

SinoPac Holdings

**Financial Statements for the
Years Ended December 31, 2004 and 2003 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Stockholders
SinoPac Holdings

We have audited the accompanying balance sheets of SinoPac Holdings as of December 31, 2004 and 2003, and the related statements of income, changes in stockholders' equity and cash flows for the years then ended. 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. The financial statements of AnShin Card Services Co., Ltd., which are treated as long-term equity investments accounted for by the equity method, were audited by other auditors, and our opinion, insofar as it relates to the amounts included for AnShin Card Services Co., Ltd., is based solely on the reports of the other auditors. The carrying value of long-term equity investment were 3.20% (NT\$1,962,329 thousand) and 2.14% (NT\$1,200,567 thousand) of the total assets as of December 31, 2004 and 2003, respectively. And the income and loss from long-term equity investment under the equity method were 5.44% (NT\$253,078 thousand) and 0.13% (NT\$5,311 thousand) of the income before income tax for 2004 and 2003, respectively.

We conducted our audits in accordance with Regulations for Audit of Financial Statements 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 and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on the results of our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial positions of SinoPac Holdings as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years ended December 31, 2004 and 2003, complied 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, 2004 and 2003, and for the years ended December 31, 2004 and 2003, on which we have issued an modified unqualified opinion thereon.

January 31, 2005

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.

For the convenience of readers, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

SINOPAC HOLDINGS

BALANCE SHEETS

DECEMBER 31, 2004 AND 2003

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

ASSETS	2004		2003		LIABILITIES AND STOCKHOLDERS' EQUITY	2004		2003	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 3 and 17)	\$ 3,456,268	6	\$ 6,902,554	12	Short-term borrowings (Note 7)	\$ 600,000	1	\$ 300,000	1
Receivables	30,215	-	27,370	-	Commercial papers payable (Note 8)	99,988	-	-	-
Receivables - related party (Notes 15 and 17)	1,106,239	2	45,909	-	Euro-convertible bonds redeemable within one year (Notes 2 and 10)	7,322,065	12	-	-
Securities purchased under agreements to resell (Notes 2, 4 and 17)	2,525,909	4	380,000	1	Payables (Notes 9, 15 and 17)	1,184,909	2	232,543	-
Prepayments and other current assets (Notes 2 and 15)	13,131	-	19,781	-	Deferred income tax liabilities (Notes 2 and 15)	26,967	-	3,274	-
Total current assets	7,131,762	12	7,375,614	13	Total current liabilities	9,233,929	15	535,817	1
LONG-TERM EQUITY INVESTMENTS (Notes 2, 5 and 17)					LONG-TERM BEARING LIABILITIES				
Equity method	52,269,298	85	48,058,066	86	Euro-convertible bonds (Notes 2 and 10)	-	-	8,388,517	15
Other	1,717,670	3	433,336	1	Accrued pension cost (Notes 2 and 13)	14,365	-	8,601	-
Prepaid investments	107,330	-	191,664	-	Other	109,764	-	272,416	-
Total long-term equity investments	54,094,298	88	48,683,066	87	Total long-term bearing liabilities	124,129	-	8,669,534	15
PROPERTIES (Notes 2, 6 and 17)					Total liabilities	9,358,058	15	9,205,351	16
Cost					STOCKHOLDERS' EQUITY				
Computer equipment	5,935	-	4,083	-	Capital stock - \$10 par value				
Transportation equipment	4,180	-	4,180	-	Authorized: 10,000,000,000 shares				
Office and other equipment	5,930	-	5,930	-	Issued: 3,988,082,635 shares and 3,748,126,974 shares as of December 31, 2004 and 2003, respectively	39,880,826	65	37,481,270	67
Leasehold improvement	17,459	-	17,281	-	Capital surplus				
Total cost	33,504	-	31,474	-	Additional paid-in capital	8,320,023	14	7,913,381	14
Accumulated depreciation	15,800	-	8,534	-	Treasury stock transactions	705,137	1	172,111	-
	17,704	-	22,940	-	Other	2,288	-	2,410	-
Advances on acquisitions of equipment	10,837	-	-	-	Retained earnings	5,335,159	9	4,401,227	8
Net properties	28,541	-	22,940	-	Unrealized loss on long-term equity investments	(279,805)	(1)	(300,801)	-
OTHER ASSETS					Unrealized revaluation loss on long-term equity investments	(15,163)	-	(17,016)	-
Refundable guarantee deposits	3,335	-	3,338	-	Cumulative translation adjustment	(193,406)	-	224,739	-
Bond issuance cost (Note 2)	16,594	-	58,399	-	Net loss not recognized as pension cost	(3,049)	-	(220)	-
Deferred income tax assets non-current (Notes 2 and 15)	6,612	-	39,027	-	Treasury stock - at cost: 136,214,240 shares and 216,542,894 shares as of December 31, 2004 and 2003, respectively	(1,824,890)	(3)	(2,896,922)	(5)
Computer software (Note 2)	4,036	-	3,146	-	Total stockholders' equity	51,927,120	85	46,980,179	84
Total other assets	30,577	-	103,910	-	TOTAL	\$ 61,285,178	100	\$ 56,185,530	100
TOTAL	\$ 61,285,178	100	\$ 56,185,530	100					

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

(With Deloitte & Touche audit report dated January 31, 2005)

SINOPAC HOLDINGS

STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

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

	2004		2003	
	Amount	%	Amount	%
OPERATING REVENUES				
Interest (Notes 2, 17 and 22)	\$ 122,838	2	\$ 147,734	3
Income from short-term investments	-	-	28	-
Income from long-term equity investments under the equity method (Notes 2 and 5)	4,823,180	97	4,802,864	97
Dividend income (Notes 2, 5 and 17)	<u>37,692</u>	<u>1</u>	<u>13,760</u>	<u>-</u>
Total operating revenues	<u>4,983,710</u>	<u>100</u>	<u>4,964,386</u>	<u>100</u>
OPERATING COSTS AND EXPENSES				
Interest (Notes 2 and 22)	328,605	7	373,224	8
Loss from long-term equity investments under the equity method (Notes 2 and 5)	11,438	-	11,330	-
Operating and administrative expenses (Notes 2, 13, 14 and 17)	<u>273,513</u>	<u>5</u>	<u>416,682</u>	<u>8</u>
Total operating costs and expenses	<u>613,556</u>	<u>12</u>	<u>801,236</u>	<u>16</u>
OPERATING INCOME	4,370,154	88	4,163,150	84
NONOPERATING INCOME AND GAINS	278,106	5	994	-
NONOPERATING EXPENSES AND LOSSES	<u>4</u>	<u>-</u>	<u>833</u>	<u>-</u>
INCOME BEFORE INCOME TAX	4,648,256	93	4,163,311	84
INCOME TAX (Notes 2 and 15)	<u>24,785</u>	<u>-</u>	<u>(49,003)</u>	<u>(1)</u>
NET INCOME	<u>\$ 4,623,471</u>	<u>93</u>	<u>\$ 4,212,314</u>	<u>85</u>
	Pretax	After Tax	Pretax	After Tax
EARNINGS PER SHARE (Note 16)				
Basic earnings per share	<u>\$ 1.25</u>	<u>\$ 1.24</u>	<u>\$ 1.14</u>	<u>\$ 1.15</u>
Diluted earnings per share	<u>\$ 1.16</u>	<u>\$ 1.16</u>	<u>\$ 1.08</u>	<u>\$ 1.09</u>

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

	2004	2003
INCOME BEFORE INCOME TAX	<u>\$ 4,991,848</u>	<u>\$ 4,557,980</u>
NET INCOME	<u>\$ 4,967,063</u>	<u>\$ 4,606,983</u>

(Continued)

	<u>2004</u>		<u>2003</u>	
	Pretax	After Tax	Pretax	After Tax
EARNINGS PER SHARE				
Basic earnings per share	<u>\$ 1.18</u>	<u>\$ 1.17</u>	<u>\$ 1.07</u>	<u>\$ 1.08</u>
Diluted earnings per share	<u>\$ 1.11</u>	<u>\$ 1.10</u>	<u>\$ 1.03</u>	<u>\$ 1.04</u>

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

(With Deloitte & Touche audit report dated January 31, 2005)

(Concluded)

SINOPAC HOLDINGS

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003 (In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Capital Stock (Note 11)		Capital Surplus (Notes 2 and 11)	Retained Earnings (Note 11)				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 and 12)	Total Stockholders' Equity
	Shares (in Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated	Total						
BALANCE, JANUARY 1, 2003	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 - cash	-	-	-	-	-	(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	3,748,127	37,481,270	8,087,902	153,127	37,573	4,210,527	4,401,227	(300,801)	(17,016)	224,739	(220)	(2,896,922)	46,980,179
Appropriation of 2003 earnings													
Legal reserve	-	-	-	421,053	-	(421,053)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	55,726	(55,726)	-	-	-	-	-	-	-
Remuneration to directors and supervisors	-	-	-	-	-	(54,000)	(54,000)	-	-	-	-	-	(54,000)
Bonus to employees - stock	1,867	18,669	-	-	-	(18,669)	(18,669)	-	-	-	-	-	(18,669)
Bonus to employees - cash	-	-	-	-	-	(18,669)	(18,669)	-	-	-	-	-	(18,669)
Stock dividends - \$0.4596 per share	172,414	1,724,138	-	-	-	(1,724,138)	(1,724,138)	-	-	-	-	-	-
Cash dividends - \$0.4995 per share	-	-	-	-	-	(1,874,063)	(1,874,063)	-	-	-	-	-	(1,874,063)
Net income for the year ended December 31, 2004	-	-	-	-	-	4,623,471	4,623,471	-	-	-	-	-	4,623,471
Adjustment of cash dividends from treasury stock received by the subsidiary	-	-	108,163	-	-	-	-	-	-	-	-	-	108,163
Euro-convertible bonds transferred to common stock	65,674	656,749	406,642	-	-	-	-	-	-	-	-	-	1,063,391
Reversal of unrealized loss on long-term equity investments recognized from subsidiaries	-	-	-	-	-	-	-	20,996	-	-	-	-	20,996
Unrealized revaluation loss on long-term equity investments recognized from subsidiaries	-	-	-	-	-	-	-	-	1,853	-	-	-	1,853
Change in cumulative translation adjustment on long-term equity investments recognized from subsidiaries	-	-	-	-	-	-	-	-	-	(418,145)	-	-	(418,145)
Net loss not recognized as pension cost recognized from subsidiaries	-	-	-	-	-	-	-	-	-	-	(2,829)	-	(2,829)
Preferred stocks from subsidiaries transferred to common stocks	-	-	(122)	-	-	-	-	-	-	-	-	-	(122)
Treasury stock transactions	-	-	-	-	-	-	-	-	-	-	-	(333,972)	(333,972)
Treasury stock transactions recognized from subsidiaries	-	-	424,863	-	-	-	-	-	-	-	-	1,406,004	1,830,867
BALANCE, DECEMBER 31, 2004	<u>3,988,082</u>	<u>\$39,880,826</u>	<u>\$ 9,027,448</u>	<u>\$574,180</u>	<u>\$ 93,299</u>	<u>\$ 4,667,680</u>	<u>\$ 5,335,159</u>	<u>\$ (279,805)</u>	<u>\$ (15,163)</u>	<u>\$ (193,406)</u>	<u>\$ (3,049)</u>	<u>\$ (1,824,890)</u>	<u>\$51,927,120</u>

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

(With Deloitte & Touche audit report dated January 31, 2005)

SINOPAC HOLDINGS

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003 (In Thousands of New Taiwan Dollars)

	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 4,623,471	\$ 4,212,314
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	8,527	7,706
Euro-convertible bonds amortization of deferred issuance cost	36,708	38,400
Euro-convertible bonds and accrued interest premium	308,581	358,424
Income from long-term equity investments under the equity method, net	(4,811,742)	(4,791,534)
Cash dividends received from long-term equity investments under the equity method	3,446,746	2,558,311
Increase in accrued pension cost	7,455	6,977
Increase in receivables	(2,845)	(26,553)
Increase in receivables - related party	(1,060,330)	(24,766)
Decrease (increase) in prepayments and other current assets	6,540	(14,813)
Deferred income taxes	56,108	(35,753)
Increase in payables	952,366	214,002
Net cash provided by operating activities	<u>3,571,585</u>	<u>2,502,715</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in securities purchased under agreements to resell	(2,145,909)	90,000
Increase in long-term equity investments	(2,505,453)	(1,829,669)
Acquisition of properties	(12,867)	(3,613)
Decrease (increase) in other assets	<u>(1,239)</u>	<u>3,970</u>
Net cash used in investing activities	<u>(4,665,468)</u>	<u>(1,739,312)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Remuneration paid to directors and supervisors and bonus to employees	(72,669)	(67,406)
Cash dividends paid	(1,874,063)	(2,414,403)
Purchase of treasury stock	(333,972)	-
Increase in short-term borrowings	300,000	50,000
Increase in commercial papers payable	99,988	-
Decrease in other liabilities	<u>(164,343)</u>	<u>(1,576)</u>
Net cash used in financing activities	<u>(2,045,059)</u>	<u>(2,433,385)</u>

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	2004	2003
DECREASE IN CASH AND CASH EQUIVALENTS	\$ (3,138,942)	\$ (1,669,982)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	6,902,554	8,704,121
EFFECTS OF EXCHANGE RATE CHANGE ON CASH	<u>(307,344)</u>	<u>(131,585)</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,456,268</u>	<u>\$ 6,902,554</u>
SUPPLEMENTAL INFORMATION		
Interest paid	<u>\$ 18,550</u>	<u>\$ 8,929</u>
Income tax paid	<u>\$ 1,542</u>	<u>\$ 2,504</u>
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Euro-convertible bonds transferred to common stock	<u>\$ 1,063,391</u>	<u>\$ -</u>
Payables on long-term equity investments	<u>\$ -</u>	<u>\$ 272,416</u>
Euro-convertible bonds redeemable within one year	<u>\$ 7,322,065</u>	<u>\$ -</u>
Treasury stock transactions recognized from subsidiaries	<u>\$ 1,830,867</u>	<u>\$ 368,343</u>

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

(With Deloitte & Touche audit report dated January 31, 2005)

(Concluded)

SINOPAC HOLDINGS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

(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), 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, 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, 2004 and 2003, the Company had a total of 53 and 44 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.

Securities Purchased or Sold Under Agreements to Resell or to Repurchase

Sales or purchases of securities under agreements to repurchase or resell for the Company are stated at cost. The difference between the original purchase cost (or selling price) and the contracted resell (or repurchase) amount is recognized as interest income (or interest expense).

Long-term Equity Investments

Under a directive issued by the Accounting Research and Development Foundation of the ROC (the “ARDF 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.

Long-term equity investment are accounted for by the equity method if the Company have significant influence over the investees. Under this method, investments 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.

Long-term equity investment are accounted for by the cost method if the Company does not have significant influence over the investees. Stock dividends result only in an increase in number of shares and are not recognized as investment income.

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, depreciation is calculated over newly estimated useful lives.

Computer Software

Amortization were computed using the straight-line method over 3 to 5 years.

Amortization of Issuance Costs of Euro-convertible Bonds

The direct and necessary costs related to the issuance of Euro-convertible bonds (included in other assets) are amortized by the straight-line method and recognized as issuance expenses (included in operating costs and 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.

Euro-Convertible Bonds

Under the book-value method applied for the conversion of euro-convertible bonds, the carrying value, interest premium and the related issuance costs were converted into capital stocks in the amount of face value, while the remaining amount were recorded into capital surplus on the conversion date.

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, renamed as Securities and Futures Bureau (SFB), Financial Supervisory Commission, Executive Yuan, R.O.C. since July 1, 2004), 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 financial holding company's shares, these shares should be treated as investments in subsidiary's books, but as treasury stock in the financial holding 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 Swaps

For cross-currency swaps 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, unused investment tax credits and unused loss carryforward 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 Company and its qualified subsidiaries adopted the linked tax system starting with the 2003 income tax and 2002 unappropriated earnings tax filings.

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\$31.917=US\$1 and NT\$33.978=US\$1 as of December 31, 2004 and 2003, 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 accounts for year 2003 have been reclassified to conform to the financial statements presentation for year 2004.

3. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<u>2004</u>	<u>2003</u>
Time deposits - due in February 2005 and February 2004, with interest rate of 0.80%-2.60% and 0.70%-1.34%, respectively	\$ 3,443,852	\$ 6,860,098
Demand deposits	12,238	19,324
Checking deposits	<u>178</u>	<u>23,132</u>
	<u>\$ 3,456,268</u>	<u>\$ 6,902,554</u>

4. SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL

Securities purchased under agreements to resell as of December 31, 2004 and 2003 were sold by February 2005 and January 2004 at \$2,527,451 and \$380,056, respectively.

5. LONG-TERM EQUITY INVESTMENTS

	December 31			
	2004		2003	
	Amount	%	Amount	%
<u>Equity method</u>				
Unlisted companies				
Bank SinoPac	\$ 26,733,638	100.00	\$ 23,213,584	100.00
SinoPac Securities	21,958,608	100.00	22,770,853	100.00
AnShin Card Services	1,962,329	100.00	1,200,567	89.43
SinoPac Venture Capital	973,465	100.00	501,683	100.00
SinoPac Securities Investment Trust	296,419	100.00	-	-
SinoPac Asset Management International	107,231	100.00	119,492	100.00
SinoPac Call Center	105,780	100.00	102,509	100.00
SinoPac Life Insurance Agent	76,656	100.00	101,440	100.00
SinoPac Marketing Consulting	46,165	100.00	43,981	100.00
SinoPac Property Insurance Agent	9,007	100.00	3,957	100.00
	<u>52,269,298</u>		<u>48,058,066</u>	
<u>Other</u>				
Cost method - unlisted company				
Li-Seng Develop Company	125,000	5.00	125,000	5.00
Debt Instruments Depository and Clearing Co., Ltd., Taiwan	20,000	1.00	20,000	1.00
Preferred stock				
AnShin Card Services	<u>1,572,670</u>	93.61	<u>288,336</u>	60.07
	<u>1,717,670</u>		<u>433,336</u>	
Prepaid investments				
	<u>107,330</u>		<u>191,664</u>	
	<u>\$ 54,094,298</u>		<u>\$ 48,683,066</u>	

As of December 31, 2004 and 2003, 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 subsidiaries and its investees accounted for by the equity method amounted to \$279,805 and \$300,801, respectively. Also, as of December 31, 2004 and 2003, the Company recognized its equity in the unrealized revaluation loss on long-term equity investments totaling \$15,163 and \$17,016, respectively (included in the debit balance of stockholders' equity) from subsidiaries, and cumulative translation adjustment (under the stockholders' equity) from subsidiaries and investees totaling \$193,406 and \$224,739, respectively.

