

**SinoPac Financial Holdings Company
Limited and Subsidiaries**

**Consolidated Financial Statements for the
Six Months Ended June 30, 2005 and 2004 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Stockholders
SinoPac Financial Holdings Company Limited

We have audited the accompanying consolidated balance sheets of SinoPac Financial Holdings Company Limited and its subsidiaries as of June 30, 2005 and 2004, and the related consolidated statements of income, changes in stockholders' equity and cash flows for the six months then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. The financial statements as of and for the six months ended June 30, 2005 and 2004 of AnShin Card Services Co., Ltd., a consolidated subsidiary, were audited by the 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 total assets and liabilities of AnShin Card Services Co., Ltd. were 2.39% (NT\$14,985,810 thousand) and 2.09% (NT\$11,968,150 thousand) of the consolidated assets and liabilities as of June 30, 2005, respectively. The operating revenues and net income of AnShin Card Services Co., Ltd. were 10.64% (NT\$1,785,032 thousand) and 13.98% (NT\$260,060 thousand) of the consolidated operating revenues and income for the six months ended June 30, 2005, respectively. The total assets and liabilities of AnShin Card Services Co., Ltd. were 2.20% (NT\$13,533,879 thousand) and 1.92% (NT\$10,919,789 thousand) of the consolidated assets and liabilities as of June 30, 2004, respectively. The operating revenues and net income of AnShin Card Services Co., Ltd. were 7.59% (NT\$1,294,624 thousand) and 7.74% (NT\$232,966 thousand) of the consolidated operating revenues and income for the six months ended June 30, 2004, respectively.

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

As stated in Note 2 to the consolidated financial statements, the financial statements of some subsidiaries, which are consolidated in the consolidated financial statements for the six months ended June 30, 2005 and 2004, are unaudited. The total assets and liabilities of those subsidiaries were 1.33% (NT\$8,357,731 thousand) and 0.98% (NT\$5,651,575 thousand) of the consolidated assets and liabilities as of June 30, 2005, respectively. The total operating revenues and net income of those subsidiaries were 2.64 % (NT\$442,901 thousand) and 0.56% (NT\$10,351 thousand) of the consolidated operating revenues and income for the six months ended June 30, 2005, respectively. The total assets and liabilities of those subsidiaries were 3.25% (NT\$19,995,520 thousand) and 2.62% (NT\$14,852,920 thousand) of the consolidated assets and liabilities as of June 30, 2004, respectively. The total operating

revenues and net income of those subsidiaries were 4.50% (NT\$767,577 thousand) and 4.12% (NT\$124,152 thousand) of the consolidated operating revenues and consolidated income for the six months ended June 30, 2004, respectively. Moreover, as stated in Note 12 to the consolidated financial statements, the carrying amounts of the long-term equity investments accounted for by the equity method as of June 30, 2005 and 2004 amounted to NT\$323,573 thousand and NT\$318,339 thousand, respectively, the related investment income for the six months then ended amounted to NT\$15,223 thousand and NT\$9,039 thousand, respectively, and additional disclosure of SinoPac Financial Holdings Company Limited and part of its investees stated in Note 48 to the consolidated financial statements are based on the investees' unaudited financial statements.

In our opinion, based on the results of our audits and the reports of other auditors, except for the effects of such adjustments, if any, as might have been required had the financial statements of the subsidiaries and investees, as mentioned in the preceding paragraph been audited by independent auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of SinoPac Financial Holdings Company Limited and its subsidiaries as of June 30, 2005 and 2004, and the results of its operations and its cash flows for the six months then ended, compiled in conformity with Criteria Governing the Preparation of Financial Reports by Financial Holding Companies, Criteria Governing the Preparation of Financial Reports by Public Banks, Criteria Governing the Preparation of Financial Reports by Securities Issuers, Criteria Governing the Preparation of Financial Reports by Securities Firms, Criteria Governing the Preparation of Financial Reports by Futures Commission Merchants and accounting principles generally accepted in the Republic of China.

As stated in Note 3 to the consolidated financial statements, sales and purchases of bonds and short-term bills under agreements to repurchase or to resell were treated as outright sales or purchases for Bank SinoPac, a subsidiary of SinoPac Financial Holdings Company Limited. However, according to the Criteria Governing the Preparation of Financial Reports by Public Banks effective January 1, 2004, the repurchase/resell transactions are treated as financing.

As stated in Note 2 to the consolidated financial statements, SinoPac Financial Holdings Company Limited adopted the amendment of the Statement of Financial Accounting Standards No. 7 "Consolidated Financial Statements" of the Republic of China effective January 1, 2005, to change the consolidated entities. Thus, the consolidated financial statements for the six months ended June 30, 2004 have been restated to make the consolidated entities the same as those in the consolidated financial statements for the six months ended June 30, 2005, to enhance the comparability of the consolidated financial statements for the two periods.

July 21, 2005

Notice to Readers

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

For the convenience of readers, the auditors' report and the accompanying consolidated 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 consolidated financial statements shall prevail.

SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

JUNE 30, 2005 AND 2004

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

ASSETS	2005		2004 (Restated)		LIABILITIES AND STOCKHOLDERS' EQUITY	2005		2004 (Restated)	
	Amount	%	Amount	%		Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Notes 2 and 5)	\$ 11,659,354	2	\$ 10,520,626	2	LIABILITIES				
DUE FROM THE CENTRAL BANK AND OTHER BANKS (Note 6)	56,239,916	9	24,389,790	4	Short-term borrowings (Note 16)	\$ 13,417,388	2	\$ 17,229,986	3
SECURITIES PURCHASED, NET (Notes 2 and 7)	86,388,545	14	131,043,123	21	Commercial paper payable (Note 17)	11,075,716	2	10,190,676	2
PREMIUMS PAID FOR LONG OPTIONS - NONHEDGING	2,880	-	3,365	-	Securities sold under agreements to repurchase (Notes 2 and 18)	28,078,484	4	25,688,250	4
ACCOUNTS, INTERESTS AND OTHER RECEIVABLES, NET (Notes 2 and 8)	59,515,373	10	70,522,426	11	Euro-convertible bonds redeemable within one year (Notes 2 and 23)	3,050,300	1	-	-
ACCEPTANCES	2,349,542	-	3,435,534	1	Warrant liabilities, net (Notes 2 and 19)	49,367	-	404,376	-
OPERATING SECURITIES, NET (Notes 2 and 9)	20,544,110	3	22,028,624	4	Premiums received on short options - futures	20,692	-	5,533	-
SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL (Notes 2 and 10)	30,378,974	5	11,236,218	2	Call loans and due to banks	29,835,979	5	46,668,142	8
PREPAYMENTS AND OTHERS	1,442,827	-	963,791	-	Accounts, interests and other payables (Notes 2 and 20)	24,622,041	4	30,914,019	5
LOANS, DISCOUNTS AND BILLS PURCHASED, NET (Notes 2 and 11)	314,468,289	50	294,874,278	48	Acceptances payable	2,349,542	-	3,435,534	1
LONG-TERM INVESTMENTS (Notes 2, 12 and 13)					Deposits and remittances (Note 21)	407,234,396	65	374,863,282	61
Long-term equity investment - equity method	323,573	-	318,339	-	Bank debentures (Note 22)	33,224,270	5	30,256,625	5
Long-term equity investment - cost method	4,036,988	1	4,150,695	1	Bonds payable (Notes 2 and 24)	2,000,000	-	3,013,250	-
Less: Unrealized loss	(286,503)	-	(281,043)	-	Euro-convertible bonds (Notes 2 and 23)	-	-	8,140,721	1
Long-term equity investments, net	4,074,058	1	4,187,991	1	Long-term borrowings (Note 25)	5,203,888	1	2,514,487	-
Other long-term investments	8,337,525	1	9,158,931	1	Other liabilities				
Long-term investments, net	12,411,583	2	13,346,922	2	Deferred income tax liabilities (Notes 2 and 33)	1,125,617	-	779,832	-
PROPERTIES (Notes 2 and 14)					Other liabilities (Note 2)	12,523,299	2	13,438,648	2
Cost						13,648,916	2	14,218,480	2
Land	3,476,684	1	3,588,016	1	Total liabilities	573,810,979	91	567,543,361	92
Buildings	3,083,647	-	3,167,105	-	STOCKHOLDERS' EQUITY OF PARENT COMPANY				
Computer equipment	2,311,258	-	1,983,241	-	Capital stock, \$10 par value				
Transportation equipment	104,803	-	116,304	-	Authorized (shares in thousands) - 10,000,000				
Office and other equipment	3,374,161	1	3,281,208	1	Issued (shares in thousands) - 4,266,696 and 3,770,954 as of June 30, 2005				
Total cost	12,350,553	2	12,135,874	2	and 2004, respectively	42,666,958	7	37,709,536	6
Less: Accumulated depreciation	(4,586,521)	(1)	(4,021,995)	(1)	Reserve for capitalization	-	-	1,742,807	-
Advances for acquisitions of equipment and construction in progress	7,764,032	1	8,113,879	1	Capital surplus				
Net properties	462,001	-	643,701	-	Additional paid-in capital	9,772,249	2	8,068,519	1
OTHER ASSETS (Notes 2 and 15)	24,462,276	4	24,640,183	4	Treasury stock transactions	705,137	-	172,111	-
					Other	4,053	-	2,410	-
					Retained earnings	3,390,346	-	3,690,028	1
					Equity adjustments				
					Unrealized loss on long-term equity investments	(286,503)	-	(281,043)	-
					Unrealized revaluation loss on long-term equity investments	(14,747)	-	(17,551)	-
					Cumulative translation adjustment	(231,253)	-	184,498	-
					Net loss not recognized as pension cost	(3,049)	-	(926)	-
					Treasury stock - at cost (shares in thousands): 136,214 and 236,192 as of June 30, 2005 and 2004, respectively	(1,824,890)	-	(3,230,895)	-
					Total stockholders' equity of parent company	54,178,301	9	48,039,494	8
					MINORITY INTEREST	100,422	-	179,605	-
					Total stockholder's equity	54,278,723	9	48,219,099	8
					CONTINGENCIES AND COMMITMENTS (Notes 37 and 44)				
TOTAL	\$ 628,089,702	100	\$ 615,762,460	100	TOTAL	\$ 628,089,702	100	\$ 615,762,460	100

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

(With Deloitte & Touche audit report dated July 21, 2005)

SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME SIX MONTHS ENDED JUNE 30, 2005 AND 2004

