
	Exploit Technology Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	200	4,400	1.00%	4,400	Note 6
	Asia Electronic Material Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	2,000	20,000	7.41%	20,000	Note 6
	Princo Corp.	Investee accounted for by the cost method	Long-term equity investments	145	9,713	0.037%	9,713	Note 6
	LightMaster System, Inc.	Investee accounted for by the cost method	Long-term equity investments	150	9,184	1.10%	9,184	Note 6
	Global Strategic Venture	Investee accounted for by the cost method	Long-term equity investments	3,000	30,000	2.22%	30,000	Note 6
	Donpon Precision, Inc.	Investee accounted for by the cost method	Long-term equity investments	500	17,500	1.06%	17,500	Note 6
SinoPac Asset Management International	<u>Beneficiary certificate</u> NITC Bond Fund	-	Short-term investments	534	83,496	-	84,239	Note 7
	<u>Stock</u> BASSO Corp.	-	Short-term investments	56	4,281	0.07%	4,390	Note 2
	EDOM Technology Corp.	-	Short-term investments	52	3,269	0.04%	3,029	Note 2
	ICP Electronics Inc.	-	Short-term investments	250	11,517	0.18%	13,875	Note 2
	National Venture Capital Corp.	Investee accounted for by the cost method	Long-term equity investments	2,000	14,800	3.69%	16,845	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 December 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 December 31, 2003.

Note 8: The amounts are after deducting realized losses.

Note 9: As of December 31, 2003, the registration of SinoPac Managed Futures Co., Ltd. had not been completed.

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 YEAR ENDED DECEMBER 31, 2003
 (In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counter-party	Relationship	Beginning Balance		Acquisition (Note 4)		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 (common stock)</u> Li-Seng Develop Company	Long-term equity investments	Transacted at exchange market	-	-	\$ -	12,500	\$ 125,000	-	\$ -	\$ -	\$ -	12,500	\$ 125,000
	SinoPac Venture Capital Co., Ltd.	Long-term equity investments	Transacted at exchange market	-	-	-	50,000	501,683 (Note 1)	-	-	-	-	50,000	501,683
	SinoPac Asset Management International	Long-term equity investments	Transacted at exchange market	-	-	-	10,000	119,492 (Note 2)	-	-	-	-	10,000	119,492
	AnShin Card Services Co., Ltd.	Long-term equity investments	ING Heart Investment Co., Ltd.	-	81,104	151,227	64,665	1,049,341 (Note 3)	-	-	-	-	145,769	1,200,567
		<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
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	2,625	410,775	407,111	3,664	595	92,389
SinoPac Asset Management International	<u>Beneficiary certificate</u> NITC Bond Fund	Short-term investments	National Investment Trust Company Limited	Related party in substance	-	-	1,006	156,800	473	73,520	73,304	216	533	83,496
SinoPac Capital Limited	<u>Convertible bond</u> Hannstar Display	Short-term investments	Transacted at exchange market	-	-	-	US\$ 3,000	101,934 (Note 5)	US\$ 3,000	104,114 (Note 5)	101,934 (Note 5)	2,180	-	-
	<u>Bond</u> Chiam International	Short-term investments	Transacted at exchange market	-	-	-	US\$ 5,000	169,890 (Note 5)	-	-	-	-	US\$ 5,000	169,890 (Note 5)
AnShin Card Services Co., Ltd.	<u>Beneficiary certificate</u> TAI-YU Long River Bonds Fund	Short-term investments	Transacted at exchange market	-	-	-	73,400	820,000	73,400	820,359	820,000	359	-	-
	JF (Taiwan) Bond Fund	Short-term investments	Transacted at exchange market	-	-	-	13,725	185,000	13,725	185,047	185,000	47	-	-

Note 1: Consist of original investment amount of \$500,000, investment gain recognized under the equity method of \$4,927, unrealized loss on long-term equity investment of \$3,234 and cumulative translation adjustment of \$10.

Note 2: Consist of original investment amount of \$100,000 and investment income recognized under the equity method of \$19,492.

Note 3: Consist of original investment amount of \$1,030,973, investment loss recognized under the equity method of \$5,311 and gain on recovery of unrealized revaluation loss of \$23,679.