The Company recognized its equity in the net loss not recognized as pension cost (included in the debit balance of stockholders' equity) totaling \$3,049 and \$220 from SinoPac Securities as of December 31, 2004 and 2003, respectively.

Income (loss) from long-term equity investments under the equity method for the years ended December 31, 2004 and 2003 were as follows:

	For the Years Ended	
	December 31	
	2004	2003
Bank SinoPac	\$ 3,616,891	\$ 2,586,951
SinoPac Securities	870,659	2,095,153
AnShin Card Services	253,078	(5,311)
SinoPac Venture Capital	(9,357)	4,927
SinoPac Securities Investment Trust	(2,081)	-
SinoPac Asset Management International	5,107	19,492
SinoPac Call Center	5,506	5,155
SinoPac Life Insurance Agent	64,216	89,532
SinoPac Marketing Consulting	2,184	(6,019)
SinoPac Property Insurance Agent	5,539	1,654
	<u>\$ 4,811,742</u>	<u>\$ 4,791,534</u>

As of December 31, 2004 and 2003, Bank SinoPac held the Company's 116,565,240 and 216,542,894 shares, respectively, with carrying amount at \$1,490,918 and \$2,896,922, respectively, and their market values are \$2,117,990 and \$3,945,412, respectively, based on the daily average closing prices in December 2004 and 2003. Under the appropriation of earnings of year 2003 and for the periods from May 9, 2002 to December 31, 2002, cash dividends received by Bank SinoPac were \$108,163 and \$140,753, respectively. For the years ended December 31, 2004 and 2003, when recognizing investment income from Bank SinoPac, adjustments made to investment income were of \$108,163 and \$140,753 deductions, respectively.

The Company acquired 81,103,709 shares and 64,665,003 shares of common stock issued by AnShin Card Services from Bank SinoPac and ING Heart Investment Co., Ltd. (please see Note 17) in December 2002 and September 2003, respectively, at an acquisition cost of \$181,238 and \$1,030,973, respectively. The Company also acquired 17,092,258 shares and 139,000 shares of common stock issued by other stockholders in June and December 2004, at an acquisition cost of \$204,868 and \$2,085, respectively.

The Company acquired 28,833,600 shares and 19,166,400 shares of preferred stock A issued by AnShin Card Services in October 2002 and September 2003, at an acquisition cost of \$288,336 and \$191,664, respectively. The preferred stock A 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). In May 2004, the Company acquired 150,000,000 shares of preferred stock B issued by AnShin Card Services, at an cost of \$1,500,000. The preferred stock B bears annual interest rate of 2% and will be matured in May 2007. The Company had recognized dividend income from preferred stock totaling \$37,692 and \$13,760 for the years ended December 31, 2004 and 2003, respectively.

The Company transferred 30,000,000 shares of preferred stock B issued by AnShin Card Services to 30,000,000 shares of common stocks of AnShin Card Services in December 2004.

As of December 31, 2004 and 2003, prepaid investments amount to \$107,330 and \$191,664, respectively, were generated from the preferred stock issued by AnShin Card Services.

The Company acquired 100% ownership, 30,000,000 shares of SinoPac Securities Investment Trust Corporation (original name is United Investment Trust Corporation) amounted \$298,500 in October 2004.

The operating revenue and total assets of SinoPac Holdings' subsidiaries, SinoPac Securities Investment Trust, SinoPac Venture Capital, SinoPac Call Center, SinoPac Asset Management International and SinoPac Marketing Consulting, and of Bank SinoPac, SinoPac Securities' subsidiaries, SinoPac Leasing Corporation, SinoPac Capital Limited, SinoPac Financial Consulting Co., 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

	<u>December 31</u>	
	<u>2004</u>	<u>2003</u>
Cost	<u>\$ 33,504</u>	<u>\$ 31,474</u>
Accumulated depreciation		
Computer equipment	2,116	967
Transportation equipment	1,567	871
Office and other equipment	2,428	1,364
Leasehold improvement	<u>9,689</u>	<u>5,332</u>
	<u>15,800</u>	<u>8,534</u>
Advances on acquisitions of equipment	<u>10,837</u>	<u>-</u>
	<u>\$ 28,541</u>	<u>\$ 22,940</u>

7. SHORT-TERM BORROWINGS

As of December 31, 2004 and 2003, the unsecured short-term borrowings from bank bore interest rates of 1.35%-1.41% and 1.30%-1.58%, and the last maturity date were in January 2005 and 2004, respectively.

As of December 31, 2004 and 2003, the Company had unutilized credit lines of \$2,050,000 and \$2,650,000, respectively, which were available for short-term borrowings.

8. COMMERCIAL PAPERS PAYABLE

	<u>December 31,</u> <u>2004</u>
Commercial papers payable	\$ 100,000
Less unamortized discount	<u>12</u>
	<u>\$ 99,988</u>

The commercial papers, with annual discount rate of 0.89%, will mature in January 2005.

9. PAYABLES

	<u>December 31</u>	
	<u>2004</u>	<u>2003</u>
Tax payables resulting from linked tax system	\$ 980,819	\$ -
Investment payable - current	137,535	-
Salaries payable	30,519	30,398
Payables resulting form linked tax system	20,299	-
Interest payable	10,559	9,085
Payable due to collection of stock affairs	-	22,512
Other	<u>5,178</u>	<u>170,548</u>
	<u>\$ 1,184,909</u>	<u>\$ 232,543</u>

10. EURO-CONVERTIBLE BONDS

	<u>December 31</u>	
	<u>2004</u>	<u>2003</u>
Euro-convertible bonds	\$ -	\$ 7,866,900
Add interest premium payable	<u>-</u>	<u>521,617</u>
		8,388,517
Euro-convertible bonds redeemable within one year	6,587,518	-
Add interest premium payable	<u>734,547</u>	<u>-</u>
	<u>\$ 7,322,065</u>	<u>\$ 8,388,517</u>

The Company had issued US\$230,000,000 of Euro-convertible bonds (the "Bonds") at par in Luxembourg on July 12, 2002. The Bonds are 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 in whole at their early redemption amount including principal and interest premium, at the option of the Company
 - a) Provided that after three years 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 year 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.

In the years ended December 31, 2004, the bondholders had converted the Euro-convertible bonds with aggregate face amount of US\$29,430 thousand into 65,674,947 common shares of the Company.

After the distribution of cash dividends at NT\$0.4995 per share, which was appropriated from the 2003 earnings, the conversion price was adjusted to NT\$14.618 on the record date (August 3, 2004).

11. STOCKHOLDERS' EQUITY

a. Capital stock

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

As of December 31, 2004, the Company had a capital stock \$39,880,826, divided into 3,988,082,635 common shares. For the year ended December 31, 2004, the Euro-convertible bonds, amounting to \$656,749, had been converted, resulting in an increase of 65,674,947 common shares of the Company. The Company had 42,848,366 converted common stock during the fourth quarter, and will propose to change authorized capital to SFB in February 2005. In addition, on June 11, 2004, the stockholders resolved to appropriate \$1,742,807 of retained earnings as capital stock by distributing to the shareholders \$1,724,138 in stock dividends and to the employees \$18,669 in stock bonus. The capital stock increase was approved by the SFB and took effect on August 9, 2004.

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 first provisional 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. Earnings distribution 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 reminder and retained earnings from previous year.

Employee bonus can be distributed either in cash or in stock. If it's in stock, the beneficiaries can also include the employees of subsidiaries. The rules of distribution need to be resolved by the board of directors.

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

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

The appropriation, 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 June 11, 2004 and June 27, 2003, the stockholders resolved the appropriation of earnings for the year ended December 31, 2003 and the period from May 9, 2002 to December 31, 2002, respectively, as follows:

	<u>Appropriation of Earnings</u>		<u>Dividend Per Share (NT\$)</u>	
	<u>For the Year Ended December 31, 2003</u>	<u>For the Period from May 9, 2002 to December 31, 2002</u>	<u>For the Year Ended December 31, 2003</u>	<u>For the Period from May 9, 2002 to December 31, 2002</u>
Legal reserve	\$ 421,053	\$ 153,127		
Special reserve	55,726	37,573		
Bonus to employees - cash	18,669	13,406		
Bonus to employees - stock	18,669	-		
Remuneration to directors and supervisors - cash	54,000	54,000		
Cash dividends	1,874,063	2,414,403	\$0.4995	\$0.65
Stock dividends	<u>1,724,138</u>	<u>-</u>	0.4596	-
	<u>\$ 4,166,318</u>	<u>\$ 2,672,509</u>		

The appropriation of 2004 earnings has not yet been resolved by the board of directors by January 31, 2005 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 bonus to employees (included in earnings of 2003 and the period from May 9, 2002 to December 31, 2002) been recognized as expenses, the basic EPS (after tax) for 2003 and the period from May 9, 2002 to December 31, 2002 would had been decreased from NT\$1.15 to NT\$1.13 and NT\$0.43 to NT\$0.41, respectively. The diluted EPS (after tax) for 2003 and the period from May 9, 2002 to December 31, 2002 would had been decreased from NT\$1.09 to NT\$1.08 and NT\$0.42 to NT\$0.41, respectively.

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

Under a SFC's directive, a special reserve should be at an amount equal to the debit balance of accounts in the stockholders' equity section (such as unrealized loss on long-term equity investments, unrealized revaluation loss on long-term equity investments and cumulative translation adjustments, but excluding treasury stock). The balance of the special reserve is adjusted to reflect any changes in the debit balance of the related accounts on the balance sheet dates. Except for the amount reversed due to the reduction in the total debit balance, the special reserve shall not be appropriated.

The SFC has issued a directive to prevent a company from excessive earnings distribution, which will damage the Company's capital structure as well as stockholders' interest. Thus, if a parent company's shares held by subsidiaries decline in market value, the parent 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 award issuing the employee stock option certificates, in a total consideration of 224,888 units, to attract and retain its professional employees, to centralize and strengthen their affiliation, and to create the greatest profit for the Company and its shareholders. Each unit of stock option certificate represents subscription right of 1,000 shares of common stock. Upon exercise of options under this plan, 224,888,000 new shares of common stock will be issued. The employee stock option plan had been approved by the SFB on July 16, 2003 and, at the chairman's approval, the Company launched the first 157,422 units of such stock option on July 31, 2003, which entitled the subscribers to acquire 157,422,000 shares of common stock. 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 aforementioned 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 zero 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 are limited to superintendents with special contribution. The chairman had ratified the award of the stock option as of December 30, 2003, at the exercise price per share of NT\$17.2, which was based on the market closing price of the common share on the date of the award of the option.

After the appropriation of the 2003 earnings, the exercise prices of the first option issuance for 157,422 units and the second option issuance for 67,466 units were adjusted from NT\$12.00 to NT\$11.14 and from NT\$17.20 to NT\$15.96, respectively.

12. TREASURY STOCK

(Expressed in Thousands)

Reasons	Shares at the Beginning of Year	Shares Increase During the Year	Shares Decrease During the Year	Shares at the End of Year
<u>For the year ended December 31, 2004</u>				
Reissuance to employees				
- SinoPac Holdings	-	19,649	-	19,649
Shares held by subsidiaries	216,543	9,952	109,930	116,565
<u>For the year ended December 31, 2003</u>				
Reissuance to employees				
- SinoPac Securities	33,660	-	33,660	-
Shares held by subsidiaries	216,543	-	-	216,543

Under the Securities and Exchange Law, the Company should not acquire treasury stock in excess of 10% of its total shares outstanding. In addition, the Company should not spend more than the aggregate amount of the retained earnings, paid-in capital in excess of par value, and realized 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.

The Company's capital stock held by subsidiaries is treated as treasury stock; thus, the subsidiaries may not exercise stockholders' rights on the treasury stock excluding those of which bought by the subsidiaries before the share swap that was made to establish the Company. Under the Financial Holding Company Act, the Company's shares held by the subsidiaries may only own the stockholders' right on earnings appropriation, as well as the capitalization by legal reserve or capital surplus.

In the year ended December 31, 2004, the Company acquired 19,649,000 shares of its outstanding stocks with \$333,972. The Company intends to reissue these stocks to its employees in the next three years at one time or in installments from May 24, 2004.

Before the share swap date, 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 share swap, the aforementioned capital stocks had been exchanged for 95,475,631 shares of the Company. The Company treated those shares as treasury stock under the SFC's directive. Of the above treasury stock, 41,617,816 shares 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. Those shares had been swapped for 204,106,675 shares of the Company, together with stock dividends of 12,436,219 shares from capital surplus and 9,952,536 shares from earnings received, were presented as securities purchased in Bank SinoPac's book, while the Company treated such 226,495,430 shares.

To deal with the Company's shares held by Bank SinoPac, the Board of the Company resolved to sell two-thirds of these shares, a total of 144,361,929 shares, on the securities exchange market on October 22, 2003. In doing so, Bank SinoPac sold 109,929,965 shares with cost of \$1,406,004 on the securities exchange market in 2004. As of December 31, 2004 and 2003, Bank SinoPac had held 116,565,240 and 216,542,894 shares of the Company, with carrying value of \$1,490,918 and \$2,896,922 (included in securities purchased), respectively. Pursuant to the generally accepted accounting principles in ROC, the Company had reclassified securities purchased mentioned above to treasury stock.

To inspire the employees, the Board also decided to transfer the remaining one third of the shares held by Bank SinoPac to the employees. On August 27, 2004, the Board resolved the transfer method, as allowed under the Financial Holding Company Act and the directives of the Bureau of Monetary Affairs and authorized the chairperson transfer the remaining shares before May 8, 2005. The transfer price has been set as the closing price on August 27, 2004. The chairperson may adjust the transfer method based on actual circumstances.

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 stock, in addition, the alteration registration should be completed.

13. PENSION

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

Following were summaries of certain pension information:

a. Change in pension fund

	For the Years Ended	
	December 31	
	2004	2003
Balance, January 1	\$ 2,142	\$ 547
Contributions	1,691	1,576
Interest income	<u>36</u>	<u>19</u>
Balance, December 31	<u><u>\$ 3,869</u></u>	<u><u>\$ 2,142</u></u>

b. Net pension cost for the years ended December 31, 2004 and 2003 were as follows:

	For the Years Ended December 31	
	2004	2003
Service cost	\$ 7,182	\$ 6,876
Interest cost	376	150
Expected return on pension fund	<u>(103)</u>	<u>(49)</u>
Net pension cost	<u>\$ 7,455</u>	<u>\$ 6,977</u>

c. Adjustments on pension contributions and accrued pension cost on book were as follows:

	December 31	
	2004	2003
Benefit obligation		
Vested benefit obligation	\$ 5,851	\$ 2,414
Nonvested benefit obligation	<u>8,004</u>	<u>5,774</u>
Accumulated benefit obligation	13,855	8,188
Additional benefit based on future salaries	<u>4,337</u>	<u>2,567</u>
Projected benefit obligation	18,192	10,755
Fair value of plan assets	<u>(3,869)</u>	<u>(2,142)</u>
Funded status	14,323	8,613
Unrecognized net transition obligation	-	-
Unrecognized prior service cost	-	-
Unrecognized pension loss	42	(12)
Additional minimum pension liability	<u>-</u>	<u>-</u>
Accrued pension cost	<u>\$ 14,365</u>	<u>\$ 8,601</u>
d. Vested benefit	<u>\$ 6,593</u>	<u>\$ 2,653</u>
e. Actuarial assumptions		
1) Discount rate used in determining present values	3.5%	3.5%
2) Future salary increase rate	3.5%	3.5%
3) Expected rate of return on plan assets	3.5%	3.5%

14. OPERATING AND ADMINISTRATIVE EXPENSES

	For the Years Ended December 31	
	2004	2003
Personnel expenses		
Salaries and wages	\$ 103,937	\$ 109,276
Pension	7,455	6,977
Labor insurance and national health insurance	2,927	2,679
Other	1,343	261
Depreciation	7,266	6,868
Amortization	1,261	838
Other	<u>149,324</u>	<u>289,783</u>
	<u>\$ 273,513</u>	<u>\$ 416,682</u>

15. INCOME TAX

Under a directive issued by the 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 adopted the linked tax system for income tax of 2003 and unappropriated earnings tax of 2002 filings with its qualified subsidiaries, including Bank SinoPac, SinoPac Securities and SinoPac Call Center Co., Ltd. (collectively, the Group).

The Company expected to adopt the linked tax system for income tax of 2004 and unappropriated earnings tax of 2003 filings with all its qualified subsidiaries.

The principle adopted by 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. The accounting treatment applied by the Group to the income tax is to adjust in the Company's book the difference between the combined current/deferred taxes and the total of each Group member's current/deferred. Related payables and receivables were recorded in each of the Group members' books.