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

	<u>2005</u>		<u>2004 (Restated)</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
OPERATING REVENUES				
Interest (Note 2)	\$ 10,556,147	63	\$ 8,140,556	48
Stock affairs agent fees (Note 2)	59,744	-	59,192	-
Service fees (Notes 2, 28 and 35)	2,812,065	17	4,214,889	25
Gain on warrants issued (Note 2)	146,462	1	687,321	4
Income from securities, net (Notes 2 and 29)	1,209,977	7	880,554	5
Income from long-term equity investments under the equity method (Note 2)	16,522	-	22,565	-
Foreign exchange gains, net (Note 2)	1,130,037	7	2,590,934	15
Gain on option transactions (Note 2)	22,084	-	124,408	1
Other	815,923	5	312,469	2
Total operating revenues	<u>16,768,961</u>	<u>100</u>	<u>17,032,888</u>	<u>100</u>
OPERATING COSTS AND EXPENSES				
Interest (Note 2)	5,296,669	32	3,525,552	21
Service charges	354,211	2	504,760	3
Loss from futures transactions (Note 2)	1,970	-	118,162	1
Loss from long-term investments under the equity method (Note 2)	1,299	-	13,526	-
Provision for credit and trading losses (Note 2)	996,936	6	745,170	4
Operating and administrative expenses (Notes 2 and 30)	6,376,053	38	6,210,583	36
Loss on derivative financial instrument transactions, net (Note 2)	866,514	5	1,918,400	11
Other	311,354	2	315,917	2
Total operating costs and expenses	<u>14,205,006</u>	<u>85</u>	<u>13,352,070</u>	<u>78</u>
OPERATING INCOME	2,563,955	15	3,680,818	22
NONOPERATING INCOME AND GAINS	390,113	2	470,915	3
NONOPERATING EXPENSES AND LOSSES	<u>230,792</u>	<u>1</u>	<u>121,876</u>	<u>1</u>
INCOME BEFORE INCOME TAX	2,723,276	16	4,029,857	24
INCOME TAX (Notes 2 and 33)	<u>863,645</u>	<u>5</u>	<u>1,019,156</u>	<u>6</u>
CONSOLIDATED INCOME	<u>\$ 1,859,631</u>	<u>11</u>	<u>\$ 3,010,701</u>	<u>18</u>

(Continued)

	<u>2005</u>		<u>2004 (Restated)</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
BELONG TO				
Parent company	\$ 1,858,680	11	\$ 2,978,340	18
Minority interest	<u>951</u>	<u>-</u>	<u>32,361</u>	<u>-</u>
	<u>\$ 1,859,631</u>	<u>11</u>	<u>\$ 3,010,701</u>	<u>18</u>
	<u>2005</u>		<u>2004 (Restated)</u>	
	<u>Pretax</u>	<u>After Tax</u>	<u>Pretax</u>	<u>After Tax</u>
EARNINGS PER SHARE (Note 34)				
Basic	<u>\$ 0.67</u>	<u>\$ 0.46</u>	<u>\$ 1.08</u>	<u>\$ 0.80</u>
Diluted	<u>\$ 0.64</u>	<u>\$ 0.44</u>	<u>\$ 0.98</u>	<u>\$ 0.75</u>

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

(With Deloitte & Touche audit report dated July 21, 2005)

(Concluded)

SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

SIX MONTHS ENDED JUNE 30, 2005 AND 2004

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

	<u>Capital Stock (Note 26)</u>		<u>Reserve for Capitalization (Note 26)</u>	<u>Capital Surplus (Notes 2 and 26)</u>	<u>Retained Earnings (Note 26)</u>				<u>Unrealized Loss on Long-term Equity Investments (Notes 2 and 12)</u>	<u>Unrealized Revaluation Loss on Long-term Equity Investments (Notes 2 and 12)</u>	<u>Cumulative Translation Adjustment (Notes 2 and 12)</u>	<u>Net Loss Not Recognized as Pension Cost (Notes 2 and 12)</u>	<u>Treasury Stock (Notes 2 and 27)</u>	<u>Minority Interest</u>	<u>Total Stockholders' Equity</u>
	<u>Shares (in Thousands)</u>	<u>Amount</u>			<u>Legal Reserve</u>	<u>Special Reserve</u>	<u>Unappropriated</u>	<u>Total</u>							
BALANCE, JANUARY 1, 2005	3,988,082	\$ 39,880,826	\$ -	\$ 9,027,448	\$ 574,180	\$ 93,299	\$ 4,667,680	\$ 5,335,159	\$ (279,805)	\$ (15,163)	\$ (193,406)	\$ (3,049)	\$ (1,824,890)	\$ 99,471	\$ 52,026,591
Appropriation of 2004 earnings															
Legal reserve	-	-	-	-	462,347	-	(462,347)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	398,124	(398,124)	-	-	-	-	-	-	-	-
Remuneration to directors and supervisors	-	-	-	-	-	-	(54,000)	(54,000)	-	-	-	-	-	-	(54,000)
Bonus to employees - cash	-	-	-	-	-	-	(37,630)	(37,630)	-	-	-	-	-	-	(37,630)
Cash dividends - \$0.88 per share	-	-	-	(11,337)	-	-	(3,711,863)	(3,711,863)	-	-	-	-	-	-	(3,723,200)
Consolidated income for the six months ended June 30, 2005	-	-	-	-	-	-	1,858,680	1,858,680	-	-	-	-	-	951	1,859,631
Euro-convertible bonds converted into common stocks	278,614	2,786,132	-	1,463,563	-	-	-	-	-	-	-	-	-	-	4,249,695
Change in capital surplus recognized from subsidiaries	-	-	-	1,765	-	-	-	-	-	-	-	-	-	-	1,765
Unrealized loss on long-term equity investments recognized from subsidiaries	-	-	-	-	-	-	-	-	(6,698)	-	-	-	-	-	(6,698)
Reversal of unrealized revaluation loss on long-term equity investments recognized from subsidiaries	-	-	-	-	-	-	-	-	-	416	-	-	-	-	416
Change in cumulative translation adjustment on long-term equity investments recognized from subsidiaries	-	-	-	-	-	-	-	-	-	-	(37,847)	-	-	-	(37,847)
BALANCE, JUNE 30, 2005	4,266,696	\$ 42,666,958	\$ -	\$ 10,481,439	\$ 1,036,527	\$ 491,423	\$ 1,862,396	\$ 3,390,346	\$ (286,503)	\$ (14,747)	\$ (231,253)	\$ (3,049)	\$ (1,824,890)	\$ 100,422	\$ 54,278,723
BALANCE, JANUARY 1, 2004	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)	\$ 147,244	\$ 47,127,423
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	-	-	18,669	-	-	-	(18,669)	(18,669)	-	-	-	-	-	-	-
Bonus to employees - cash	-	-	-	-	-	-	(18,669)	(18,669)	-	-	-	-	-	-	(18,669)
Stock dividends - \$0.4596 per share	-	-	1,724,138	-	-	-	(1,724,138)	(1,724,138)	-	-	-	-	-	-	-
Cash dividends - \$0.4995 per share	-	-	-	-	-	-	(1,874,063)	(1,874,063)	-	-	-	-	-	-	(1,874,063)
Consolidated income for the six months ended June 30, 2004	-	-	-	-	-	-	2,978,340	2,978,340	-	-	-	-	-	32,361	3,010,701
Euro-convertible bonds converted into common stocks	22,827	228,266	-	155,138	-	-	-	-	-	-	-	-	-	-	383,404
Reversal of unrealized losses on long-term equity investments recognized from subsidiaries	-	-	-	-	-	-	-	-	19,758	-	-	-	-	-	19,758
Unrealized revaluation loss on long-term equity investments recognized from subsidiaries	-	-	-	-	-	-	-	-	-	(535)	-	-	-	-	(535)
Change in cumulative translation adjustment on long-term equity investments recognized from subsidiaries	-	-	-	-	-	-	-	-	-	-	(40,241)	-	-	-	(40,241)
Net loss not recognized as pension cost recognized from subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(706)	-	-	(706)
Treasury stock transactions	-	-	-	-	-	-	-	-	-	-	-	-	(333,973)	-	(333,973)
BALANCE, JUNE 30, 2004	3,770,954	\$ 37,709,536	\$ 1,742,807	\$ 8,243,040	\$ 574,180	\$ 93,299	\$ 3,022,549	\$ 3,690,028	\$ (281,043)	\$ (17,551)	\$ 184,498	\$ (926)	\$ (3,230,895)	\$ 179,605	\$ 48,219,099