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 INVESTEES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$100 MILLION OR 20% OF THE ISSUED CAPITAL
 FOR THE YEAR ENDED DECEMBER 31, 2003
 (In Thousands of 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 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
	Collateral assumed Buildings and land in Banchiau City, Taipei	October 16, 2003	535,740	Offset in nonperforming loan	Pacific Dingho Development Corp.	The debtor of Bank SinoPac	-	-	-	-	Court auction price: \$490,810	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 rent and for operating use	None

SINOPAC HOLDINGS AND INVESTEES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE ISSUED CAPITAL

DECEMBER 31, 2003

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Bank SinoPac	SinoPac Securities	Wholly owned subsidiary of SinoPac Holdings	\$ 175,060	-	\$ -	-	\$ -	\$ -

Note: The receivable comes from the adoption of the linked tax system for 2003 tax filing.

SINOPAC HOLDINGS AND INVESTEEES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE YEAR ENDED DECEMBER 31, 2003
(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2003			Net Income (Loss) of the Investee (Note 2)	Investment Gains (Loss) (Note 2)	Note
				December 31, 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	\$ 23,213,584	\$ 2,753,899	\$ 2,586,951	Subsidiary
	SinoPac Securities Corporation	Taipei	Brokerage, dealing and underwriting of securities	21,566,517	21,566,517	1,526,902	100.00	22,770,853	2,162,094	2,095,153	Subsidiary
	AnShin Card Services Co., Ltd.	Taipei	Credit card business	1,212,211	181,238	145,769	89.43	1,200,567	29,656	(5,311)	Subsidiary
	SinoPac Life Insurance Agent Co., Ltd.	Taipei	Life insurance agent	81,909	-	200	100.00	101,440	90,250	89,532	Subsidiary
	SinoPac Property Insurance Agent Co., Ltd.	Taipei	Property insurance agent	3,919	-	200	100.00	3,957	1,671	1,654	Subsidiary
	SinoPac Venture Capital Co., Ltd.	Taipei	Venture capital investment	500,000	-	50,000	100.00	501,683	4,927	4,927	Subsidiary
	SinoPac Call Center Co., Ltd.	Kaohsiung	Data processing, manpower and agency services	100,000	100,000	10,000	100.00	102,509	5,155	5,155	Subsidiary
	SinoPac Asset Management International	Taipei	Business management advisory, investment and venture capital investment advisory	100,000	-	10,000	100.00	119,492	19,492	19,492	Subsidiary
SinoPac Marketing Consulting Co., Ltd.	Taipei	Agent service, investment advisory and overdue accounts receivable management	50,000	-	5,000	100.00	43,981	(6,019)	(6,019)	Subsidiary	
Bank SinoPac	SinoPac Bancorp	California	Stock holding	US\$ 112,306	US\$ 112,306	20	100.00	5,259,093	441,950	342,587	Subsidiary
	Rocorp Holding S.A.	Luxembourg	Stock holding	\$ 3,531	\$ 3,531	0.11	33.33	-	-(Note 4)	-	Investee under significant influence held by SinoPac Holdings' subsidiary
	SinoPac Leasing Corporation	Taipei	Leasing aircraft and machinery equipment	\$ 999,940	\$ 999,940	159,629	99.7683	2,163,470	170,735	162,655	Subsidiary
	SinoPac Capital Limited	Hong Kong	Lending and financing	HK\$229,998	HK\$229,998	229,998	99.9991	1,021,126	161,066	134,429	Subsidiary
SinoPac Financial Consulting Co., Ltd.	Taipei	Investment advisory and business management advisory	\$ 1,940	\$ 1,940	194	97.00	2,177	35	(3)	Subsidiary	
SinoPac Bancorp	Far East National Bank	California	Commercial bank	US\$ 107,306	US\$ 107,306	175	100.00	5,268,641	456,540		Affiliate
Far East National Bank	Far East Capital Corporation	California	Investment bank	US\$ 3,500	US\$ 3,500	350	100.00	70,078	(14,730)		Affiliate
	FENB Securities, Inc.	California	Securities brokerage	US\$ 25	US\$ 25	2.5	100.00	34,448	21,497		Affiliate
	FENB Loan Corp.	California	Asset management brokerage	US\$ 1	US\$ 1	0.1	100.00	(35,418)	(21,959)		Affiliate