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

	For the Years Ended	
	December 31	
	2004	2003
Tax on pretax income at 25% statutory rate	\$ 1,162,054	\$ 1,040,828
Add (deduct) tax effects of:		
Tax-exempt income	(9,423)	(3,440)
Permanent difference	(1,201,037)	(1,196,375)
Temporary difference	52,046	82,356
Loss carryforward	-	76,631
Investment tax credit	<u>(2,002)</u>	<u>-</u>
Current income tax payable	<u>\$ 1,638</u>	<u>\$ -</u>

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

Current income tax payable	\$ 1,638	\$ -
Separation taxes on short-term bills interest revenue	26	198
Tax on unappropriated earnings (10%)	-	13,174
Effect upon adoption of the linked tax system	(1,406)	(26,622)
Changes upon deferred income tax	56,108	(35,753)
Prior years adjustment	<u>(31,581)</u>	<u>-</u>
	<u>\$ 24,785</u>	<u>\$ (49,003)</u>

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

	<u>December 31</u>	
	<u>2004</u>	<u>2003</u>
Current		
Deferred income tax assets (liabilities)		
Deferred interest premium of Euro-convertible bonds	\$ 207,125	\$ -
Loss carryforward	76,621	-
Deferred organization costs	2,265	2,265
Unrealized foreign exchange gain	(29,232)	(5,539)
Effect upon adoption of the linked tax system	(45,030)	-
Deferred income tax assets (liabilities)	<u>211,749</u>	<u>\$ (3,274)</u>
Less: Allowance for deferred income tax assets	<u>238,716</u>	
	<u>\$ (26,967)</u>	
Noncurrent		
Deferred income tax assets (liabilities)		
Deferred interest premium of Euro-convertible bonds	\$ -	\$ 130,404
Loss carryforward	-	76,631
Deferred pension cost	3,591	2,150
Deferred organization costs	3,021	5,286
Effects upon adoption of the linked tax system	-	(13,449)
Deferred income tax assets	<u>6,612</u>	<u>201,022</u>
Less: Allowance for deferred income tax assets	<u>-</u>	<u>161,995</u>
	<u>\$ 6,612</u>	<u>\$ 39,027</u>

d. The Company adopted the linked tax system for income tax of 2003 and unappropriated earnings tax of 2002 filing with its subsidiaries, including Bank SinoPac, SinoPac Securities and SinoPac Call Center Co., Ltd. As of December 31, 2004 and 2003, the receivables of SinoPac Holding resulting from the linked tax system to its subsidiaries were \$1,045,916 and \$13,449, respectively. As of December 31, 2004 the payables of SinoPac Holding resulting from the linked tax system to its subsidiaries were \$20,299.

The balances of the imputation credit account as of December 31, 2004 and 2003 were \$4,429 and \$1,791, respectively. The actual creditable tax ratios for the 2003 earnings and earnings for the period from May 9, 2002 to December 31, 2002 were 8.11% and 14.12%, 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, 2004, income tax returns by the period from May 9, 2002 to December 31, 2002 had been examined by the tax authorities.

16. EARNINGS PER SHARE

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

	<u>Numerator (Amounts)</u>		<u>Denominator (Shares in Thousands)</u>	<u>EPS (NT\$)</u>	
	<u>Pretax</u>	<u>After Tax</u>		<u>Pretax</u>	<u>After Tax</u>
<u>For the year ended December 31, 2004</u>					
Basic EPS	\$ 4,648,256	\$ 4,623,471	3,724,178	<u>\$ 1.25</u>	<u>\$ 1.24</u>
Influence on diluted common shares:					
Employee stock option certificates	-	-	61,750		
Euro-convertible bonds	<u>343,592</u>	<u>343,592</u>	<u>503,045</u>		
Diluted EPS	<u>\$ 4,991,848</u>	<u>\$ 4,967,063</u>	<u>4,288,973</u>	<u>\$ 1.16</u>	<u>\$ 1.16</u>
<u>For the year ended December 31, 2003</u>					
Basic EPS	\$ 4,163,311	\$ 4,212,314	3,662,165	<u>\$ 1.14</u>	<u>\$ 1.15</u>
Influence on diluted common shares:					
Employee stock option certificates	-	-	43,512		
Euro-convertible bonds	<u>394,669</u>	<u>394,669</u>	<u>511,306</u>		
Diluted EPS	<u>\$ 4,557,980</u>	<u>\$ 4,606,983</u>	<u>4,216,983</u>	<u>\$ 1.08</u>	<u>\$ 1.09</u>

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

	<u>Numerator (Amounts)</u>		<u>Denominator (Shares in Thousands)</u>	<u>EPS (NT\$)</u>	
	<u>Pretax</u>	<u>After Tax</u>		<u>Pretax</u>	<u>After Tax</u>
<u>For the year ended December 31, 2004</u>					
Basic EPS	\$ 4,648,256	\$ 4,623,471	3,936,635	<u>\$ 1.18</u>	<u>\$ 1.17</u>
Influence on diluted common shares:					
Employee stock option certificates	-	-	61,750		
Euro-convertible bonds	<u>343,592</u>	<u>343,592</u>	<u>503,045</u>		
Diluted EPS	<u>\$ 4,991,848</u>	<u>\$ 4,967,063</u>	<u>4,501,430</u>	<u>\$ 1.11</u>	<u>\$ 1.10</u>
<u>For the year ended December 31, 2003</u>					
Basic EPS	\$ 4,163,311	\$ 4,212,314	3,888,660	<u>\$ 1.07</u>	<u>\$ 1.08</u>
Influence on diluted common shares:					
Employee stock option certificates	-	-	43,512		
Euro-convertible bonds	<u>394,669</u>	<u>394,669</u>	<u>511,306</u>		
Diluted EPS	<u>\$ 4,557,980</u>	<u>\$ 4,606,983</u>	<u>4,443,478</u>	<u>\$ 1.03</u>	<u>\$ 1.04</u>

17. RELATED-PARTY TRANSACTIONS

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

a. Related parties

Name	Relationship with the Company
Bank SinoPac	Subsidiary
SinoPac Securities	Subsidiary
AnShin Card Services Co., Ltd. (AnShin Card Services)	Subsidiary
SinoPac Call Center Co., Ltd. (SinoPac Call Center)	Subsidiary
SinoPac Asset Management International (SinoPac Asset Management)	Subsidiary
SinoPac Life Insurance Agent Co., Ltd. (SinoPac Life Insurance)	Subsidiary
SinoPac Property Insurance Agent Co., Ltd. (SinoPac Property Insurance)	Subsidiary
National Electric Appliance Co., Ltd.	Same chairperson
Hong Yue Investment Co. (Hong Yue Investment)	Supervisor of the Company
Far East National Bank (FENB)	Overseas affiliate of Bank SinoPac
Ruentex Interior Design Inc. (Ruentex Interior Design)	Related party in substance (Ruentex Interior Design Inc. was not a related party since the third quarter in 2004)
Li-Seng Develop Company (Li-Sheng Develop)	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

	December 31			
	2004		2003	
	Amount	% of Account Balance	Amount	% of Account Balance
Bank SinoPac	\$ 1,977,289	57	\$ 5,226,530	76
FENB	1,027,700	30	1,575,924	23

2) Securities transactions under agreements to resell

Type of Transaction		December 31, 2004	
		Face Amount	Cost
Bank SinoPac	Bonds purchased under agreements to resell	\$ 630,000	\$ 700,000
SinoPac Securities	Bonds purchased under agreements to resell	442,500	490,917

Type of Transaction		December 31, 2003	
		Face Amount	Cost
Bank SinoPac	Bonds purchased under agreements to resell	\$ 355,700	\$ 380,000

For the years ended December 31, 2004 and 2003, interest revenue generated from the aforementioned securities transactions under resale agreements with Bank SinoPac amounted to \$844 and \$1,966, respectively. For the years ended December 31, 2004 and 2003, interest revenue generated from the aforesaid securities transactions with SinoPac Securities amounted to \$1,621 and \$639, respectively.

3) Receivables from related parties - interest receivable

	December 31			
	2004		2003	
	Amount	% of Account Balance	Amount	% of Account Balance
Bank SinoPac	\$ 3,516	-	\$ 7,569	16
FENB	3,028	-	8,293	18
SinoPac Securities	87	-	-	-

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

	December 31			
	2004		2003	
	Amount	% of Account Balance	Amount	% of Account Balance
AnShin Card Services	\$ 53,442	5	\$ 15,751	34

5) Receivables from related parties - tax refund receivables resulting from linked tax system

The Company and its subsidiaries adopted the linked tax system for income tax and unappropriated earnings tax filings. The receivable of the Company resulting from the linked tax system to its subsidiaries were \$1,045,916 and \$13,449 as of December 31, 2004 and 2003, respectively.

6) Receivable from related parties - receivables

	December 31, 2004	
	Amount	% of Account Balance
FENB	\$ 130	-
SinoPac Asset Management	120	-

7) Payables to related parties - tax payables resulting form linked tax system

The Company and its subsidiaries adopted the linked tax system for income tax and unappropriated earnings tax filings. The payables of the company resulting form the linked tax system to its subsidiaries were \$20,299 on December 31, 2004.

8) Interest revenue from bank deposits

	For the Years Ended December 31			
	2004		2003	
	Amount	% of Account Balance	Amount	% of Account Balance
Bank SinoPac	\$ 37,133	30	\$ 67,013	45
FENB	22,082	18	30,597	21

9) Dividend income

	For the Years Ended December 31			
	2004		2003	
	Amount	% of Account Balance	Amount	% of Account Balance
AnShin Card Services	\$ 37,692	100	\$ 13,760	100

10) Professional service charges

Professional service charges paid to SinoPac Securities amounted to \$6,785 and \$5,497 for the years ended December 31, 2004 and 2003, respectively.

Professional service charges paid to Bank SinoPac amounted to \$702 for the year ended December 31, 2004.

11) Lease

The Company leased certain office premises from National Electric Appliance Co., Ltd. for a period from May 2002 to December 2005. Rentals were paid annually at the beginning of each year. Rentals paid for the years ended December 31, 2004 and 2003 were \$2,254 and \$2,258, respectively. Prepaid rentals as of December 31, 2004 and 2003 were \$797 and \$806, respectively.

The Company leased certain apartments as employees' dormitory from Hong Yue Investment Co., Ltd. for a period from May 2002 to May 2005 with monthly rental payments. Rental paid for the years ended December 31, 2004 and 2003 were both \$3,525.

The Company leased certain office premises from SinoPac Securities for a period ranging from February 2004 to March 2004. Rental paid for the year ended December 31, 2004 was \$82.

12) Asset transactions

The Company sold properties totaling \$846 to SinoPac Securities in October 2003. As of December 31, 2004, the consideration had 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 \$27,125 and \$27,528 for the years ended December 31, 2004 and 2003, respectively.

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

On January 20, 2003, the Board had resolved to purchase superfcies 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 the BOMA on April 30, 2003. Nevertheless, in behalf of the financial consideration, in August 2003, the BOD of the Company resolved to switch the aforesaid purchase to SinoPac Leasing Corporation, an affiliate company.

In March 2004, the Company has entered into contracts with Ruentex Interior Design Inc. for interior decoration of its office totaling \$138, which has already been paid.

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
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.
Other	Related parties under the control of the Company and with no transactions with the Company.

a) Loans

Period	Ending Balance	% of Total	Interest Rate	Interest Revenue	% of Total
For the year ended December 31, 2004	\$ 2,060,926	0.79	1.31%-12.30%	\$ 42,270	0.40
For the year ended December 31, 2003	2,191,729	1.04	1.30%-11.66%	54,404	0.57

b) Deposits

Period	Ending Balance	% of Total	Interest Rate	Interest Expense	% of Total
For the year ended December 31, 2004					
SinoPac Holdings	\$ 1,977,289	0.60	0%-2.60%	\$ 37,133	0.64
Other	4,832,664	1.47	0%-6.475%	46,679	0.81
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

c) Due from banks and other receivables

	<u>Ending Balance</u>		<u>% of Total</u>	
	<u>December 31</u>		<u>For the Years Ended</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Due from banks - FENB	\$ 44,283	\$ 110,146	0.18%	0.59%
Other receivables	218,413	26,196	0.75%	0.10%

d) Guarantees and securities purchased

Bank SinoPac had provided guarantees on commercial papers issued by Wal Tech International and SinoPac Securities. The aggregate face amounts of commercial papers were as follows:

	<u>December 31</u>	
	<u>2004</u>	<u>2003</u>
Wal Tech International	\$ 140,000	\$ 146,000
SinoPac Securities	<u>35,000</u>	<u>45,000</u>
	<u>\$ 175,000</u>	<u>\$ 191,000</u>

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

	<u>December 31</u>	
	<u>2004</u>	<u>2003</u>
Properties - carrying amount	<u>\$ 1,114,160</u>	<u>\$ 1,461,650</u>

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

	<u>December 31</u>	
	<u>2004</u>	<u>2003</u>
Properties and properties held for lease - carrying amount	\$ 1,183,912	\$ 1,194,304
Certificates of deposit	<u>1,160,000</u>	<u>1,130,000</u>
	<u>\$ 2,343,912</u>	<u>\$ 2,324,304</u>

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

	<u>Face Amount</u>		<u>Cost</u>	
	<u>December 31</u>		<u>December 31</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
SinoPac Holdings				
Short-term bills and bonds sold under agreements to repurchase	\$ 630,000	\$ 355,700	\$ 700,000	\$ 380,000

- f) 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, 2004 and 2003 amounted to \$231,020 and \$114,607, respectively.

- g) Receivables

As of December 31, 2004 and 2003, Bank SinoPac's estimated receivable to SinoPac Securities resulting from the adoption of linked tax system amounted to \$96,582 and \$175,060. As of December 31, 2004, Bank SinoPac's estimated payable to SinoPac Holdings and subsidiaries resulting from the adoption of linked tax system amounted to \$358,168.

- h) Asset transactions

For the year ended December 31, 2004, Bank SinoPac purchased convertible bonds amounting to \$247,900, which had been paid before December 31, 2004, from SinoPac Securities.

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

- a) Bonds sold under agreements to repurchase

	<u>December 31, 2004</u>	
	Face Amount	Cost
SinoPac Holdings	<u>\$ 442,500</u>	<u>\$ 490,917</u>
	<u>December 31, 2003</u>	
	Face Amount	Cost
SinoPac Holdings	<u>\$ -</u>	<u>\$ -</u>

- b) Bank deposits (including exchange clearing receivables)

	<u>December 31</u>	
	2004	2003
Bank SinoPac	<u>\$ 92,301</u>	<u>\$ 944,763</u>

- c) Time deposits pledged

	<u>December 31</u>	
	2004	2003
Bank SinoPac	<u>\$ 1,160,000</u>	<u>\$ 1,130,000</u>

- d) Short-term borrowings and pledged assets

As of December 31, 2004 and 2003, SinoPac Securities had short-term borrowings from Bank SinoPac amounted to \$500,000 and \$600,000, respectively. Properties, properties held for lease and time deposits amounted to \$1,094,266, \$89,646 and \$1,160,000 as of December 31, 2004, respectively; and properties, properties held for lease and time deposits amounted to \$1,123,881, \$70,423 and \$1,130,000 as of December 31, 2003, respectively, were pledged as collateral of credit lines for issuance of commercial papers, borrowings and overdrafts.

- e) Futures trading margins

As of December 31, 2004 and 2003, SinoPac Securities provided \$331,623 and \$269,295 as futures trading margins to SinoPac Futures to engage in futures dealing business. For the years ended December 31, 2004 and 2003, SinoPac Securities had commission income from SinoPac Futures amounting to \$199,115 and \$139,391, respectively.

- f) For the year ended December 31, 2004, SinoPac Securities had sold its convertible bonds at cost to Bank SinoPac for a total consideration of \$247,900, which had been received before December 31, 2004.

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

3) AnShin Card Services

<u>Name</u>	<u>Relationship with AnShin Card Services</u>
ING Life Insurance Co., of America, Taiwan Branch (ING Life)	An affiliate of ING Heart Investment Co., Ltd. (originally was the investor accounted for by the equity method; in September 2003, ING Life transferred AnShin Card Services' shares to SinoPac Holdings)
Bank SinoPac	Subsidiary of SinoPac Holdings

a) Deposits

As of December 31, 2004 and 2003, AnShin Card service's deposits in Bank SinoPac were as follows:

	<u>For the Year Ended December 31, 2004</u>		
	<u>Maximum Balance</u>	<u>Ending Balance</u>	<u>Interest Rate</u>
Demand deposits	<u>\$ 967,622</u>	<u>\$ 20,987</u>	0.20% -0.30%
	<u>For the Year Ended December 31, 2003</u>		
	<u>Maximum Balance</u>	<u>Ending Balance</u>	<u>Interest Rate</u>
Demand deposits	<u>\$ 748,722</u>	<u>\$ 7,809</u>	0.30% -0.50%
Checking	<u>\$ 200,071</u>	<u>\$ -</u>	-

b) AnShin Card services provided premium collection services to ING Life, as of December 31, 2004 and 2003, the collection payable were \$339,320 and \$1,255,029, respectively.

4) SinoPac Securities Investment Trust (SinoPac SITC)

<u>Name</u>	<u>Relationship with SinoPac SITC</u>
United Genesis Fund	Fund under management of SinoPac SITC
Fubon Chi-Hsiang I Fund (former name United United Bond Fund)	Fund under management of SinoPac SITC (management transferred to Fubon SITC since July 2004)
United Piolt Fund	Fund under management of SinoPac SITC
United Columbus Fund	Fund under management of SinoPac SITC
United New Century Fund	Fund under management of SinoPac SITC
Fubon Chi-Hsiang II Fund (former name United Triumph Bond Fund)	Fund under management of SinoPac SITC (management transferred to Fubon SITC since July 2004)
Fubon Chi-Hsiang III Fund (former name United Weili Bond Fund)	Fund under management of SinoPac SITC (management transferred to Fubon SITC since July 2004)
Jih Sun Formulae Balanced Fund (former name United Enhanced Yield Fund)	Fund under management of SinoPac SITC (management transferred to Jih Sun SITC since July 2004)
Jih Sun Foresight Balanced Fund (former name United Innovation Fund)	Fund under management of SinoPac SITC (management transferred to Jih Sun SITC since July 2004)

Management fees

Under investment trust contracts, SinoPac SITC provides service to funds about investment management, and receives management fees.