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

(With Deloitte & Touche audit report dated July 21, 2005)

SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2005 AND 2004 (In Thousands of New Taiwan Dollars)

	2005	2004 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated income	\$ 1,859,631	\$ 3,010,701
Adjustments to reconcile consolidated income to net cash provided by (used in) operating activities		
Depreciation and amortization	579,330	598,597
Impairment loss on goodwill	6,888	-
Amortization of long-term bonds investment	27,186	41,438
Revaluation loss on subordinated beneficiary certificates - retained interest of securitization	28,399	-
Amortization of Euro-convertible bonds deferred issuance cost	9,668	19,481
Accrued interest premium on Euro-convertible bonds	80,625	175,705
Cash dividends received from long-term equity investments under the equity method	9,632	17,367
Advance on acquisition of equipment charge off	-	560
Provision for allowance for decline in market value of securities purchased	50,169	73,071
Provision for credit and trading losses	1,027,524	738,902
Provision for (reversal of) allowance for decline in market value of operating securities	(107,381)	517,599
Provision for allowance for decline in market value of collaterals assumed	34,451	2,469
Loss on sale of long-term equity investments, net	24,961	17,166
Income from long-term equity investments under the equity method, net	(15,223)	(9,039)
Loss (gain) on disposal of properties, net	(161,541)	19,921
Loss on disposal of leased assets, net	58,164	4,597
Gain on disposal of collaterals assumed, net	(1,860)	(73,493)
Income from warrants issued, net	(146,462)	(687,321)
Decrease in accrued pension cost	(5,484)	(10,747)
Change in deferred income taxes	33,553	(6,788)
Decrease (increase) in securities purchased - for trading purposes	12,869,306	(9,850,428)
Decrease (increase) in operating securities	(117,508)	47,373
Increase in warrant liabilities, net	79,549	660,112
Change in securities brokerage accounts, net	66,441	(376,728)
Increase in margin deposits	(194,553)	(237,789)
Decrease (increase) in accounts, interests and other receivables	4,221,663	(13,224,816)
Increase in prepayments and others	(198,018)	102,935
Increase (decrease) in accounts, interests and other payables	<u>(7,140,237)</u>	<u>4,539,071</u>
Net cash provided by (used in) operating activities	<u>12,978,873</u>	<u>(13,890,084)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in due from the Central Bank and other banks	(20,275,567)	(92,953)
Increase in securities purchased - for investing purposes	(847,854)	(2,835,229)
Increase in securities purchased under agreements to resell	(7,660,793)	(10,163,018)