	FENB Film Corp.	California	Motion picture asset management	US\$ 1	US\$ 1	0.1	100.00	(79,950)	(21,787)		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	1,416,664	96,067		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	119,743	40,652		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	44,314	(13,161)		Affiliate
	Allstar Venture Ltd. (B.V.I.)	British Virgin Islands	Investment	US\$ 0.002	US\$ 0.002	0.002	100.00	(183,139)	(51,232)		Affiliate
	Shanghai International Asset Management (Hong Kong) Co., Ltd.	Hong Kong	Asset management	HK\$ 10,000	HK\$ 10,000	4,800	60.00	29,796	901		Affiliate
	Pinnacle Investment Management Ltd.	Hong Kong	Asset management	US\$ 200	US\$ 200	200	99.9995	4,116	(254)		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	195,153	(12,574)		Affiliate
	RSP Information Service Company Limited	Hong Kong	General trading and providing internet-based service	HK\$999.999	-	999.999	99.9999	3,396	(990)		Affiliate
	Telexpress Corp.	Cayman Islands	Investment	US\$ 1,560	US\$ 1,560	3,900	34.21	51,079	2,051		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 December 31, 2003			Net Income (Loss) of the Investee (Note 2)	Investment Gains (Loss) (Note 2)	Note
				December 31, 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	241,667	8,499		Affiliate
	Multiwin Asset Management Co., Ltd.	Taipei	Asset management	18,000	18,000	1,800	30.00	12,828	10,707		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	2,174	(3,979)		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	1,221,469	74,430	68,855	Affiliate
	SinoPac Securities (Cayman) Holdings Ltd.	Cayman Islands, British West Indies	Stock holding	1,637,261	733,226	48,100	100.00	1,982,874	233,838	233,838	Affiliate
	SinoPac Capital Management Corporation	Taipei	Investment consulting	146,028	146,028	21,000	100.00	191,818	(6,959)	7,121	Affiliate
	SinoPac Asset Management Corp. (B.V.I.)	British Virgin Islands	Securities brokerage and investment advisory	524,857	524,857	16,000	100.00	740,791	132,752	132,752	Affiliate
SinoPac Securities (Cayman) Holdings Ltd.	SinoPac Futures Co., Ltd.	Taipei	Brokerage of futures contracts	-	199,940	-	-	-	2,328	2,328	Affiliate (the legal dissolution and liquidation procedure had been completed as of June 30, 2003)
	SinoPac Securities (Europe) Ltd.	London, UK	European agent business	US\$ 1,514	US\$ 1,514	1,000	100.00	US\$ 1,311	(US\$ 98)		Affiliate
	SinoPac Securities (Asia) Ltd.	Hong Kong	Hong Kong stock brokerage	US\$ 36,756	US\$ 12,941	30	92.88	US\$ 47,932	US\$ 7,027		Affiliate
	SinoPac Futures (Asia) Ltd.	Hong Kong	Futures brokerage business	US\$ 1,205	US\$ 1,205	10,000	100.00	US\$ 2,359	US\$ 2		Affiliate
	SinoPac Capital (Asia) Ltd.	Hong Kong	IPO underwriting business	US\$ 3,862	US\$ 3,862	30,000	100.00	US\$ 4,307	US\$ 368		Affiliate
	NSC Asia Ltd.	British Virgin Islands	Derivatives instruments business	US\$ 744	US\$ 744	1	100.00	US\$ 41	US\$ 16		Affiliate
	NITC Asset Management (Asia) Ltd.	Hong Kong	Asset management and investment consulting	US\$ 158	US\$ 158	2,992	29.92	US\$ 680	US\$ 935		Affiliate
SinoPac Securities (U.S.A.) Ltd.	California	Collecting and analyzing financial market information	US\$ 1,848	US\$ 250	2	100.00	US\$ 891	(US\$ 385)		Investee under significant influence held by SinoPac Securities' 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\$ 3,861	US\$ 371		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\$ 11,463	US\$ 3,322		Affiliate
SinoPac Securities (H.K.) Limited	SinoPac Securities (Asia) Ltd.	Hong Kong	Hong Kong stock brokerage	US\$ 1,826	US\$ -	2	7.12	HK\$ 3,674	US\$ 7,027		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 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: The amounts are after deducting realized losses.