Management fees for the years ended December 31, 2004 and 2003 were as follows:

	December 31			
	2004		2003	
	Amount	% of Account Balance	Amount	% of Account Balance
United Genesis Fund	\$ 4,870	4	\$ 4,802	3
Fubon Chi-Hsiang I Fund	46,947	40	82,784	55
United Piolt Fund	5,783	5	6,021	4
United Columbus Fund	4,957	4	5,705	4
United New Century Fund	4,538	4	4,971	3
Fubon Chi-Hsiang II Fund	15,026	13	21,169	14
Fubon Chi-Hsiang III Fund	21,743	19	12,336	8
Jih Sun Formulae Balanced Fund	8,623	7	12,211	8
Jih Sun Foresight Balanced Fund	<u>3,742</u>	<u>3</u>	<u>-</u>	<u>-</u>
	<u>\$ 116,229</u>	<u>99</u>	<u>\$ 149,999</u>	<u>99</u>

5) FENB

<u>Name</u>	<u>Relationship with FENB</u>
SinoPac Holdings	Parent company of Bank SinoPac
Bank SinoPac	Parent company

	December 31	
	2004	2003
Deposits - SinoPac Holdings	<u>\$ 1,027,700</u>	<u>\$ 1,575,924</u>
Due from Banks - Bank SinoPac	<u>\$ 44,283</u>	<u>\$ 110,146</u>

6) SPL

<u>Name</u>	<u>Relationship with SPL</u>
Bank SinoPac	Parent company

	December 31	
	2004	2003
Borrowings from Bank SinoPac	<u>\$ 506,000</u>	<u>\$ 582,000</u>

7) Grand Capital

<u>Name</u>	<u>Relationship with Grand Capital</u>	<u>December 31</u>	
		<u>2004</u>	<u>2003</u>
Bank SinoPac	Parent company of SPL (parent company of Grand Capital)		
Borrowings from Bank SinoPac		<u>\$ 296,828</u>	<u>\$ 466,039</u>

8) Wal Tech International

<u>Name</u>	<u>Relationship with Wal Tech International</u>	<u>December 31</u>	
		<u>2004</u>	<u>2003</u>
Bank SinoPac	Affiliate		
Borrowings from Bank SinoPac		<u>\$ 213,000</u>	<u>\$ 145,000</u>

As of December 31, 2004 and 2003, commercial papers guaranteed by Bank SinoPac amounted to \$140,000 and \$146,000, respectively.

9) 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, 2004 and 2003, SinoPac Capital Limited had short-term borrowings from its subsidiary, SinoPac Capital (B.V.I.) Ltd. amounting to \$177,993 and \$105,332, respectively.

10) SinoPac Asia Limited (overseas affiliate of SinoPac Securities)

<u>Name</u>	<u>Relationship with SinoPac Asia Limited</u>
SinoPac Asset Management Corp., Ltd. (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, with its parent company, SinoPac Asset Management Corp. (B.V.I.).

In addition, SinoPac Asia Limited engaged in the transaction of bonds sold under agreements to repurchase amounting to \$967,937, with its affiliate company, SinoPac Securities (Asia) Ltd. on December 31, 2003.

18. SIGNIFICANT CONTINGENCIES AND COMMITMENTS

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

1) Lease contract

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:

Year	Amount
2005	\$ 11,086

2) Interior decoration contract

The Company had entered into contracts to do interior decoration of its premises for \$33,728, of which \$6,260 had already been paid as of December 31, 2004.

- b. Significant contingencies and commitments of subsidiaries

Bank SinoPac

1) Lease contract

Bank SinoPac leased certain office premises under several contracts for various periods ranging from one to seven years, with rentals paid monthly, quarterly or semiannually. Rentals for the next five years are as follows:

Year	Amount
2005	\$ 175,703
2006	146,370
2007	103,113
2008	51,610
2009	20,225

Rentals for the years beyond 2009 amount to \$3,321, the present value of which is about \$3,072 as discounted at Bank SinoPac's one-year time deposit rate of 1.575% on January 1, 2005.

2) Equipment purchase contract

Bank SinoPac had entered into contracts to buy computer hardware and software for \$163,278 of which \$42,041 had already been paid as of December 31, 2004.

3) Interior decoration contract

Bank SinoPac has entered into interior decoration contracts for \$25,790, of which \$15,291 has already been paid as of December 31, 2004.

The Company represented some of its subsidiaries, including Bank SinoPac, entered into interior design contracts of Zhonglun buildings. According to the contracts, Bank SinoPac should pay for \$203,450.

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

As of December 31, 2004, short-term bills and bonds with a total face amount of \$17,516,118, were sold under agreements to repurchase at \$18,289,911 between January and March 2005.

5) Short-term bills purchased under agreements to resell

As of December 31, 2004, short-term bills with a total face amount of \$16,966,100 were purchased under agreements to resell at \$17,446,047 between January and March 2005.

6) The Securities and Futures Investors Protection Center (SFIPC) is believed by investors to be filing a lawsuit against Bank SinoPac for helping Procomp Informatics Ltd. to window dress its financial statements. The SFIPC claims for compensation in the amount of \$630,562 and provisional seizure against Bank SinoPac, but Bank SinoPac has not received any prosecutions yet. As a matter of fact, Bank SinoPac did not help Procomp Informatics Ltd. to window dress the financial statements and replied honestly the confirmation to the certified public accountants. According to Bank SinoPac attorney's opinion, Bank SinoPac does not need to compensate the investors for the damage.

SinoPac Securities

- 1) On behalf of the investors of Cheng-Yi Food Co. (CYF) with respect to its initial public offering (IPO), the Securities and Futures Institute (SFI) 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 cannot be held liable for damages incurred by the investors since its role as sub-underwriter to the CYF IPO is limited only to the distribution of CYF shares and it did not advised CYF on matters related to the IPO.
- 2) Mr. Chang sued SinoPac Securities and its two former employees, Mr. Lin and Mr. Huang, for embezzlement. Mr. Chang claimed from SinoPac Securities damages of \$32,215 plus 5% interest. After the trial at the high court of second instance on June 30, 2004, the high court determined that SinoPac Securities should assume the related liability of \$28,828 plus 5% interest and pay compensation. After the trial at the supreme court on November 30, 2004, the supreme court determined that the case be returned to the high court to rejudge the case. 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. Nevertheless, on the basis of the conservative principle, SinoPac Securities estimated a loss of \$29,000 in 2003, recorded as 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. Plaintiff Mr. Chen also sued SinoPac Securities as a codefendant and demanded that SinoPac Securities pay damages of \$12,999 plus 5% interest. After the trial at the district court of second instance on December 31, 2003, the district court concluded that SinoPac Securities should assume the related compensation of \$7,799 plus 5% interest. In the opinion of SinoPac Securities' management, since plaintiff Mr. Chen was not SinoPac Securities' client and the defendant Mr. Chen did not have brokerage transactions with the plaintiff, SinoPac Securities could claim miscarriage of justice and thus filed an appeal with the supreme court. Nevertheless, on the basis of the conservative principle, SinoPac Securities estimated a loss of \$8,500 in 2003, recorded as other payables in the financial statements.

- 4) The one-to-seven-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 \$64,179, recognized as refundable guarantee deposits, will be refunded without interest when the leases expire. Rentals for the next five years are as follows:

Year	Amount	Payment Frequency
2005	\$ 162,918	Monthly or quarterly
2006	123,678	Monthly or quarterly
2007	85,775	Monthly or quarterly
2008	33,072	Monthly or quarterly
2009	12,414	Monthly or quarterly

Rental for the years beyond 2009 is about \$3,817.

Rentals for the years ended December 31, 2004 and 2003 were \$165,262 and \$162,961, respectively.

AnShin Card Services

- 1) As of December 31, 2004, AnShin Card Services leased certain office 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 \$44,373.
- 2) As of December 31, 2004, AnShin Card Services has obtained stand-by letter of credit amounted to \$15,313 for clearing collection payable to foreign credit card companies.

SinoPac Marketing Consulting

SinoPac Marketing Consulting leased certain office premises for the period until May 31, 2007, with rentals paid monthly. Rentals for the future are as follows:

Year	Amount
2005	\$ 2,173
2006	1,943
2007	749

SinoPac Asset Management International

SinoPac Asset Management International leased certain office premises for the period until June 30, 2005, with rentals paid monthly. Rentals for the future are as follows:

Year	Amount
2005	\$ 1,063

SinoPac Venture Capital

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

Year	Amount
2005	\$ 20,000
2006	20,000
2007	20,000
2008	20,000
2009	20,000

SinoPac Call Center

Lease contracts:

SinoPac Call Center leased certain office premises for the period until October 31, 2006, with rentals paid quarterly. Rentals for the future are as follows:

Year	Amount
2005	\$ 2,660
2006	1,080

SinoPac Securities Investment Trust

SinoPac Securities Investment Trust leased certain office premises for the period until December 31, 2006, with rentals paid monthly. Rentals for the future are as follows:

Year	Amount
2005	\$ 6,959
2006	2,342

19. CAPITAL ADEQUACY RATIO

Under the Financial Holding Company Act and related regulations, a financial holding company should maintain a consolidated capital adequacy ratio (CAR) of at least 100%. Thus, if a financial holding company's consolidated 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, 2004 and 2003, consolidated CARs of the Company were 128% and 154%, 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 cash dividends that the bank can declare or, in certain conditions, prohibit it from declaring any cash dividend. As of December 31, 2004 and 2003, Bank SinoPac's standalone CARs were 12.64% and 12.39%, respectively, the consolidated CARs were 11.25% and 10.50%, respectively.

The Rules Governing Securities Firms 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, 2004 and 2003, SinoPac Securities' CARs were 391% and 425%, respectively.

20. SPECIFIC RISK FROM FUTURES DEALING AND FINANCIAL RATIOS, LIMITATIONS AND EXECUTION OF FUTURES COMMISSION MERCHANTS SUBSIDIARY

SinoPac Securities pays margin deposits when entering into futures contracts. SinoPac Securities also pays the margin deposits for short options contracts. The margin account of SinoPac Securities is reevaluated on the basis of the market prices of the outstanding futures and options contracts. If the margin is less than the maintenance level, SinoPac Securities should either deposit additional margin or make a presettlement to recognize the loss.

For SinoPac Securities Dealing department, there were 69 futures contracts and 160 options contracts outstanding as of December 31, 2004, and 103 futures contracts and 3,101 options contracts outstanding as of December 31, 2003. Guarantee deposits paid amounted to \$331,623 and \$269,295 as of December 31, 2004 and 2003, respectively.

For SinoPac Futures Dealing department, there were 8 futures contracts outstanding as of December 31, 2004; 50 and 60 options contracts outstanding as of December 31, 2004 and 2003, respectively. Margin deposits paid and received for futures and options contracts amounted \$8,304 and \$10 as of December 31, 2004, respectively, and \$63 and \$148 as of December 31, 2004, respectively.

As of December 31, 2004 and 2003, the financial ratios of SinoPac Futures, computed according to the provisions of the Rules Governing Futures Commission Merchants, were as follows:

Calculation Formula	Benchmark	Financial Ratios (%)	
		December 31	
		2004	2003
a. $\frac{\text{Equities}}{\text{Total liabilities deducted futures client equity, futures trading loss reserve and default reserve}}$	≥ 1	1,093	1,095
b. $\frac{\text{Current assets}}{\text{Current liabilities}}$	≥ 1	118	128
c. $\frac{\text{Equities}}{\text{Capital stock}}$	$\geq 60\%$ $\geq 40\%$	214	622
d. $\frac{\text{Adjusted net capital}}{\text{Client and proprietary account}}$	$\geq 20\%$ $\geq 15\%$	108	91

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

Information regarding the credit extensions, guarantees or other transactions engaged by the Company and its subsidiaries to the same person, the same related person or the same affiliate as of December 31, 2004 was summarized as follows:

(In Millions of New Taiwan Dollars, %)

Name	December 31, 2004	
	Aggregate Amount of Credit Extensions, Guarantees or Other Transactions	% of Financial Holding Company's Net Worth
To the same person:		
Client A	\$ 17,746	34%
Client B	9,679	19%
Client C	7,063	14%
Client D	2,892	6%
To the same affiliate:		
Cathay Financial Holdings and its affiliates	18,547	36%
Taiwan Semiconductor Manufacturing Company Limited and its affiliates	10,403	20%
Shin Kong Financial Holding Co., Ltd. and its affiliates	8,877	17%
Long Star Asia - Pacific, Ltd. and its affiliates	3,697	7%
Mega Financial Holding Company and its affiliates	3,619	7%

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, 2004 provided by the Company and its subsidiaries.

22. DISCLOSURE OF FINANCIAL INSTRUMENTS

a. Derivative financial instruments - cross-currency swaps

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:

Financial Instruments	December 31					
	2004			2003		
	Contract (Notional) Amount	Credit Risk	Fair Value	Contract (Notional) Amount	Credit Risk	Fair Value
For hedging purpose:						
Cross-currency swap contracts	\$ 2,260,530	\$ -	\$ (187,698)	\$ 2,260,530	\$ -	\$ (28,828)

The fair values are 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 years ended December 31, 2004 and 2003 were as follows:

Account	For the Years Ended December 31	
	2004	2003
For hedging purpose:		
Cross-currency swap contracts	\$ 52,443	\$ 46,192
Realized	(21,135)	(17,737)

b. Fair values of nonderivative financial instruments

	December 31			
	2004		2003	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Assets</u>				
Financial assets - with fair values approximating carrying amounts	\$ 4,585,823	\$ 4,585,823	\$ 6,975,833	\$ 6,975,833
Securities purchased under agreements to resell	2,525,909	2,525,909	380,000	380,000
Long-term equity investments	54,094,298	54,094,298	48,683,066	48,683,066
Refundable guarantee deposits	3,335	3,335	3,338	3,338
<u>Liabilities</u>				
Financial liabilities - with fair values approximating carrying amounts	303,995	303,995	232,543	232,543
Short-term borrowings	600,000	600,000	300,000	300,000
Euro-convertible bonds (Euro-convertible bonds redeemable within one year)	7,322,065	8,510,661	8,388,517	9,417,003

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 (exclude tax receivable), receivables from related parties, securities purchased under agreements to resell, short-term borrowings, commercial papers payable, payables (exclude tax payable) and investments payable, approximate their fair values because of the short maturities of these instruments.
- 2) The fair values of long-term equity investments for unlisted stocks are estimated at the carrying amounts since there is no market value for unlisted stocks.

- 3) The fair values of refundable guarantee deposits, guarantee deposits received are estimated at their carrying amounts since such deposits do not have specific due dates.
- 4) The fair value of Euro-convertible bonds and Euro-convertible bonds redeemable within one year are estimated at their market prices listed in Luxembourg.

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

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

a. Condensed balance sheets

Bank SinoPac
Balance Sheets
December 31, 2004 and 2003
(In Thousands of New Taiwan Dollars)

Assets	2004	2003	Liabilities	2004	2003
Cash and cash equivalents	\$ 8,526,211	\$ 9,077,185	Call loans and due to banks	\$ 38,967,866	\$ 39,071,110
Due from Central Bank and banks	35,964,349	24,296,837	Securities sold under agreements to repurchase	18,274,840	-
Securities purchased, net	94,879,770	116,474,836	Accounts, interest and other payables	16,473,341	14,130,406
Accounts, interest and other receivables, net	29,006,814	27,428,485	Acceptances payable	3,004,844	2,036,733
Acceptances	3,004,844	2,036,733	Deposits and remittances	329,551,843	304,287,799
Securities purchased under agreements to resell	17,434,620	-	Bank debentures	32,800,000	21,400,000
Prepayments	401,776	168,090	Other liabilities	<u>4,134,883</u>	<u>2,921,539</u>
Loans, discounts and bills purchased, net	260,718,198	210,581,634	Total liabilities	<u>443,207,617</u>	<u>383,847,587</u>
Long-term investments, net	10,005,082	9,189,220	Stockholders' equity		
Properties, net	4,835,055	4,929,506	Capital stock	19,443,976	19,443,976
Other assets	<u>6,664,495</u>	<u>5,811,733</u>	Capital surplus	125,208	125,208
			Retained earnings	8,960,523	6,708,183
			Equity adjustments	<u>(296,110)</u>	<u>(130,695)</u>
			Total stockholders' equity	<u>28,233,597</u>	<u>26,146,672</u>
Total	<u>\$471,441,214</u>	<u>\$409,994,259</u>	Total	<u>\$471,441,214</u>	<u>\$409,994,259</u>

SinoPac Securities Corporation

Balance Sheets
December 31, 2004 and 2003
(In Thousands of New Taiwan Dollars)

Assets	2004	2003	Liabilities	2004	2003
Current assets	\$ 36,327,567	\$ 41,453,192	Current liabilities	\$ 22,847,855	\$ 26,238,281
Long-term investments	5,457,732	4,693,980	Long-term interest bearing liabilities	2,000,000	2,000,000
Properties, net	2,593,751	2,722,759	Other liabilities	<u>452,263</u>	<u>638,741</u>
Other assets	2,785,612	2,689,838	Total liabilities	<u>25,300,118</u>	<u>28,877,022</u>
Securities brokerage debit account, net	<u>94,064</u>	<u>88,106</u>	Stockholders' equity		
			Capital stock	15,269,020	15,269,020
			Capital surplus	2,342,425	2,342,425
			Retained earnings	4,509,638	5,101,751
			Equity adjustments	<u>(162,475)</u>	<u>57,657</u>
			Total stockholders' equity	<u>21,958,608</u>	<u>22,770,853</u>
Total	<u>\$ 47,258,726</u>	<u>\$ 51,647,875</u>	Total	<u>\$ 47,258,726</u>	<u>\$ 51,647,875</u>

SinoPac Life Insurance Agent Co., Ltd.

Balance Sheets
December 31, 2004 and 2003
(In Thousands of New Taiwan Dollars)

Assets	2004	2003	Liabilities	2004	2003
Current assets	\$ 118,598	\$ 159,729	Current liabilities	<u>\$ 45,042</u>	<u>\$ 61,850</u>
Properties, net	662	701			
Other assets	<u>2,438</u>	<u>2,861</u>	Stockholders' equity		
			Capital stock	3,000	2,000
			Retained earnings	<u>73,656</u>	<u>99,441</u>
			Total stockholders' equity	<u>76,656</u>	<u>101,441</u>
Total	<u>\$ 121,698</u>	<u>\$ 163,291</u>	Total	<u>\$ 121,698</u>	<u>\$ 163,291</u>

SinoPac Property Insurance Agent Co., Ltd.