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	2005	2004 (Restated)
Increase in loans, discounts and bills purchased	\$ (11,876,881)	\$ (36,510,377)
Increase in long-term equity investments	(137,685)	(413,880)
Decrease (increase) in other long-term investments	2,132,970	(2,378,319)
Proceeds from sales of long-term equity investments	97,600	219,169
Acquisition of properties	(518,169)	(481,555)
Proceeds from sales of properties	234,511	1,746
Acquisition of collaterals assumed	(33,686)	(157,149)
Proceeds from sales of collaterals assumed	170,999	529,059
Acquisition of leased assets	(162,567)	(77,064)
Proceeds from sales of leased assets	299,186	24,663
Decrease (increase) in pledged time deposits	856,445	(256,000)
Decrease (increase) in other assets	<u>8,988</u>	<u>(3,721,022)</u>
Net cash used in investing activities	<u>(37,712,503)</u>	<u>(56,311,929)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	(2,525,383)	178,249
Increase in commercial paper payable	3,021,160	5,067,715
Increase (decrease) in securities sold under agreements to repurchase	(1,952,086)	12,311,067
Increase (decrease) in call loans and due to banks	(13,354,347)	5,410,256
Increase in deposits and remittances	41,456,375	34,406,862
Increase in bank debentures	-	8,350,000
Decrease in long-term borrowings	(4,110,654)	(2,395,982)
Increase in other liabilities	1,727,053	4,952,085
Remuneration paid to directors and supervisors and bonus to employees	(91,630)	(54,000)
Purchase of treasury stock	<u>-</u>	<u>(333,973)</u>
Net cash provided by financing activities	<u>24,170,488</u>	<u>67,892,279</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(563,142)	(2,309,734)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	12,320,886	12,920,906
EFFECTS OF EXCHANGE RATE CHANGES	<u>(98,390)</u>	<u>(90,546)</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 11,659,354</u>	<u>\$ 10,520,626</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	<u>\$ 4,673,603</u>	<u>\$ 3,366,313</u>
Income tax paid	<u>\$ 1,616,971</u>	<u>\$ 373,580</u>
NONCASH INVESTING AND FINANCING ACTIVITIES		
Euro-convertible bonds converted to common stocks	<u>\$ 4,249,695</u>	<u>\$ 385,740</u>
Payables on bonus to employees	<u>\$ -</u>	<u>\$ 18,669</u>
Payables on cash dividends	<u>\$ 3,723,200</u>	<u>\$ 1,874,063</u>
Cash dividends receivable from long-term equity investments under the equity method	<u>\$ -</u>	<u>\$ 2,235</u>
Beneficiary certificates - retained interest of credit card receivables securitization	<u>\$ 322,817</u>	<u>\$ -</u>
Current portion of long-term borrowings due within one year	<u>\$ 68,000</u>	<u>\$ 4,544,680</u>

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

(With Deloitte & Touche audit report dated July 21, 2005)

(Concluded)

SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 2005 AND 2004

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

1. ORGANIZATION AND OPERATIONS

SinoPac Financial Holdings Company Limited (SPH) was formed pursuant to the Financial Holding Company Act and related regulations on May 9, 2002. Following the incorporation, SPH 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 SPH. The shares of Bank SinoPac and NSC then ceased to be traded on the Taiwan Stock Exchange (TSE) and GreTai Securities Market (GTSM), respectively, while SPH became listed on the TSE.

On July 22, 2002, SPS was merged with NSC with the latter as survivor entity pursuant to resolutions reached by the Boards of both companies, and the merged company was immediately renamed to SinoPac Securities Corporation ("SinoPac Securities").

On June 30, 2005, the Board of the Company reached the decision of share swap with International Bank of Taipei (IBT). As to the share swap between the Company and IBT, both parties agree that IBT will become a wholly-owned subsidiary of the Company through share swap in accordance with Financial Holding Company Act. Without considering the NT\$0.9 dollar of cash dividend per share distributed by IBT for the year of 2004, one common share of IBT will be exchanged for 1.42 common shares of the Company. However, considering the distribution of the aforementioned cash dividends (ex-dividend date is June 30, 2005), one common share of IBT will be exchanged for 1.36 common shares of the Company. The share swap ratio will be adjusted if the operating or financial situation of either party has significant change resulting in the decrease of net value by \$1,000,000 or more, or other matters required by the competent authority. The Company will convening the provisional shareholders' meeting on August 26, 2005.

SPH engages in the business of investing and managing of the financial related institution.

Bank SinoPac obtained government approval to incorporate on August 8, 1991 and started operations on January 28, 1992. Bank SinoPac, which engages in commercial banking and trust, established an International Division and Offshore Banking Unit to (OBU) manage foreign exchange operations allowed under the Banking Law. As of June 30, 2005, Bank SinoPac's operating units included Banking, Trust, International Division of the Head Office, an OBU, 44 domestic branches, 2 overseas branches and 1 overseas representative office.

The operations of Bank SinoPac's Trust Department are: (1) trust planning, managing and operating; and (2) custody of nondiscretionary trust funds in domestic and overseas securities and mutual funds. These operations are regulated under both the Banking Law and the Trust Law.

On August 15, 1997, Bank SinoPac acquired Far East National Bank (FENB), through SinoPac Bancorp, by purchasing 100% of its shares. FENB was established in Los Angeles in 1974. It is a commercial bank engaging mainly in the business of deposit taking and lending. As of June 30, 2005, FENB had 15 branches in Los Angeles and San Francisco areas and one Beijing representative office. It also had 5 wholly-owned subsidiaries - Far East Capital Corporation, FENB Securities, Inc., FENB Loan Corp., FENB Film Corp., and Film Service Management Corp.

SinoPac Leasing Corporation ("SinoPac Leasing") obtained government approval to be incorporated by Bank SinoPac on September 2, 1997 and started operations on March 9, 1998.

SinoPac Leasing mainly leases out land, buildings, transportation equipments and machineries and also engages in the factoring business.

Grand Capital International Limited (“Grand Capital”) is a wholly owned subsidiary of SinoPac Leasing and was incorporated in British Virgin Islands on January 2, 1998. It provides lease financing; installment sales of machinery and equipment and materials; factoring; and other financing activities.