Balance Sheets
December 31, 2004 and 2003
(In Thousands of New Taiwan Dollars)

Assets	2004	2003	Liabilities	2004	2003
Current assets	\$ 10,900	\$ 5,032	Current liabilities	<u>\$ 2,493</u>	<u>\$ 1,675</u>
Other assets	<u>600</u>	<u>600</u>			
			Stockholders' equity		
			Capital stock	3,000	2,000
			Retained earnings	<u>6,007</u>	<u>1,957</u>
			Total stockholders' equity	<u>9,007</u>	<u>3,957</u>
Total	<u>\$ 11,500</u>	<u>\$ 5,632</u>	Total	<u>\$ 11,500</u>	<u>\$ 5,632</u>

b. Condensed statements of income

Bank SinoPac

Statements of Income
For the Years Ended December 31, 2004 and 2003
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2004	2003
Operating revenues	\$ 19,709,253	\$ 15,077,357
Operating costs and expenses	<u>15,047,733</u>	<u>12,187,321</u>
Operating income	4,661,520	2,890,036
Nonoperating income and gains	284,253	181,106
Nonoperating expenses and losses	<u>42,688</u>	<u>59,621</u>
Income before income tax	<u>4,903,085</u>	<u>3,011,521</u>
Net income	<u>\$ 4,284,815</u>	<u>\$ 2,753,899</u>
Pretax earnings per share	<u>\$ 2.52</u>	<u>\$ 1.55</u>
After tax earnings per share	<u>\$ 2.20</u>	<u>\$ 1.42</u>

SinoPac Securities Corporation

Statements of Income
For the Years Ended December 31, 2004 and 2003
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2004	2003
Operating revenues	\$ 6,130,950	\$ 6,214,249
Operating costs and expenses	<u>4,782,328</u>	<u>4,077,126</u>
Operating income	1,348,622	2,137,123
Nonoperating income and gains	353,228	715,390
Nonoperating expenses and losses	<u>119,532</u>	<u>145,558</u>
Income before income tax	<u>1,582,318</u>	<u>2,706,955</u>
Net income	<u>\$ 919,345</u>	<u>\$ 2,162,094</u>
Pretax earnings per share	<u>\$ 1.04</u>	<u>\$ 1.81</u>
After tax earnings per share	<u>\$ 0.60</u>	<u>\$ 1.44</u>

SinoPac Life Insurance Agent Co., Ltd.

Statements of Income
For the Years Ended December 31, 2004 and 2003
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2004	2003
Operating revenues	\$ 195,573	\$ 243,491
Operating costs and expenses	<u>109,545</u>	<u>124,165</u>
Operating income	86,028	119,326
Nonoperating income and gains	<u>610</u>	<u>894</u>
Income before income tax	<u>86,638</u>	<u>120,220</u>
Net income	<u>\$ 65,118</u>	<u>\$ 90,250</u>
Pretax earnings per share	<u>\$ 288.79</u>	<u>\$ 601.10</u>
After tax earnings per share	<u>\$ 217.06</u>	<u>\$ 451.25</u>

SinoPac Property Insurance Agent Co., Ltd.

Statements of Income
For the Years Ended December 31, 2004 and 2003
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2004	2003
Operating revenues	\$ 11,957	\$ 6,276
Operating costs and expenses	<u>4,585</u>	<u>4,057</u>
Operating income	7,372	2,219
Nonoperating income and gains	<u>22</u>	<u>6</u>
Income before income tax	<u>7,394</u>	<u>2,225</u>
Net income	<u>\$ 5,555</u>	<u>\$ 1,671</u>
Pretax earnings per share	<u>\$ 24.65</u>	<u>\$ 11.12</u>
After tax earnings per share	<u>\$ 18.52</u>	<u>\$ 8.35</u>

24. CROSS SELLING INFORMATION

Bank SinoPac has contracted with SinoPac Securities for the sharing of operating equipment and premises and the allocation of expenses. The related information was summarized as follows:

Item	Bank SinoPac	SinoPac Securities	Total	Terms of Allocation
For the year ended <u>December 31, 2004</u>				
Rental	<u>\$ 13,098</u>	<u>\$ -</u>	<u>\$ 13,098</u>	On the basis of actual squares used.
For the year ended <u>December 31, 2003</u>				
Rental	<u>\$ 17,916</u>	<u>\$ -</u>	<u>\$ 17,916</u>	On the basis of actual squares used.

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, 2004, SinoPac Property Insurance Agent paid Bank SinoPac and SinoPac Securities \$477 and \$2 as service charges, respectively, and for the year ended December 31, 2003, SinoPac Property Insurance Agent paid Bank SinoPac and SinoPac Securities \$1,059 and \$29 as service charges, respectively.

For the year ended December 31, 2004, SinoPac Life Insurance Agent paid Bank SinoPac and SinoPac Securities \$25,471 and \$3,053 as incentive bonuses, respectively. As of December 31, 2004, the related payables amounted to \$9,994 and \$12, respectively. For the year ended December 31, 2003, the related payables to SinoPac Securities amounted to \$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 years ended December 31, 2004 and 2003, SinoPac Life Insurance Agent accrued related expenses amounting to \$26,596 and \$31,000, respectively, from AnShin Card Services as service charges, and related payable amounting to \$19,421 as of December 31, 2003.

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

a. Statement of capital adequacy

(%)

Item	December 31, 2004	December 31, 2003
Capital adequacy ratios (Note)	12.64	12.39
Ratios of debt to net worth	1,569.79	1,468.06

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, 2004	December 31, 2003
Overdue loans (including nonperforming loans) (Note 1)	\$ 1,942,504	\$ 3,722,533
Nonperforming loans	1,880,686	2,840,297
Overdue loans ratio (Note 2)	0.74%	1.75%
Classified loans (Note 3)	820,014	832,027
Ratios of classified loans to total loans	0.31%	0.39%
Allowance for credit losses	1,174,898	1,544,941
Write-off amounts of credits (Note 4)	932,811	1,504,618

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, 2004 and 2003 were 0.62% and 1.43%, 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, 2004 and 2003.

c. Management information

1) Concentration of credit extensions

(In Thousands of New Taiwan Dollars, %)

	December 31, 2004		December 31, 2003	
Credit extensions to interested parties	\$4,065,567		\$4,531,615	
Ratios of credit extensions to interested parties	1.30		2.04	
Ratios of credit extensions secured by pledged stocks	1.25		0.36	
Industry concentration (the prior three industries of percentage)	Industry	Percentage	Industry	Percentage
	Natural person	77.47	Natural person	79.49
	Manufacturing	9.00	Manufacturing	6.91
	Wholesaling and retail	3.96	Wholesaling and retail	3.72

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.

2) Information on concentrations of risk

Bank SinoPac has no credit risk concentration arising from any single counter-party or groups of counter-parties engaged in similar business activities. Industries that accounted for 5% or more of the outstanding loans as of December 31, 2004 and 2003 were as follows:

	December 31			
	2004		2003	
	Face Amount	%	Face Amount	%
Natural person	\$ 170,893,952	65	\$ 149,834,963	71
Manufacturing	46,467,640	18	31,367,544	15

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 OTC stocks.

For listed and OTC stocks accounted for by the cost method, when the aggregate market value is lower than the total carrying amount, an allowance for decline in market value 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.

4) Operating risk and litigation risk

**Matters Requiring Special Notation
December 31, 2004**

Causes (Note)	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.	None
Within the past one year, a fine was levied on the Bank for violations of the related regulations.	None
Within the past one year, misconduct occurred that resulted in the Financial Supervisory Commission imposing strict corrective measures.	The Bank's affiliate company, Grand Capital International Limited (Grand Capital), had granted short-term loans to Addie International Limited. On October 26, 2004, the Financial supervisory Commission imposed strict corrective measures on the significant weakness of Grand Capital's related controls. Some employees involved in the significant weakness of the aforementioned loans had been punished, and the Bank had followed the FSC's instructions to strengthen the investees' management.
Within the past one year, the loss from one incident or the total losses from employee corruption, periodic events of a material nature, or failure to abide by the "Guidelines for the Maintenance of Soundness of Financial Institutions" exceeded NT\$50 million dollars.	None
Other	None

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

d. Profitability

Item	For the Year Ended December 31, 2004	For the Year Ended December 31, 2003
Return on total assets	1.11%	0.81%
Return on net worth	18.03%	11.78%
Profit margin	21.74%	18.27%

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 after income tax/Total operating revenues

Note 4: Income before income tax represents income for the years ended December 31, 2004 and 2003.

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

Average amounts were calculated by the daily average balances of interest-earning assets and interest-bearing liabilities.

(In Thousands of New Taiwan Dollars, %)

	For the Years Ended December 31			
	2004		2003	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
<u>Interest-earning assets</u>				
Due from other banks	\$ 4,539,653	1.02	\$ 3,871,717	1.32
Call loans (placement)	12,399,828	1.63	7,994,742	1.09
Due from the Central Bank	7,417,488	1.56	5,882,812	1.85
Securities purchased	122,114,201	1.43	111,047,094	2.57
Securities purchased under agreement to resell	9,475,174	1.07	-	-
Loans, discounts and bills purchased	242,487,403	3.22	195,533,730	3.90
Accounts receivable from factoring	12,467,985	3.84	5,913,668	3.65
Other long-term investments	418,468	1.26	-	-
<u>Interest-bearing liabilities</u>				
Due to other banks	65,130	1.18	9,211	0.03
Call loans (taken)	40,230,715	1.32	49,212,529	1.16
Demand deposits	77,011,852	0.42	35,436,955	0.63
Savings - demand deposits	69,575,428	0.48	54,893,986	0.67
Time deposits	104,436,485	1.14	105,804,037	1.28
Savings - time deposits	62,923,792	1.51	58,570,590	1.94
Negotiable certificates of deposit	27,718,490	1.01	10,064,964	0.97
Securities sold under agreements to repurchase	12,344,902	1.01	-	-
Bank debentures	28,245,628	2.66	12,541,096	2.61

f. Maturity Analysis of Assets and Liabilities

December 31, 2004

(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	\$ 444,532	\$ 135,552	\$ 55,111	\$ 28,210	\$ 18,321	\$ 207,338
Liabilities	450,772	105,014	87,612	51,912	52,405	153,829
Gap	(6,240)	30,538	(32,501)	(23,702)	(34,084)	53,509
Accumulated gap	(6,240)	30,538	(1,963)	(25,665)	(59,749)	(6,240)

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

g. Interest-rate sensitivity information

Item	December 31, 2004	December 31, 2003
Ratio of interest-rate sensitive assets to liabilities	86.02%	90.89%
Ratio of interest-rate sensitive gap to net worth	(143.04%)	(81.79%)

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 changes of interest-rates.

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

The net positions on foreign-currency transactions of Bank SinoPac as of December 31, 2004 and 2003 were as follows:

	December 31				
	2004		2003		
	Foreign-currency Amounts (in Thous and)	New Taiwan Dollar Amounts (in Thousand)	Foreign-currency Amounts (in Thousand)	New Taiwan Dollar Amounts (in Thousand)	
Net positions of major foreign-currency (market risk)	MYR	108,238	\$ 909,116	JPY 11,904,313	\$ 3,783,191
	JPY	2,872,678	893,404	US\$ 108,837	3,698,052
	US\$	25,064	799,961	DEM 74,935	670,036
	THB	638,683	523,911	EUR 13,401	574,210
	EUR	10,114	440,071	RMB 9,736	80,807

26. ADDITIONAL DISCLOSURES

- a. Followings are the additional disclosures required by the SFC for the Company and investees:
- 1) Financing provided: Table 1;
 - 2) Endorsement/guarantee provided: Table 2;
 - 3) Marketable securities held: Table 3 (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 of Bank SinoPac and its investees are excluded from disclosure requirement under the Criteria Governing the Preparation of Financial Reports by Public Banks except for the related transaction amounts over NT\$300 million or 10% of the issued capital. In addition, the related disclosures for SinoPac Securities are excluded from disclosure requirement under the Criteria Governing the Preparation of Financial Reports by Securities Firms);
 - 5) Receivables from related parties amounting to at least NT\$100 million or 20% of the issued capital: Table 5.
 - 6) Names, locations, and other information of investees on which the Company exercises significant influences: Table 6;
 - 7) Derivative financial transactions: Note 22. The derivative financial instruments of investees are summarized as follows:

Bank SinoPac

Bank SinoPac engages in foreign exchange and interest derivative transactions mainly for accommodating customers' needs and managing its exposure positions. It also enters into cross-currency swaps, interest rate swaps, futures, foreign currency options 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 these instruments periodically.

Bank SinoPac is exposed to credit risk in the event of default on contracts by counter-parties. Bank SinoPac enters into contracts with customers that have satisfied the credit approval process and have provided the necessary collateral. The transactions are then made within each customer's credit limit, and guarantee deposits may be required, depending on the customer's credit standing. Transactions with other banks are made within the trading limit set for each bank on the basis of the bank's credit rating and its worldwide ranking. The associated credit risk has been considered in the evaluation of provision for credit losses. In addition, Bank SinoPac has entered into futures contracts with international financial futures and options exchanges and therefore, no significant credit risk is expected.

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

Financial Instruments	December 31					
	2004			2003		
	Contract (Notional) Amount	Credit Risk	Fair Value	Contract (Notional) Amount	Credit Risk	Fair Value
For hedging purposes:						
Interest rate swap contracts	\$ 16,084,437	\$ 279,484	\$ 279,484	\$ 9,861,000	\$ 186,149	\$ 105,994
Cross-currency swap contracts	14,300,000	1,195,636	1,190,878	8,500,000	70,031	(53,693)
For the purposes of accommodating customers' needs or managing Bank SinoPac's exposures:						
Forward contracts						
- Buy	97,593,843	258,822	(2,026,583)	90,962,643	568,992	416,042
- Sell	97,408,876	1,720,095	1,698,365	67,245,886	272,535	(150,726)
Forward rate agreements						
- Buy	1,900,000	-	(486)	10,193,400	-	(4,443)
- Sell	-	-	-	10,193,400	1,862	918
Currency swap contracts	180,604,017	1,810,078	(134,145)	121,291,615	439,216	(282,064)
Interest rate swap contracts	69,916,423	921,464	(19,206)	41,193,742	231,480	(33,528)
Cross-currency swap contracts	13,675,871	80,880	3,288	1,427,240	14,300	3,513
Interest rate futures contracts						
- Long position	-	-	-	135,912	-	(478)
- Short position	95,751	501	501	203,868	-	(3,674)

Financial Instruments	December 31					
	2004			2003		
	Contract (Notional) Amount	Credit Risk	Value of Options Purchased/ Written	Contract (Notional) Amount	Credit Risk	Value of Options Purchased/ Written
For the purposes of accommodating customers' needs or managing Bank SinoPac's exposures:						
Foreign currency options contracts						
- Long position	\$149,271,260	\$ 150,288	\$ 3,910,028	\$ 98,806,468	\$ 920,136	\$ 2,578,357
- Short position	133,169,281	-	2,551,603	95,487,067	-	1,485,029

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 international futures and options exchanges as of the balance sheet date.

As of December 31, 2004 and 2003, Bank SinoPac had entered into asset swap contracts for hedging purposes, with notional amounts at \$2,102,502 and \$2,552,493, respectively. Since Bank SinoPac had entered into these contracts with counter-parties with high worldwide ranking and credit rating, no significant credit risk is expected.

As of December 31, 2004 and 2003, Bank SinoPac entered into credit default swap contracts for the purposes of accommodating customers' needs, with notional amounts at \$377,132 and \$384,130, respectively. Since Bank SinoPac entered into these contracts with counter-parties with high 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 nor the need for cash of Bank SinoPac. 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 (losses) on derivative financial instruments for the years ended December 31, 2004 and 2003 were as follows:

	Account	For the Years Ended	
		December 31	
		2004	2003
For hedging purposes:			
Cross-currency swap contracts			
- Realized	Interest revenue	\$ 286,447	\$ 37,516
	Interest expense	(192,934)	(22,123)
Interest rate swap contracts			
- Realized	Interest revenue	133,063	60,919
	Interest expense	(26,397)	(28,381)
- Realized	Income from derivative financial instruments transactions	-	14,207
Futures contracts			
- Realized	Income from (loss on) derivative financial instruments transactions	(7,195)	789
Options contracts			
- Realized	Income from derivative financial instruments transactions	20,101	6,512
For the purposes of accommodating customers' needs or managing Bank SinoPac's exposures:			
Forward contracts			
- Realized	Interest revenue	71,640	-
	Interest expense	(14,463)	-
- Realized	Foreign exchange gain (loss)	(8,784)	113,675
- Unrealized	Foreign exchange loss	(580,888)	(72,664)
- Unrealized	Income from derivative financial instruments transactions	30,474	-
Forward rate agreements			
- Realized	Income from (loss on) derivative financial instruments transactions	(3,513)	6,789
- Unrealized	Income from (loss on) derivative financial instruments transactions	3,039	(4,216)
Currency swap contracts			
- Realized	Interest revenue	778,153	363,384
	Interest expense	(728,396)	(302,807)
	Loss from derivative financial instruments transactions	(9,014)	-
Interest rate swap contracts			
- Realized	Interest revenue	230,603	577,879
	Interest expense	(285,815)	(641,179)
- Realized	Income from (loss on) derivative financial instruments transactions	78,746	(473)

(Continued)

		For the Years Ended December 31	
Account		2004	2003
- Unrealized	Income from derivative financial instruments transactions	\$ 22,662	\$ 17,585
Options contracts			
- Realized	Income from (loss on) derivative financial instruments transactions	(3,245,220)	723,051
	Foreign exchange gain (loss)	3,675,154	(97,712)
- Unrealized	Income from derivative financial instruments transactions	271,918	289,773
Interest rate futures contracts			
- Realized	Income from (loss on) derivative financial instruments transactions	(40,710)	1,012
- Unrealized	Income from (loss on) derivative financial instruments transactions	949	(478)
Cross-currency swap contracts			
- Realized	Interest revenue	33,199	2,779
	Interest expense	(31,715)	(1,936)
- Unrealized	Income from (loss on) derivative financial instruments transactions	(224)	3,512
Credit default swap contracts			
- Realized	Income from derivative financial instruments transactions	5,274	201

SinoPac Securities

a) Warrants

- i. The objective of issuing warrants and strategies to achieve such 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 the 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 a dynamic hedging strategy to adjust the positions held on warrants and underlying securities.

iv. Liquidity risk, risk to cash flow 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 January 2005 to September 2005. Except for the cash inflows and outflows arising from hedging, no additional cash is needed.

v. Leverage of warrants

December 31, 2004							
	Listed (Traded) Date	Underlying Securities	Units Issued	Price at Issuance (in New Taiwan Dollars)	Amount	Strike Price (in New Taiwan Dollars)	Leverage at Issuance
SinoPac Securities 46	April 26, 2004	Hua Nan Financial Holdings Co., Ltd.	20,000,000	\$ 2.820	\$ 56,400	\$ 38.22	10.74
SinoPac Securities 47	April 26, 2004	Walsin Lihwa Corporation	20,000,000	1.980	39,600	26.85	9.04
SinoPac Securities 48	April 29, 2004	Mega Financial Holding Company	20,000,000	2.130	42,600	31.65	10.70
SinoPac Securities 49	April 30, 2004	TECO Electric & Machinery Co., Ltd.	20,000,000	1.684	33,680	20.47	8.49
SinoPac Securities 50	April 30, 2004	United Microelectronics Corps.	20,000,000	2.675	53,500	44.43	12.00
SinoPac Securities 51	May 5, 2004	Inventec Corporation	20,000,000	2.426	48,520	30.63	9.40
SinoPac Securities 52	May 13, 2004	RITEK Corporation	20,000,000	2.425	48,500	29.79	8.58
SinoPac Securities 53	July 5, 2004	CMC Magnetics Corporation	20,000,000	2.377	47,540	24.38	7.28
SinoPac Securities 54	July 8, 2004	Chang Hwa Commercial Bank, Ltd.	20,000,000	2.625	52,500	28.65	7.28
SinoPac Securities 55	July 8, 2004	United Microelectronics Corp.	20,000,000	2.725	54,500	32.94	8.73
SinoPac Securities 56	July 14, 2004	Compal Electronics, Inc.	20,000,000	3.963	79,260	45.80	8.86
SinoPac Securities 57	November 26, 2004	United Microelectronics Corp.	30,000,000	2.030	60,900	31.65	10.39
SinoPac Securities 58	November 26, 2004	Mega Financial Holding Company	30,000,000	2.180	65,400	34.20	10.46
SinoPac Securities 59	November 30, 2004	Mitac International Corp.	30,000,000	2.082	62,460	24.60	7.88
SinoPac Securities 60	November 30, 2004	Hua Nan Financial Holdings Co., Ltd.	30,000,000	2.875	86,250	41.85	9.70
SinoPac Securities 61	December 2, 2004	Advanced Semiconductor Engineering, Inc.	30,000,000	3.520	105,600	39.00	7.39

(Continued)

December 31, 2004								
	Listed (Traded) Date	Underlying Securities	Units Issued	Price at Issuance (in New Taiwan Dollars)	Amount	Strike Price (in New Taiwan Dollars)	Leverage at Issuance	
SinoPac Securities 62	December 2, 2004	Far Eastern International Bank	30,000,000	\$ 2.180	\$ 65,400	\$ 30.75	9.40	
SinoPac Securities 63	December 3, 2004	Walsin Lihwa Corporation	30,000,000	2.032	60,960	25.80	8.46	
SinoPac Securities 64	December 3, 2004	Waterland Financial Holdings	30,000,000	1.438	43,140	19.05	8.83	
SinoPac Securities 65	December 6, 2004	Yang Ming Marine Transport Corp.	30,000,000	3.274	98,220	43.50	8.86	
SinoPac Securities 66	December 6, 2004	E.Sun Financial Holding Company, Ltd.	30,000,000	2.248	74,400	36.00	9.68	
SinoPac Securities 67	December 7, 2004	The Farmers Bank of China	30,000,000	1.290	38,700	17.25	8.91	
SinoPac Securities 68	December 8, 2004	Taiwan Cement Corp.	30,000,000	2.182	65,460	28.50	8.71	
SinoPac Securities 69	December 8, 2004	Uni-President Enterprises Corp.	30,000,000	1.786	53,580	24.00	8.96	
Less: Gain on change in market value of warrant liabilities as of December 31, 2004					(780,570)			
Market value					<u>\$ 656,500</u>			

December 31, 2003								
	Listed (Traded) 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 Electronics & 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	

(Continued)

December 31, 2003							
Listed (Traded) Date	Underlying Securities	Units Issued	Price at Issuance (in New Taiwan Dollars)	Amount	Strike Price (in New Taiwan Dollars)	Leverage at Issuance	
SinoPac Securities - September 23, 2003	Micro-Star International Co., Ltd.	20,000,000	\$ 6.62	\$ 132,400	\$ 94.50	9.52	
SinoPac Securities - October 24, 2003	Nan Ya Plastics Corporation	20,000,000	2.27	45,400	60.30	17.70	
SinoPac Securities - October 25, 2003	Far Eastern Textile Ltd.	20,000,000	1.38	27,640	21.52	10.38	
SinoPac Securities - October 26, 2003	Taiwan Cement Corp.	20,000,000	1.19	23,700	18.37	10.34	
SinoPac Securities - October 27, 2003	Yulon Motor Co., Ltd.	20,000,000	3.56	71,200	61.20	11.46	
SinoPac Securities - October 28, 2003	D-Link Corporation	20,000,000	3.46	69,200	51.00	9.83	
SinoPac Securities - October 29, 2003	Pou Chen Corporation	20,000,000	2.77	55,300	54.15	13.06	
SinoPac Securities - October 30, 2003	Amtran Technology Co., Ltd.	20,000,000	3.36	67,200	49.20	9.76	
SinoPac Securities - October 31, 2003	Chi Mei Optoelectronics Corporation	20,000,000	4.74	94,800	66.15	9.30	
SinoPac Securities - October 32, 2003	Siliconware Precision Industries Co., Ltd.	20,000,000	2.87	57,300	43.65	10.16	
SinoPac Securities - November 3, 2003	Systex Corporation	20,000,000	1.58	31,600	27.60	11.65	
SinoPac Securities - November 34, 2003	Sampo Corporation	20,000,000	1.58	31,600	24.00	10.13	
SinoPac Securities - November 35, 2003	Chang Hwa Commercial Bank Ltd.	20,000,000	1.33	26,660	24.15	12.08	
SinoPac Securities - December 36, 2003	Uni-President Enterprises Corp.	20,000,000	0.94	18,760	21.00	14.93	
SinoPac Securities - July 23, 2003	Coretronic Corporation	5,000,000	4.69	23,450	30.21	5.90	
PI							
Less: Gain on change in market value of warrant liabilities as of December 31, 2003				(887,560)			
Market value				<u>\$ 747,250</u>			

b) Interest rate swap

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

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

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

	December 31					
	2004			2003		
	Nominal Amount	Fair Value	Credit Risk	Nominal Amount	Fair Value	Credit Risk
For trading purposes	<u>\$ 1,700,000</u>	<u>\$(10,311)</u>	<u>\$ 4,354</u>	<u>\$2,600,000</u>	<u>\$(28,548)</u>	<u>\$ 11,221</u>

SinoPac Securities established high standards for screening the counter-parties and has rated their credits under strict criteria. It has also set upper limits for total value of credits granted to control credit risks. Thus, it does not expect significant exposure to credit risks. Fair value is the present value of future interest income and expense discounted at the yield rate.

The fair values of outstanding IRS contracts as the end of 2004 and 2003 were recognized as derivative financial assets - OTC at \$9,725 and \$21,022, respectively, and derivative financial liabilities - OTC at \$20,036 and \$49,570, 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, 2004 and 2003, the VARs were \$581 and \$1,183, 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 insignificant.

- v. For the years ended December 31, 2004, gains of \$4,356 from IRS valuation were recognized (presented as gain from derivative financial instruments transactions - OTC). For the years ended December 31, 2003, losses of \$6,396 from IRS valuation were recognized (presented as gain from derivative financial instruments transactions - OTC).

c) Stock index futures and options

- i. The objective of using stock index futures and options and related strategies to achieve the objective:

SinoPac Securities uses stock index futures and options contracts for trading purposes to increase the investment instruments, to aggressively develop various services and enhance working capital efficiency.

- ii. Carrying values, fair values and credit risks

Item	Transaction Type	December 31, 2004			
		Unsettlement Positions		Carrying Value/ Premium Paid (Received)	Fair Value
		Long/ Short	Volume		
Futures	Banking and Insurance Sector Index Futures	Long	44	\$ 45,515	\$ 46,024
	TAIFEX Futures	Long	15	18,523	18,564
	Electronic Sector Index Futures	Short	10	9,113	9,236
Options	TAIFEX Options - call and put	Long	20	28	9
	TAIFEX Options - call and put	Short	120	(378)	(274)
	Stock Options (BAO) - call	Short	10	(30)	(43)
	Stock Options (BDO) - call	Short	10	(30)	(5)

		December 31, 2003			
Item	Transaction Type	Unsettlement Positions		Carrying Value/ Premium Paid (Received)	Fair Value
		Long/ Short	Volume		
Futures	TAIEX Futures	Long	59	\$ 69,687	\$ 69,655
	TSE Electronic Sector Index Futures	Long	20	19,510	19,800
	Mini-TAIEX Futures	Long	2	583	590
	TSE Banking and Insurance Sector Index Futures	Short	22	19,168	19,281
Options	TAIEX Options - put	Long	16	101	31
	TAIEX Options - call and put	Short	3,085	(5,199)	(4,248)

The market value by contract as of balance sheet dates was based on the closing price published by the Taiwan Futures Exchange (TAIFEX). SinoPac Securities expects no exposure to credit risks since the counterparty is TAIFEX.

As of December 31, 2004 and 2003, the fair values of premiums from option transactions were recognized as premiums of \$9 and \$31 paid for long options - non-hedging and premiums of \$322 and \$4,248 received from short options, respectively.

iii. Market risk

Market risk is the fluctuation in market prices of stock index futures and options. SinoPac Securities has appropriate risk control management and has set up stop-loss points to monitor price fluctuations and holding positions. 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 more deposits to the initial margin.

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

SinoPac Securities has paid in advance initial margin for stock index futures contracts and premiums for long options as well as margin for short options. More margin will be paid since the balance of the trading margin account is lower than the maintenance margin. However, future cash demand is supported by sufficient working capital. Thus, the risk of cash flows is insignificant.

v. Gains (losses) from futures and options transactions

Gains or losses for the years ended December 31, 2004 and 2003 were summarized as follows:

	For the Year Ended December 31, 2004	
	Gains (Losses) from Futures Transactions	Gains from Options Transactions
Non-hedging and realized	\$ (189,227)	\$ 172,122
Non-hedging and unrealized	<u>427</u>	<u>97</u>
	<u>\$ (188,800)</u>	<u>\$ 172,219</u>

	For the Year Ended December 31, 2003	
	Gain from Futures Transactions	Gain (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>

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, short call options and combination of both types. SinoPac Securities engaged in the transactions 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, 2004				
Premiums				
	Nominal Amount	Paid (Received)	Fair Value	Credit Risk
i) Fixed income transactions				
Interest rate swaps	\$ 576,000	\$ -	(\$ 11,157)	\$ 1,332
Long call options on convertible bonds	-	29,180	76,056	127,199
ii) Short call options on convertible bonds	511,000	(25,111)	(61,657)	-
December 31, 2003				
Premiums				
	Nominal Amount	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 value is computed using the model approved by the ROC OTC. The parameters used in the model (convertible bond market prices, underlying stock prices, interest rates, etc.) are public market information, thus, a risk-free arbitrage opportunity does not exist.

SinoPac Securities established high standards for screening the counter-parties of fixed income transactions and rated their credits under strict criteria. SinoPac Securities has set upper limits for total value of credits granted to control credit risks. Thus, it does not expect significant exposure to credit risks. The premium from short call option transactions is collected in advance, and SinoPac Securities expects no exposure to credit risks.

The fair values of fixed income convertible bonds swap transactions as of December 31, 2004 and 2003 were recognized as derivative financial assets - OTC at \$2,448 and \$13,605, respectively, and derivative financial liabilities - OTC at \$7,974 and \$7,591, 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, 2004 and 2003, the VAR were \$2,110 and \$907, respectively.

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

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 compensation of convertible bonds from counter-parties. Further, SinoPac Securities acquired the right to repurchase convertible bonds from counter-parties. Thus, there are no significant liquidity risks and the cash demand is not significant.

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

For the years ended December 31, 2004 and 2003, marking to market of convertible bonds swap transactions resulted in losses of \$8,388 and gains of \$15,496 (recognized as gains from derivative financial transactions - OTC), respectively.

- 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 ROC 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, 2004</u>		
	<u>Nominal</u>	<u>Premiums</u>	
	<u>Amount</u>	<u>Paid</u>	<u>Fair Value</u>
		<u>(Received)</u>	
i) Principal-guaranteed note transactions			
Fixed income instruments	\$ 86,600	\$ -	(\$ 84,363)
Short call options on underlying assets	-	(2,237)	(1,721)
ii) Equity-linked note transactions			
Fixed income instruments	124,200	-	(123,820)
Long put options on linked underlying assets	-	347	5,166

	December 31, 2003		
	Nominal	Premiums	Fair Value
	Amount	Paid	
		(Received)	
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 ROC 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 strict criteria on the types of fixed income assets to be used and controls the investment amounts. In addition, the premiums from short options transactions have been collected in advance. Thus, 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, option hedging models are used to hedge market risk. As of December 31, 2004, the market risk was \$8,058.

iv. Liquidity risk, risk of cash flows 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 prior to maturity, SinoPac Securities takes the liquidity risk of the fixed income instruments into consideration when selecting the target instruments. If the liquidity risk of the fixed income instruments is minor, there is no material risk of cash flows and no uncertainty on the amount and timing of future cash demand.

v. Gains (losses) from structured note transactions

For the year ended December 31, 2004 and 2003, gains (losses) from structured note transactions were as follows: Losses of \$3,132 and \$434 from principal-guaranteed note transactions, gains of \$1,323 and losses of \$807 from principal-guaranteed note valuation; gains of \$2,734 and \$98 from equity-linked note transactions, and gains of \$4,700 and \$119 from equity-linked notes valuation (presented as gain from derivative financial instruments transactions - OTC).

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, 2004 and 2003, the nominal amount, credit risk and fair value of outstanding IRS contracts were as follows:

December 31, 2004							
Transaction Type	Nominal Amount	Term of Swap-in	Fixed Interest Rate/Term of Swap-out	Clearing	Maturity Date	Fair Value	Credit Risk
Floating interest rate received/ fixed interest rate paid	\$ 1,600,000	3-month NTD CP rate in secondary market	1.98%-3.055%	Quarterly	2005.01.17-2007.11.19	\$ (10,357)	\$ -
Floating interest rate received/ floating interest rate paid	500,000	6-month NTD CP rate in secondary market	6-month USD London Bank's rate call loans minus 0.9%	Semiannually	2006.4.26	(4,808)	-
December 31, 2003							
Transaction Type	Nominal Amount	Term of Swap-in	Fixed Interest Rate	Clearing	Maturity Date	Fair Value	Credit Risk
Floating interest rate received/ fixed interest rate paid	\$ 2,300,000	3-month NTD CP rate in secondary market	2.03%-5.55%	Quarterly	2004.2.16-2006.11.06	\$ (39,450)	\$ -

Credit risks refer to counter-parties' defaults on IRS contracts. AnShin Card Services has entered into contract with those banks with good credit rankings; thus, it is not exposed to significant credit risks.

The fair value of derivative financial instruments is the amount AnShin Card Services would receive or pay to when the contracts terminate 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, risk of cash flow, and the uncertainty as to the amount and timing of future cash requirement

AnShin Card Services enters into the aforementioned 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 as, the contracts signed and as the contracts matured. The net interest at each 90 days or 180 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, 2004 and 2003, AnShin Card Services recognized realized interest expenses as operating expenses amounting to \$31,804 and \$65,866, respectively. The unrealized revaluation losses, recognized as the debit balance of stockholders' equity and other liabilities, were marked to market at \$15,165 and \$39,450 as of December 31, 2004 and 2003, respectively.

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

27. SEGMENT AND GEOGRAPHICAL INFORMATION

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

SINOPAC HOLDINGS AND INVESTEES

**FINANCING PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2004
(In Thousands of New Taiwan Dollars)**

No.	Financier	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		
1	SinoPac Capital (B.V.I.) Ltd.	SinoPac Capital Ltd.	Short-term borrowings	\$ 185,101 (Note 1)	\$ 177,994 (Note 1)	0.71%-2.77%	Short-term financing	\$ -	Working capital	\$ -	-	\$ -	\$ -	\$ -

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

SINOPAC HOLDINGS AND INVESTEES

ENDORSEMENT/GUARANTEE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2004
(In Thousands of New Taiwan Dollars)

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 (Note 5)	Maximum Endorsement/Guarantee Amount Allowable
		Name	Nature of Relationship						
1	SinoPac Securities Corporation	SinoPac Securities (Asia) Ltd.	Affiliate	(Note 2)	\$ 1,585,500 (Note 1)	\$ -	\$ -	-	(Note 2)
2	SinoPac Leasing Corporation	Grand Capital International Limited	Subsidiary	(Note 3)	4,290,931 (Note 1)	3,589,762 (Note 1)	-	189%	(Note 4)
		Wal Tech International Corporation	Affiliate	(Note 3)	392,000	363,000	-	19%	(Note 4)

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

Note 2: The 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. As of December 31, 2004, the limit was \$8,783,443.

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, 2004, the limit was \$3,787,894.

Note 4: The maximum amount of endorsement or guarantee amounts 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, 2004, the maximum allowance was \$9,469,735.

Note 5: The net asset value of the aforementioned corporation was based on its audited financial statements as of December 31, 2004.