SinoPac Capital Limited (“SinoPac Capital”) was established in Hong Kong in 1999. It mainly engages in the business of lending and financing. Its three subsidiaries - SinoPac Capital (B.V.I.) Ltd. (incorporated in British Virgin Island, 1999), SinoPac Insurance Brokers Ltd. (incorporated in Hong Kong, 2004), and SinoPac (Hong Kong) Naminess Ltd. (incorporated in Hong Kong, 2004) mainly engage in financial advisory, insurance brokerage and custody securities business.

SinoPac Securities Corporation (“SinoPac Securities”) was established on October 11, 1988. It engages in transactions involving marketable securities such as: (a) underwriting, dealing (securities and futures) and brokerage, (b) financing customers’ acquisitions and short-sales, (c) trading foreign securities on behalf of customers, (d) assistance activities in futures trading, and (e) bill financing business and other businesses approved by competent authority. As of June 30, 2005, the SinoPac Securities had 48 branches supporting its head office.

SinoPac Futures Corporation (“SinoPac Futures”) was established on January 31, 1994 according to laws governing futures trading firms. It engages in futures brokerage and settlement and launched futures dealing.

The 100% wholly owned subsidiary of SinoPac Futures, SinoPac Managed Futures Co., Ltd., was established on February 9, 2004 according to the regulations related to futures management business. Its main business is futures management.

SinoPac Securities Consulting Corporation was established on June 14, 1995, mainly issues publications on securities investments and related securities investment consulting business as approved by the Securities and Futures Bureau (SFB) under the Financial Supervisory Commission, Executive Yuan.

The subsidiaries - SinoPac Securities (Cayman) Holding Limited registered at Cayman Island on April 30, 1998, and was incorporated to coordinate and control SinoPac Securities Corporation’s foreign investments. As of June 30, 2005, it wholly owned SinoPac Securities (Asia) Ltd., SinoPac Capital (Asia) Ltd., SinoPac Securities Futures (Asia) Ltd., SinoPac Securities (Europe) Ltd., SinoPac Asset Management (Asia) Ltd., SinoPac Securities (USA) Ltd. SPS Asia Ltd. and SinoPac Asia Limited.

An affiliate, SinoPac Securities (Asia) Ltd., wholly owned SinoPac Securities (Asia) Nominess Ltd. and SinoPac (Asia) Nominess Ltd.

An affiliate, SinoPac Asset Management (Asia) Ltd., wholly owned SPS Asset Management Limited.

The aforementioned investees of SinoPac Securities (Cayman) Holding Limited mainly engage in securities brokerage, investment consulting, asset management, futures and options brokerage and derivative financial instruments transactions. In addition, the operation of SPS Asia Ltd. was suspended in 2004.

SinoPac Life Insurance Agent Co., Ltd. (“SinoPac Life Insurance Agent”) and SinoPac Property Insurance Agent Co., Ltd. (“SinoPac Property Insurance Agent”) obtained government approval to incorporate on July 25, 2000 and on July 24, 2000, respectively. These two companies are mainly life and property insurance agencies.

AnShin Card Services Co., Ltd. (“AnShin Card Services”) was established on March 14, 2000, and its main business is to issue credit cards to card members and provide related services. In December 2002, AnShin Card Services’ previous shareholder, Bank SinoPac, transferred all its common shares totaling 81,103,709 shares to SPH.

SinoPac Venture Capital Co., Ltd. (“SinoPac Venture”) was established on January 21, 2003. It mainly engages in venture capital investments and also provides advisory services on business operation and administration.

SinoPac Securities Investment Trust Corporation (“SinoPac Investment Trust”, formerly named United Investment Trust Corporation) was established on September 15, 1997. Its main businesses are (1) issuing beneficiary certificates for raising securities investment trust fund; (2) investing in the securities and related products using the securities investment trust fund; (3) accepting consignment of discretionary account investment; and (4) other relevant businesses approved by competent authorities. SPH was approved by the Financial Supervisory Commission of Executive Yuan to acquire all the shares of United Investment Trust Corporation, which was then renamed to SinoPac Securities Investment Trust Corporation.

As of June 30, 2005 and 2004, SPH and the aforementioned consolidated subsidiaries had 5,354 and 5,343 employees, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of SPH and consolidated subsidiaries are summarized as follows:

Consolidation

The consolidated financial statements include the accounts of the (1) SPH; (2) Bank SinoPac, as consolidated with SinoPac Bancorp and its subsidiaries SinoPac Financial Services (USA) and FENB alone with its subsidiaries, SinoPac Leasing Corporation consolidated with Grand Capital International Limited (SinoPac Leasing and its subsidiaries, thereafter), SinoPac Capital Limited consolidated with SinoPac Capital (B.V.I.) Ltd., SinoPac Insurance Brokers Ltd., SinoPac (Hong Kong) Naniness Ltd., Allstar Venture Ltd., Cyberpac Holding Ltd., Shanghai International Asset Management (Hong Kong) Co., Ltd., Pinnacle Investment Management Ltd., Wal Tech International Corporation, RSP Information Service Company Limited and Telexpress Corp. (SinoPac Capital Limited and its subsidiaries, thereafter). “Bank SinoPac and its subsidiaries” thereafter refers to Bank SinoPac and FENB as consolidated with SinoPac Leasing and its subsidiaries and SinoPac Capital Limited and its subsidiaries; (3) SinoPac Securities and its subsidiaries SinoPac Futures consolidated with SinoPac Managed Futures Co., Ltd., SinoPac Capital Management Corporation, SinoPac Asset Management Corp. (B.V.I.), SinoPac Capital (Asia), SinoPac Futures (Asia) Ltd., SinoPac Securities (Europe) Ltd., SinoPac Asset Management (Asia) Ltd., SinoPac Securities (USA) Ltd., SinoPac Securities (Asia) Ltd., SinoPac Asia Limited, SinoPac Asset Management (Asia) Ltd. and its subsidiaries - SPS Asset Management Limited. As of June 30, 2004, SinoPac Securities (Asia) Ltd. that were held 94.26% and 5.74% by SinoPac Securities (Cayman) Holdings Limited and SinoPac Securities (H.K.) Limited, respectively, and its subsidiaries - SinoPac Securities (Asia) Nominess Ltd. and SinoPac (Asia) Nominess Ltd.; (4) SinoPac Life Insurance Agent; (5) SinoPac Property Insurance Agent; (6) AnShin Card Services; (7) SinoPac Venture Capital Co., Ltd.; and (8) SinoPac Securities Investment Trust Corporation the (the Company, thereafter). All significant inter-company transactions and balances have been eliminated for consolidation purposes.

According to the amendment of Statement of Financial Accounting Standards (SFAS) No. 7 “Consolidated Financial Statements” effecting on January 1, 2005, the consolidated entities of the Company were changed. To enhance the comparability of consolidated financial statements, the consolidated financial statements for the six months ended June 30, 2004 were restated to conform to the financial statements presentation for the six months ended June 30, 2005. The subsidiaries of SinoPac Holdings-SinoPac Call Center Co., Ltd., SinoPac Marketing Consulting Co., Ltd. and SinoPac Asset Management International, the subsidiary of Bank SinoPac- SinoPac Financial Consulting Co., Ltd. and the subsidiaries of SinoPac Securities (Cayman) - SPS Asia Ltd. and SinoPac Securities (H.K.) Limited were not included in the consolidated entities, because the Management consider those subsidiaries are immaterial to the consolidated financial statements. The information regarding consolidated entities were summarized and listed in table 7, and the subsidiaries excluded in consolidated entities were summarized and listed in table 8.

The accompanying financial statements have been prepared in conformity with the Criteria Governing the Preparation of Financial Reports by Financial Holding Companies, Criteria Governing the Preparation of Financial Reports by Public Banks, Criteria Governing the Preparation of Financial Reports by Securities Issuers, Criteria Governing the Preparation of Financial Reports of Securities Firms, Criteria Governing the Preparation of Financial Reports by Futures Commission Merchants, and accounting principles generally accepted in the Republic of China (ROC). Under these criteria and principles, SPH and the consolidated subsidiaries are required to make certain estimates and assumptions that could affect reported amounts of credit losses, depreciation for fixed assets and assets held for leasing, assets impairment, pension, losses on suspended lawsuit and provision for losses on guarantees. Actual results could differ from those estimates.

Current and Noncurrent Assets and Liabilities

Since the operating cycle in the banking industry cannot be reasonably identified, accounts included in the financial statements of Bank SinoPac and FENB are not classified as current or noncurrent. Nevertheless, these accounts are properly categorized according to the nature of each account and sequenced by their liquidity. Please refer to Note 43 for maturity analysis of assets and liabilities.

In addition to cash equivalents mentioned in the next section, assets to be converted or consumed within one year are classified as current. Obligations to be liquidated or settled within one year are classified as current. All other assets and liabilities are classified as noncurrent.

The operating cycle of SinoPac Leasing and its subsidiary, which engage in leasing and installment sales, is about one or two years. The Company classifies the assets and liabilities pertaining to these businesses as current or noncurrent on the basis of this operating cycle.

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

Cash Equivalents

Short-term bills, which are stated at cost, maturing within three months from the date of investments, are classified as cash equivalents. Cost of short-term bills sold is determined using the specific identification method.

Securities Purchased

Securities purchased include negotiable certificates of deposit, short-term bills, stocks, beneficiary certificates, treasury bills, structured instruments and bonds.

Short-term bills and treasury bills are stated at cost which approximates market value. Cost of short-term bills and treasury bills sold are determined using the specific identification method. Stocks, beneficiary certificates, structured instruments and bonds are stated at the lower of cost or market. Costs of securities sold other than short-term bills, treasury bills and negotiable certificates of deposit are determined using the moving-average method except SinoPac Securities, SinoPac Venture and AnShin Card Services use weighted-average method. Market prices are determined as follows: (a) listed stocks - average daily closing prices for the last month of the accounting period; (b) beneficiary certificates (open-end fund) - net asset values as of the balance sheet dates; (c) GTSM stocks - average daily closing prices for the last month of the accounting period, published by the GTSM; (d) bonds - period-end reference prices published by the GTSM; and (e) structured instruments-period-end prices quoted by counter-party.

According to SFAS No. 30, "Accounting for treasury stocks," SPH's shares held by Bank SinoPac should be evaluated decline in market value separately from the other listed and GTSM stocks held by Bank SinoPac.

Pursuant to the directive issued by the Ministry of Finance (the MOF), sales and purchases of bonds and short-term bills under agreements to repurchase or to resell were treated as outright sales or purchases for Bank SinoPac as of December 31, 2003. However, pursuant to the “Criteria Governing the Preparation of Financial Reports by Public Banks” effective since January 1, 2004, the repurchase/resell transactions are treated as financing.

Operating Securities

Stocks - except for the Emerging Stocks held by SinoPac Securities Dealing department, which are stated at cost, stocks held by SinoPac Securities, and its subsidiaries are stated at the lower of aggregate cost or market value. The aggregate market value of the stocks, except of Emerging Stocks, is based on the closing price on the balance sheet date. The cost of stocks sold is determined by the moving-average method.