SINOPAC HOLDINGS AND INVESTEEES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2004

(In Thousands of New Taiwan Dollars)

Name of Holding Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	December 31, 2004				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	\$ 26,733,638	100.00	\$ 28,233,597	Note 4
	SinoPac Securities Corporation	Subsidiary	Long-term equity investments	1,526,902	21,958,608	100.00	21,958,608	Note 4
	AnShin Card Services Co., Ltd.	Subsidiary	Long-term equity investments	193,000	1,962,329	100.00	2,701,053	Note 4
	SinoPac Venture Capital Co., Ltd.	Subsidiary	Long-term equity investments	100,000	973,465	100.00	973,465	Note 4
	SinoPac Securities Investment Trust Co., Ltd.	Subsidiary	Long-term equity investments	30,000	296,419	100.00	311,958	Note 4
	SinoPac Asset Management International	Subsidiary	Long-term equity investments	10,000	107,231	100.00	107,231	Note 4
	SinoPac Call Center Co., Ltd.	Subsidiary	Long-term equity investments	10,000	105,780	100.00	105,780	Note 4
	SinoPac Life Insurance Agent Co., Ltd.	Subsidiary	Long-term equity investments	300	76,656	100.00	76,656	Note 4
	SinoPac Marketing Consulting Co., Ltd.	Subsidiary	Long-term equity investments	5,000	46,165	100.00	46,165	Note 4
	SinoPac Property Insurance Agent Co., Ltd.	Subsidiary	Long-term equity investments	300	9,007	100.00	9,007	Note 4
	Li-Seng Develop company	Investee accounted for by the cost method	Long-term equity investments	12,500	125,000	5.00	120,610	Note 3
	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	20,023	Note 4
		<u>Stock (preferred stock)</u>						
	AnShin Card Services Co., Ltd.	-	Long-term equity investments	157,267	1,572,670	93.61	1,572,670	Note 5
	AnShin Card Services Co., Ltd.	-	Prepaid investments	10,733	107,330	6.39	107,330	Note 5
SinoPac Bancorp	<u>Stock</u>							
	Far East National Bank	Subsidiary	Long-term equity investments	175	5,282,119	100.00	5,282,119	Note 4
	SinoPac Financial Services (USA) Ltd.	Subsidiary	Long-term equity investments	2.5	40,422	100.00	40,422	Note 4
Far East Capital Corporation	<u>Stock (common stock)</u>							
	Hollywood International Financial, Inc.	Investee accounted for by the cost method	Long-term equity investments	0.3	10	15.10	(18)	Note 3
	PCRS Capital Partners, LLC	Investee accounted for by the cost method	Long-term equity investments	-	1,506	4.00	1,506	Note 5
	TVIA, Inc.	Investee accounted for by the cost method	Long-term equity investments	33	2,160	0.20	2,160	Note 6
		<u>Stock (preferred stock)</u>						
	AgraQuest, Inc.	-	Long-term equity investments	100	7,500	0.80	7,500	Note 5
	Silicon Motion, Inc.	-	Long-term equity investments	61	3,511	0.20	3,511	Note 5
Zone Reactor, Inc.	-	Long-term equity investments	300	1,075	1.50	1,075	Note 5	
Epana Networks, Inc.	-	Long-term equity investments	568	7,979	0.90	7,979	Note 5	
Straszheim Global Advisors, LLC	-	Long-term equity investments	0.14	8,777	6.00	8,777	Note 5	

(Continued)

Name of Holding Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	December 31, 2004				Note
				Shares/Units/ Face Amount (In Thousand)	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
SinoPac Leasing Corporation	<u>Stock</u>							
	Grand Capital International Limited	Subsidiary	Long-term equity investments	29,900	\$ 1,518,422	100.00	\$ 1,518,422	Note 4
	Chain Yarn Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	2,067	38,444	1.73	29,069	Note 3
	Tekcon Electronics Corp.	Investee accounted for by the cost method	Long-term equity investments	832	20,768	1.51	3,862	Note 3
	Global Securities Finance Corp.	Investee accounted for by the cost method	Long-term equity investments	1,423	15,664	0.19	15,880	Note 4
	Z-Com, Inc.	Investee accounted for by the cost method	Long-term equity investments	365	6,340	0.47	3,361	Note 3
	Walton Advanced Engineering, Inc.	Investee accounted for by the cost method	Long-term equity investments	1,528	23,616	0.34	13,558	Note 3
	Telexpress Corp.	Investee accounted for by the cost method	Long-term equity investments	525	7,835	4.70	6,313	Note 3
Grand Capital International Limited	<u>Venture fund</u>							
	World Wide Multimedia L.P.	-	Long-term investments	0.005	31,672	16.67	44,971	Note 3
	<u>Stock (preferred stock)</u>							
	Best 3C. Com, Inc.	-	Long-term equity investments	600	14,363	1.85	14,363	Note 5
	e21 Corp.	-	Long-term equity investments	200	9,575	0.79	9,575	Note 5
SinoPac Capital Limited	<u>Stock</u>							
	SinoPac Capital (B.V.I.) Ltd.	Subsidiary	Long-term equity investments	4,450	86,351	100.00	400,229	Note 3
	SinoPac Insurance Brokers Ltd.	Subsidiary	Long-term equity investments	100	1,231	100.00	1,231	Note 3
	SinoPac (Hong Kong) Nominees Ltd.	Subsidiary	Long-term equity investments	0.001	0.004	100.00	0.004	Note 3
	TPV Technology	-	Short-term investments	3,400	57,436	0.24	64,897	Note 2
	Sino Golf	-	Short-term investments	4,548	16,626	1.51	20,909	Note 2
	HC	-	Short-term investments	7,998	51,550	1.76	59,095	Note 2
	Comba	-	Short-term investments	3,064	41,717	0.37	43,391	Note 2
	Suga International	-	Short-term investments	7,080	42,058	3.11	37,199	Note 2
	Sun East	-	Short-term investments	10,650	58,538	3.04	27,541	Note 2
	Dongjiang	-	Short-term investments	4,800	9,929	2.70	8,669	Note 2
	China - Metal	-	Short-term investments	300	1,749	0.03	1,749	Note 2
	SMIC	-	Short-term investments	5,000	47,513	0.03	34,686	Note 2
	Wong's	-	Short-term investments	10,896	23,589	1.57	27,283	Note 2
	IC Media	-	Short-term investments	800	63,834	-	63,834	Note 2
	Group Plan (Macau)	-	Short-term investments	US\$ 25	797	40.00	797	Note 2
	Kanssen	-	Short-term investments	29	16,928	-	16,928	Note 2
	Midland	-	Short-term investments	718	5,503	0.10	12,968	Note 2
	QPL	-	Short-term investments	4,920	31,910	0.64	27,348	Note 2
	Solomon	-	Short-term investments	6,050	46,751	0.24	47,682	Note 2
	Sino Forest	-	Short-term investments	1,128	97,234	0.83	93,380	Note 2
	Shougang	-	Short-term investments	14,892	49,600	1.46	45,847	Note 2
	Vision Grande	-	Short-term investments	2,444	21,349	0.61	30,096	Note 2
	ZZNode	-	Short-term investments	15,804	38,233	3.95	38,923	Note 2
	Sau San Tong	-	Short-term investments	3,000	8,472	0.47	9,852	Note 2
	Fu Ji Food	-	Short-term investments	2,380	32,047	0.60	36,880	Note 2
	Shougang International	-	Short-term investments	3,000	5,820	0.06	6,096	Note 2
Everskill	-	Short-term investments	574	25,391	0.34	17,894	Note 2	
	<u>Fund</u>							
	China Enterprise Capital	-	Short-term investments	US\$ 1,000	31,917	-	31,917	Note 5

(Continued)

Name of Holding Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	December 31, 2004				Note
				Shares/Units/ Face Amount (In Thousand)	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
SinoPac Capital (B.V.I.) Ltd.	<u>Bond</u>							
	Chiam International	-	Short-term investments	US\$ 2,000	\$ 63,834	-	\$ 63,834	Note 5
	InvestLink International	-	Short-term investments	US\$ 1,200	38,300	-	38,300	Note 5
	<u>Convertible bill and bond</u>							
	Sinbon Electronics Co., Ltd.	-	Short-term investments	US\$ 1,000	31,917	-	35,747	Note 2
	Micro-Star Int'l Co., Ltd.	-	Short-term investments	US\$ 2,000	63,834	-	65,988	Note 2
	Asia Optical	-	Short-term investments	US\$ 525	16,750	-	17,185	Note 2
	Yue Yuen Industrial	-	Short-term investments	US\$ 991	31,638	-	31,498	Note 2
	<u>Stock</u>							
	Cyberpac Holding Ltd. (B.V.I.)	Subsidiary	Long-term equity investments	4,000	(3,908)	100.00	(8,106)	Note 4
Allstar Venture Ltd. (B.V.I.)	Subsidiary	Long-term equity investments	0.002	(185,664)	100.00	(185,664)	Note 4	
Shanghai International Asset Management (Hong Kong) Co., Ltd.	Subsidiary	Long-term equity investments	4,800	25,620	60.00	22,838	Note 3	
Pinnacle Investment Management Ltd.	Subsidiary	Long-term equity investments	199.999	3,827	99.9995	3,735	Note 3	
Cyberpac Holding Ltd. (B.V.I.)	<u>Venture fund</u>							
3V Source One LP	-	Long-term investments	3,600	116,284	71.43	46,461	Note 3	
Allstar Venture Ltd. (B.V.I.)	<u>Stock</u>							
	Wal Tech International Corporation	Subsidiary	Long-term equity investments	26,500	143,470	100.00	139,480	Note 4
	RSP Information Service Company Limited	Subsidiary	Long-term equity investments	999.999	2,017	99.9999	2,017	Note 4
	Telexpress Corp.	Investee accounted for by the equity method	Long-term equity investments	3,900	54,708	34.21	42,091	Note 3
	Hollywood International Finance Inc.	Investee accounted for by the cost method	Long-term equity investments	0.098	3	4.90	(6)	Note 3
Allstar Venture Ltd. (B.V.I.)	<u>Venture fund</u>							
	InveStar Excelsus Venture Capital (Int'l) Inc., LDC	-	Long-term investments	2,220	55,922	6.25	55,922	Note 5
	UOB Venture Technology Investments Limited	-	Long-term investments	26	71,217	8.62	71,217	Note 5
	MDS Life Sciences Technology Fund - Barbados	-	Long-term investments	50	112,698	25.00	62,067	Note 3
	Biotechnology Development Fund II, L.P.	-	Long-term investments	-	17,790	2.30	36,149	Note 3
	North America Venture Fund II, L.P.O.	-	Long-term investments	-	13,097	2.07	19,495	Note 3
	<u>Stock (common stock)</u>							
	Ardent Pharmaceuticals, Inc.	Investee accounted for by the cost method	Long-term equity investments	143	16,314	0.58	22	Note 3
	TVIA, Inc.	Investee accounted for by the cost method	Long-term equity investments	167	9,373	0.75	10,799	Note 6
	DiCon Fiberoptics, Inc.	Investee accounted for by the cost method	Long-term equity investments	221	31,911	0.20	4,046	Note 3
Allstar Venture Ltd. (B.V.I.)	<u>Stock (preferred stock)</u>							
	Sunol Molecular Corp.	-	Long-term equity investments	100	16,109	0.92	16,109	Note 5
	Phytoceutica, Inc.	-	Long-term equity investments	200	16,464	1.10	16,464	Note 5
	Immusol, Inc.	-	Long-term equity investments	25	9,789	0.05	9,789	Note 5
	Virtual Silicon Technology, Inc.	-	Long-term equity investments	120	9,781	0.31	9,781	Note 5
	BioAgri Corp.	-	Long-term equity investments	375	9,575	2.34	9,575	Note 5

(Continued)

Name of Holding Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	December 31, 2004				Note
				Shares/Units/ Face Amount (In Thousand)	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
Wal Tech International Corporation	<u>Stock</u> Intellisys Corp.	Subsidiary	Long-term equity investments	10,326	\$ 235,276	62.58	\$ 129,034	Note 4
	Multiwin Asset Management Co., Ltd.	Investee accounted for by the equity method	Long-term equity investments	1,800	9,674	30.00	9,355	Note 4
	Webi & Neti Internet Services Inc.	Investee accounted for by the cost method	Long-term equity investments	63	625	2.63	352	Note 3
	YesMobile Holdings Company Limited	Investee accounted for by the cost method	Long-term equity investments	294	12,000	0.75	622	Note 3
	SynTest Technologies, Inc., Taiwan	Investee accounted for by the cost method	Long-term equity investments	79	10,598	0.35	403	Note 3
	Taiwan Leader Advanced Technology Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	1,575	15,000	1.53	17,000	Note 3
	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	26,215	Note 3
	Media Reality Technologies, Inc.	Investee accounted for by the cost method	Long-term equity investments	6	102	0.60	1,806	Note 3
	Advanced Power Electronics Corp.	Investee accounted for by the cost method	Long-term equity investments	759	13,698	1.18	15,142	Note 2
	Nanya PCB Corporation	Investee accounted for by the cost method	Long-term equity investments	1,534	93,080	0.32	29,657	Note 3
	ENE Technology Inc.	Investee accounted for by the cost method	Long-term equity investments	1,035	29,996	3.07	11,691	Note 2
	SonicEdge Industries Corporation	Investee accounted for by the cost method	Long-term equity investments	580	14,500	2.29	(1,329)	Note 3
	Maximum Venture I, Inc., Taiwan	Investee accounted for by the cost method	Long-term equity investments	12,250	122,850	6.58	77,612	Note 3
	SinoPac Financial Consulting Co., Ltd.	Affiliate and investee accounted for by the cost method	Long-term equity investments	6	57	3.00	76	Note 4
	Silicon Motion Inc.	Investee accounted for by the cost method	Long-term equity investments	93	12,523	0.10	1,901	Note 3
Intellisys Corp.	<u>Stock</u> Orion Financial Tech. Ltd.	Investee accounted for by the cost method	Long-term equity investments	81	122	2.31	38	Note 3
SinoPac Futures Corporation	<u>Stock</u> Taiwan Future Exchange Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	499	4,990	0.25	10,401	Note 4
	SinoPac Managed Futures Co., Ltd.	Investee accounted for by the equity method	Long-term equity investments	20,000	194,722	100.00	194,722	Note 4
	<u>Beneficiary certificate</u> Sheng Hua 9966 Balance Securities Investment Trust Fund	-	Short-term investments	1,000	10,000	-	10,037	Note 6
	Grand Cathay Balance Fund	-	Short-term investments	789	10,000	-	9,384	Note 6
	Fuh-Hwa Digital Economy Fund	-	Short-term investments	1,211	10,000	-	10,400	Note 6
	Fuh-Hwa Aegis Fund	-	Short-term investments	1,000	10,000	-	9,890	Note 6
	United Genesis Fund	Fund under management of subsidiary	Short-term investments	3,927	30,000	-	30,785	Note 6
	United New Century Fund	Fund under management of subsidiary	Short-term investments	5,455	24,000	-	25,200	Note 6
	United Columbus Fund	Fund under management of subsidiary	Short-term investments	2,387	18,000	-	19,218	Note 6
	<u>Bank debentures</u> Bank SinoPac 91-1	-	Short-term investments	10	50,097	-	50,000	Note 7
SinoPac Capital Management Corporation	<u>Beneficiary certificate</u> United Columbus Fund	Fund under management of subsidiary	Short-term investments	2,387	18,000	-	19,218	Note 6
	United New Century Fund	Fund under management of subsidiary	Short-term investments	5,000	22,000	-	23,200	Note 6
	United Genesis Fund	Fund under management of subsidiary	Short-term investments	259	2,000	-	2,028	Note 6
	United Pilot Fund	Fund under management of subsidiary	Short-term investments	202	2,000	-	2,014	Note 6

(Continued)

Name of Holding Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	December 31, 2004				Note
				Shares/Units/ Face Amount (In Thousand)	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
SinoPac Life Insurance Agent Co., Ltd.	<u>Beneficiary certificate</u>							
	Fuh-hwa Yu-Li Fund	-	Short-term investments	1,328	\$ 15,015	-	\$ 16,001	Note 6
	Fuh-hwa Bond Fund	-	Short-term investments	164	2,000	-	2,121	Note 6
	Prudential Aggressive Growth 2 Bond Fund	-	Short-term investments	1,689	24,746	-	25,608	Note 6
	Truswell Premier Fund	-	Short-term investments	1,076	11,503	-	11,667	Note 6
SinoPac Property Insurance Agent Co., Ltd.	<u>Beneficiary certificate</u>							
	Prudential Aggressive Growth 2 Bond Fund	-	Short-term investments	104	1,500	-	1,581	Note 6
	ABN AMRO Bond Fund Cap	-	Short-term investments	71	1,000	-	1,043	Note 6
SinoPac Venture Capital Co., Ltd.	<u>Beneficiary certificate</u>							
	NITC Bond Fund	-	Short-term investments	581	91,787	-	92,972	Note 6
	United Genesis Fund	Fund under management of subsidiary	Short-term investments	6,771	52,678	-	53,084	Note 6
	BioAsia BDF IV	-	Long-term equity investments	US\$ 623	19,933	3.18	19,933	Note 6
	<u>Convertible bond</u>							
	ENE Technology Inc.	-	Short-term investments	20,000	20,000	-	18,400	Note 7
	<u>Stock</u>							
	ATM Electronic Corp.	Investee accounted for by the cost method	Long-term equity investments	520	10,000	2.20	10,000	Note 5
	Micro Square Technology Inc.	Investee accounted for by the cost method	Long-term equity investments	500	10,000	3.70	10,000	Note 5
	De Poan Pneumatic Corp.	Investee accounted for by the cost method	Long-term equity investments	313	12,500	1.04	12,500	Note 5
	Pandisk Technology Company Ltd.	Investee accounted for by the cost method	Long-term equity investments	695	9,980	2.93	9,980	Note 5
	Skahex Technology Inc.	Investee accounted for by the cost method	Long-term equity investments	273	10,600	0.20	10,600	Note 5
	ENE Technology Inc.	Investee accounted for by the cost method	Long-term equity investments	398	11,760	1.18	4,697	Note 2
Creative Sensor Inc.	Investee accounted for by the cost method	Long-term equity investments	1,002	49,982	1.28	49,982	Note 5	
Nanya PCB Corporation	Investee accounted for by the cost method	Long-term equity investments	133	4,974	0.03	4,974	Note 5	
Hu Lane Associate Inc.	Investee accounted for by the cost method	Long-term equity investments	0.178	6	-	7	Note 2	
Taimide Tech, Inc.	Investee accounted for by the cost method	Long-term equity investments	2,735	46,353	3.34	46,353	Note 5	
Alpha Microelectronics Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	944	9,996	1.92	9,996	Note 5	
Proconn Technology Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	859	12,531	4.10	12,531	Note 5	
Bcom Electronics Inc.	Investee accounted for by the cost method	Long-term equity investments	949	11,119	0.90	1,474	Note 5	
Sunnich Technology & Merchandise Inc.	Investee accounted for by the cost method	Long-term equity investments	650	25,120	2.81	25,120	Note 5	
Ampire Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	179	2,507	0.38	2,227	Note 2	
AME, Inc.	Investee accounted for by the cost method	Long-term equity investments	14	502	0.04	337	Note 2	
TennRich International Corp.	Investee accounted for by the cost method	Long-term equity investments	518	9,988	1.06	9,988	Note 5	
Exploit Technology Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	260	5,300	0.95	5,300	Note 5	
Asia Electronic Material Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	2,650	34,750	7.35	34,750	Note 5	
Princo Corp.	Investee accounted for by the cost method	Long-term equity investments	272	19,967	0.07	19,967	Note 5	
Light Master System, Inc.	Investee accounted for by the cost method	Long-term equity investments	150	8,634	1.28	8,634	Note 5	
Global Strategic Venture	Investee accounted for by the cost method	Long-term equity investments	3,000	30,000	1.94	30,000	Note 5	
Donpon Precision, Inc.	Investee accounted for by the cost method	Long-term equity investments	575	17,500	1.04	17,500	Note 5	
G-Tech Optoelectronics Corporation	Investee accounted for by the cost method	Long-term equity investments	1,135	19,976	2.15	19,976	Note 5	
Ardemtec	Investee accounted for by the cost method	Long-term equity investments	1,977	32,247	0.72	32,247	Note 5	
Royltek Company Ltd.	Investee accounted for by the cost method	Long-term equity investments	345	16,473	0.87	16,473	Note 5	
Laster Tech Ltd.	Investee accounted for by the cost method	Long-term equity investments	569	19,735	2.17	19,735	Note 5	

(Continued)

Name of Holding Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	December 31, 2004				Note
				Shares/Units/ Face Amount (In Thousand)	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
	Etrend Hightech Corporation	Investee accounted for by the cost method	Long-term equity investments	1,490	\$ 18,625	5.19	\$ 18,625	Note 5
	Luminous Town Electric Co. Ltd.	Investee accounted for by the cost method	Long-term equity investments	1,658	19,978	2.14	19,978	Note 5
	International United Technology	Investee accounted for by the cost method	Long-term equity investments	1,473	18,713	1.47	18,713	Note 5
	Add Microtech Corporation	Investee accounted for by the cost method	Long-term equity investments	626	19,995	2.30	19,995	Note 5
	E-One MOLI Energy Corporation	Investee accounted for by the cost method	Long-term equity investments	1,400	16,800	1.36	16,800	Note 5
	Advantech Semiconductor Inc.	Investee accounted for by the cost method	Long-term equity investments	1,540	15,398	1.45	15,398	Note 5
	Uni Light Technology	Investee accounted for by the cost method	Long-term equity investments	915	18,438	1.16	18,438	Note 5
	FEEI Cherng Enterprise Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	390	25,500	0.93	25,500	Note 5
	Ritdisplay Corporation	Investee accounted for by the cost method	Long-term equity investments	127	2,241	0.02	2,241	Note 5
	AMIC Technology Corporation	Investee accounted for by the cost method	Long-term equity investments	210	10,032	0.15	10,032	Note 5
	PolyLite Taiwan Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	535	8,936	1.58	8,936	Note 5
	FuPo Electronics Corporation	Investee accounted for by the cost method	Long-term equity investments	1,296	23,436	1.36	15,598	Note 2
	ID Solutions Inc.	Investee accounted for by the cost method	Long-term equity investments	833	7,994	2.00	7,994	Note 5
	Ultra Chip, Inc.	Investee accounted for by the cost method	Long-term equity investments	220	7,146	0.33	7,146	Note 5
SinoPac Asset Management International	<u>Beneficiary certificate</u> NITC Bond Fund	-	Short-term investments	37	5,824	-	5,918	Note 6
	<u>Stock</u>							
	Powerchip Semiconductor Corp.	-	Short-term investments	200	5,688	0.004	4,752	Note 2
	AU Optronics Corp.	-	Short-term investments	15	987	0.0003	661	Note 2
	Evergreen Marine Corp. (Taiwan) Ltd.	-	Short-term investments	100	3,635	0.004	3,151	Note 2
	U-Ming Marine Transport Corp.	-	Short-term investments	100	5,408	0.014	5,198	Note 2
	Career Technology (MFG) Co., Ltd.	-	Short-term investments	100	5,257	0.049	4,598	Note 2
	National Venture Capital Corp.	Investee accounted for by the cost method	Long-term equity investments	2,000	14,800	0.0003	14,800	Note 5
SinoPac Securities Investment Trust Co., Ltd.	<u>Beneficiary certificate</u>							
	United Genesis Fund	Fund under management of subsidiary	Short-term investments	66	500	-	521	Note 6
	United Pilot Fund	Fund under management of subsidiary	Short-term investments	50	500	-	498	Note 6
	United Columbus Fund	Fund under management of subsidiary	Short-term investments	62	500	-	500	Note 6
	United New Century Fund	Fund under management of subsidiary	Short-term investments	108	500	-	498	Note 6
	Jih Sun Foresight Balanced Fund	Fund under management of subsidiary	Short-term investments	308	3,000	-	2,938	Note 6

Note 1: Foreign-currency amounts were 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 were determined by average daily closing prices in December 2004.

Note 3: Net asset values were based on the investees' unaudited or unreviewed financial statements for the latest period.

Note 4: Net asset values were based on the investees' audited or reviewed financial statements for the latest period.

Note 5: Net asset values were based on the carrying amounts.

Note 6: Market prices were determined at the closing prices on December 31, 2004.

Note 7: Market prices were computed by the average reference prices of GreTai Securities Market of R.O.C. on December 31, 2004.

SINOPAC HOLDINGS AND INVESTEES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE ISSUED CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2004
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counter-party	Relationship	Beginning Balance		Acquisition		Disposal			Ending Balance		
					Shares/Units/ Face Value (in Thousand)	Amount	Shares/Units/ Face Amount (in Thousand)	Amount	Shares/Units/ Face Amount (in Thousand)	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares/Units/ Face Amount (in Thousand)	Amount
SinoPac Holdings	<u>Stock (common stock)</u> AnShin Card Services Co., Ltd.	Long-term equity investments	Transacted at exchange market	-	145,769	\$ 1,200,567	47,231	\$ 761,762 (Note 1)	-	\$ -	\$ -	\$ -	193,000	\$ 1,962,329
	SinoPac Venture Capital Co., Ltd.	Long-term equity investments	-	-	50,000	501,683	50,000	471,782 (Note 2)	-	-	-	-	100,000	973,465
	SinoPac Securities Investment Trust Corporation	Long-term equity investments	Transacted at exchange market	-	-	-	30,000	296,419 (Note 3)	-	-	-	-	30,000	296,419
	<u>Stock (preferred stock)</u> AnShin Card Services Co., Ltd.	Long-term equity investments	-	-	48,000	480,000	120,000	1,200,000 (Note 4)	-	-	-	-	168,000	1,680,000
SinoPac Venture Capital Co., Ltd.	<u>Beneficiary certificate</u> NITC Bond Fund	Short-term investments	National Investment Trust Company Limited	Related party in substance	595	92,827	2,972	470,000	2,986	474,000	471,040	2,960	581	91,787
	United Genesis Fund	Short-term investments	SinoPac Securities Investment Trust Corporation	Affiliate	-	-	20,566	160,000	13,795	110,000	107,322	2,678	6,771	52,678
AnShin Card Services Co., Ltd.	<u>Beneficiary certificate</u> Tai-Yu Long River Bonds Fund	Short-term investments	-	-	-	-	50,128	570,000	50,128	570,050	570,000	50	-	-
	JF (Taiwan) Bond Fund	Short-term investments	-	-	-	-	14,922	220,000	14,922	220,022	220,000	22	-	-
SinoPac Asset Management International	<u>Beneficiary certificate</u> NITC Bond Fund	Short-term investments	National Investment Trust Company Limited	Related party in substance	533	83,496	163	25,835	659	104,700	103,507	1,193	37	5,824

Note 1: Consist of original investment amount of \$206,953, preferred stocks transferred to common stocks of \$300,000, investment gain recognized under the equity method of \$253,078, decrease in additional paid-in capital of 122 and reverse of unrealized revaluation loss on long-term equity investment of \$1,853.

Note 2: Consist of increase in investment amount of \$500,000, investment loss recognized under the equity method of \$9,357, cash dividend \$4,430, decrease in cumulative translation adjustment \$2,120 and recognized of unrealized loss on long-term equity investment of \$12,311.

Note 3: Consist of original investment amount of \$298,500 and investment loss recognized under the equity method of \$2,081.

Note 4: Consist of original investment of AnShin Card Services preferred stocks \$1,500,000 and preferred stocks transferred to common stocks of \$300,000.

SINOPAC HOLDINGS AND INVESTEES

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

DECEMBER 31, 2004

(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		
SinoPac Holdings	SinoPac Securities	Subsidiary of SinoPac Holdings	\$ 668,349	-	\$ -	-	\$ -	\$ -
	Bank SinoPac	Subsidiary of SinoPac Holdings	358,168	-	-	-	-	-

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, 2004

(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, 2004			Net Income (Loss) of the Investee (Note 2)	Investment Gains (Loss) (Note 2)	Note
				December 31, 2004 (Note 1)	December 31, 2003 (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	\$ 26,733,638	\$ 4,284,815	\$ 3,616,891	Subsidiary
	SinoPac Securities Corporation	Taipei	Brokerage, dealing and underwriting of securities	21,566,517	21,566,517	1,526,902	100.00	21,958,608	919,345	870,659	Subsidiary
	AnShin Card Services Co., Ltd.	Taipei	Credit card business	1,419,164	1,212,211	193,000	100.00	1,962,329	373,659	253,078	Subsidiary
	SinoPac Life Insurance Agent Co., Ltd.	Taipei	Life insurance agent	81,909	81,909	300	100.00	76,656	65,118	64,216	Subsidiary
	SinoPac Property Insurance Agent Co., Ltd.	Taipei	Property insurance agent	3,919	3,919	300	100.00	9,007	5,555	5,539	Subsidiary
	SinoPac Venture Capital Co., Ltd.	Taipei	Venture capital investment	1,000,000	500,000	100,000	100.00	973,465	(9,353)	(9,357)	Subsidiary
	SinoPac Call Center Co., Ltd.	Kaohsiung	Data processing, manpower and agency services	100,000	100,000	10,000	100.00	105,780	5,529	5,506	Subsidiary
	SinoPac Asset Management International	Taipei	Business management advisory, investment and venture capital investment advisory	100,000	100,000	10,000	100.00	107,231	5,282	5,107	Subsidiary
	SinoPac Marketing Consulting Co., Ltd.	Taipei	Agent service, investment advisory and overdue accounts receivable management	50,000	50,000	5,000	100.00	46,165	2,184	2,184	Subsidiary
SinoPac Securities Investment Trust Corporation	Taipei	Establish and manage securities investment trust funds by issuing beneficiary certificates and render discretionary investment service.	298,500	-	30,000	100.00	296,419	583	(2,081)	Subsidiary	
Bank SinoPac	SinoPac Bancorp	California	Bank stock holding	US\$ 112,306	US\$ 112,306	20	100.00	5,239,717	395,632	313,658	Affiliate
	Rocorp Holding S.A.	Luxembourg	Stock holding	\$ 3,531	\$ 3,531	0.11	33.33	-	-	-	Investee under significant influence held by SinoPac Holdings' subsidiary
								(Note 3)			
SinoPac Bancorp	SinoPac Leasing Corporation	Taipei	Leasing aircraft and machinery equipment	\$ 999,940	\$ 999,940	159,629	99.7683	1,988,931	192,276	179,566	Affiliate
	SinoPac Capital Limited	Hong Kong	Lending and financing	HK\$ 229,998	HK\$ 229,998	229,998	99.9991	991,336	59,405	22,314	Affiliate
	SinoPac Financial Consulting Co., Ltd.	Taipei	Investment advisory and business management advisory	\$ 1,940	\$ 1,940	194	97.00	2,448	300	271	Affiliate
SinoPac Bancorp	Far East National Bank	California	Commercial bank	US\$ 107,306	US\$ 107,306	175	100.00	5,282,119	408,151	-	Affiliate
	SinoPac Financial Services (USA) Ltd.	California	Securities brokerage	US\$ 25	US\$ 25	2.5	100.00	40,422	6,522	-	Affiliate
Far East National Bank	Far East Capital Corporation	California	Investment bank	US\$ 3,500	US\$ 3,500	350	100.00	57,401	(7,219)	-	Affiliate
	FENB Loan Corp.	California	Asset management	US\$ 1	US\$ 1	0.1	100.00	(37,627)	(4,562)	-	Affiliate
	FENB Film Corp.	California	Motion picture asset management	US\$ 1	US\$ 1	0.1	100.00	(78,982)	(4,157)	-	Affiliate
	Film Service Management Corp.	California	Film management and advisory	US\$ 0.1	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	1,518,422	196,484	-	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	86,351	20,865	-	Affiliate
	SinoPac Insurance Brokers Ltd.	Hong Kong	Insurance brokerage	HK\$ 300	-	100	100.00	1,231	(453)	-	Affiliate
	SinoPac (Hong Kong) Nominees Ltd.	Hong Kong	Custody securities	HK\$ 0.001	-	0.001	100.00	0.004	-	-	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	(3,908)	(47,668)	-	Affiliate
	Allstar Venture Ltd. (B.V.I.)	British Virgin Islands	Investment Corporation	US\$ 0.002	US\$ 0.002	0.002	100.00	(185,664)	(14,273)	-	Affiliate
	Shanghai International Asset Management (Hong Kong) Co., Ltd.	Hong Kong	Asset management	HK\$ 10,000	HK\$ 10,000	4,800	60.00	25,620	1,021	-	Affiliate
	Pinnacle Investment Management Ltd.	Hong Kong	Asset management, trust and consulting	US\$ 200	US\$ 200	199,999	99.9995	3,827	(41)	-	Affiliate
Cyberpac Holding Ltd. (B.V.I.)	Wal Tech International Corporation	Taipei	Leasing, international trading, and sale of machinery equipment	\$ 272,182	\$ 272,182	26,500	100.00	143,470	(34,520)	-	Affiliate
	RSP Information Service Company Limited	Hong Kong	General trading and providing internet - based service	HK\$ 999,999	HK\$ 999,999	999,999	99.9999	2,017	(285)	-	Affiliate
	Telexpress Corp.	Cayman Islands	Investment Corporation	US\$ 1,560	US\$ 1,560	3,900	34.21	54,708	17,645	-	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, 2004			Net Income (Loss) of the Investee (Note 2)	Investment Gains (Loss) (Note 2)	Note
				December 31, 2004 (Note 1)	December 31, 2003 (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	\$ 235,276	\$ 5,055	\$ -	Affiliate
	Mutiwin Asset Management Co., Ltd.	Taipei	Asset management	18,000	18,000	1,800	30.00	9,674	(13,830)	-	Investee under significant influence held by Bank SinoPac's affiliate
SinoPac Securities Corporation	SinoPac Futures Corporation	Taipei	Brokerage of futures contracts	1,107,881	1,107,881	98,215	98.21	1,263,467	122,851	117,997	Affiliate
	SinoPac Securities (Cayman) Holdings Ltd.	Cayman Islands, British West Indies	Stock holding	3,066,054	1,637,261	87,753	100.00	3,258,350	40,255	40,255	Affiliate
	SinoPac Capital Management Corporation	Taipei	Investment consulting	112,028	146,028	17,600	100.00	181,016	(10,641)	(10,802)	Affiliate
SinoPac Futures Corporation	SinoPac Managed Futures Co., Ltd.	Taipei	Futures Management	200,000	-	20,000	100.00	194,722	(5,278)	-	-
SinoPac Securities (Cayman) Holdings Ltd.	SinoPac Securities (Europe) Ltd.	London, UK	European agent business	US\$ 1,514	US\$ 1,514	1,000	100.00	US\$ 1,077	US\$ (326)	-	Affiliate
	SinoPac Securities (Asia) Ltd.	Hong Kong	Hong Kong stock brokerage	US\$ 54,972	US\$ 38,582	45	94.89	US\$ 69,072	US\$ 1,158	-	Affiliate
	SinoPac Futures (Asia) Ltd.	Hong Kong	Futures brokerage business	US\$ 1,205	US\$ 1,205	10,000	100.00	US\$ 2,357	-	-	Affiliate
	SinoPac Capital (Asia) Ltd.	Hong Kong	IPO underwriting business	US\$ 3,862	US\$ 3,862	30,000	100.00	US\$ 4,797	US\$ 494	-	Affiliate
	SinoPac Asset Management Corp. (B.V.I.)	British Virgin Islands	Securities brokerage, investment advisory, fund management and securities business	US\$ 16,000	US\$ 16,000	16,000	100.00	US\$ 22,914	US\$ 1,368	45,709	Affiliate (Note 4)
	SPS Asia Ltd. (formerly NSC Asia Ltd.)	British Virgin Islands	Derivatives instruments business	US\$ 744	US\$ 744	1	100.00	US\$ 41	-	-	Affiliate
	SinoPac Asset Management (Asia) Ltd. (formerly NITC Asset Management (Asia) Ltd.)	Hong Kong	Asset management and investment consulting	US\$ 4,367	US\$ 158	10,000	100.00	US\$ 3,507	US\$ 909	-	Affiliate
SinoPac Securities (U.S.A.) Ltd.	California	Collecting and analyzing financial market information	US\$ 1,848	US\$ 1,848	2	100.00	US\$ 612	US\$ (244)	-	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\$ 256	US\$ 3,205	2,000	100.00	US\$ 184	US\$ 130	-	Affiliate (Note 4)
	SinoPac Asia Limited	British Virgin Islands	Securities brokerage, investment advisory and consulting business	US\$ 6,000	US\$ 6,000	6,000	100.00	US\$ 12,675	US\$ 1,212	-	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 overseas stock holdings	HK\$ 0.002	HK\$ 0.002	0.002	100.00	HK\$ 0.002	-	-	Affiliate
SinoPac Asset Management (Asia) Ltd.	SPS Asset Management Limited	British Virgin Islands	Asset management and investment consulting	HK\$ 39	HK\$ 39	5	100.00	HK\$ 1,482	HK\$ 8,379	-	Affiliate

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

Note 2: Foreign-currency amounts were 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 for the year ended December 31, 2004.

Note 3: The amounts are after deducting realized losses.

Note 4: As of December 31, 2004, SinoPac Asset Management Corp. (B.V.I.) and SinoPac Securities (H.K.) Limited were undergoing a dissolution process.