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

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

Warrant Liabilities and Operating Securities - Hedging

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

Securities held as hedges for warrants issued are stated at purchase cost. Securities held before and then transferred to hedge position (presented as operating securities - hedging) are stated at the lower of cost, which is the book value of the transferred securities, or market value. These securities are stated at the lower of cost or market value based on individual warrants issued and presented as “operating securities held for hedging purpose”. The loss on decline in market value of such securities is charged to current income.

Securities Purchased or Sold Under Agreements to Resell or to Repurchase

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

Margin Loans and Stock Loans

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

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

The collateral securities are disposed of by the Company when their market value fall below a pre-agreed level and the customer fails to maintain to this level. If the proceeds from the disposal of collateral security cannot cover the balance of the loan and the customer cannot timely settle the deficiency, then the balance of the margin loan is reclassified under “overdue receivables”. If a collateral security cannot be sold in the open market, the balance of the loan is reclassified under “other receivables” or “overdue receivables”.

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

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

Customer Margin Account and Futures Traders’ Equity

SinoPac Futures engages in futures brokerage business and received margin deposits from customers as required under existing regulations. The proceeds are deposited in a bank and presented as “customer margin account” and “futures traders’ equity.” Gains or losses from daily marking to market of the carrying amounts of the contracts and related commission are charged to customer margin account and futures traders’ equity. Timing difference exists between customer margin account and futures traders’ equity when SinoPac Futures does not deduct commission from customer margin account in a timely fashion. Futures traders’ equity accounts cannot offset each other except when the kind of equity accounts are the same and belong to someone. The debit balance of futures traders’ equity, which results from losses on futures transactions in excess of the margin deposited, is recorded as “accounts receivable - futures margin deposits.”

Sales of Accounts Receivable

AnShin Card Services has transferred its credit card receivables conforming to the following criterias and surrendered controls over the transferred assets and has recorded the transfer as sales of accounts receivable.

- a. Transferred accounts receivable has been isolated from AnShin Card Services. AnShin Card Services, along with its creditors, is unable to control the future economic benefits.
- b. The transferee has the right to pledge or transfer accounts receivable purchased, and there will be no condition constrains the transferee from its right to pledge or transfer.
- c. The transferee has no right to return the transferred accounts receivable purchased before their maturity. AnShin Card Services is neither obligated nor entitled to repurchase or redeem such accounts receivable. Where a repurchase transaction has been entered into, the amount of the repurchase price shall be the fair value of accounts receivable at the time the transaction occurs.

AnShin Card Services derecognizes the credit card receivables sold at carrying value from its balance sheet on the transfer date. The difference between the amount of proceeds after deducting the estimated bad debt provision and the carrying value is recorded as income (loss) for the current period.

Nonperforming Loans

Under guidelines issued by the Ministry of Finance (MOF), the balance of loans and other credits extended by Bank SinoPac and the related accrued interest thereon are classified as nonperforming when the loan is six months overdue.

Receivables past due over six months are transferred to nonperforming accounts and uncollectible receivables deemed by AnShin Card Services are written off upon the approval of the Board of Directors. Recovery of written-off receivables is recorded as nonoperating revenues and gains.

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 and its subsidiaries assess the collectibility on the balances of loans, discounts and bills purchased, accounts, interests and other receivables, leasing receivables and nonperforming loans, as well as guarantees and acceptances as of the balance sheet date.

Pursuant to “The Rules of 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, repayment of 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 of Bank SinoPac, are offset against the recorded allowance for credit losses.

For SinoPac Securities, SinoPac Futures and AnShin Card Services, allowance for bad debts is provided on the basis of reviewing the collectibility of notes and accounts receivables, other receivables and nonperforming loans. After providing this allowance, pursuant to a directive of SFB, SinoPac Securities, SinoPac Futures and AnShin Card Services set aside an additional amount as bad-debt reserve and allowance for bad debts, respectively, to save 3% on the value-added tax before July 1, 2003. According to a directive of SFC, SinoPac Securities and SinoPac Futures stop providing the aforesaid reserve since July 1, 2003. Those reserve can only be used to write off nonperforming loans.

Ruled by the MOF, SinoPac Securities Investment Trust set aside an additional amount as bad-debt reserve to save 3% on the value-added tax for four years since July 1, 1999. These reserve can only be used to write off the corporate bonds or other investment instruments issued by the companies which are in financial difficulty and other purposes approved by the SFB.

Long-term Investments

Under a directive issued by the Accounting Research and Development Foundation of 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 investments are accounted for by the equity method if the Company has 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. Cash dividends received are accounted for as reduction in the carrying value of the investments. On the acquisition date, any difference between the acquisition cost and the equity in the investee is amortized on the straight-line basis over 5 to 15 years.

In the process of shares swapping for SinoPac Securities and its subsidiaries, the cost of stocks exchanged-in is recorded as the book value of long-term investment exchange-out if both investment are accounted for by the equity method.

If an investee issues new shares and the Company does not acquire new shares in proportion to its current equity in the investee, the resulting increase in the Company's equity in the investee's net assets is credited to capital surplus. Any decrease in the Company's equity in the investee's net assets is debited to capital surplus. If capital surplus is not enough for debiting purpose, the remaining is debited to unappropriated retained earnings.

Long-term equity investments are accounted for by the cost method if the Company does not have significant influence over the investees. Cash dividends are recorded as income as received except received in the year of purchasing. Stock dividends result only in an increase in number of shares and are not recognized as investment income. For listed and GTSM 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 stocks other than listed and GTSM stocks, preferred stocks or venture funds is considered a permanent loss, and the decline is charged to current income.

Long-term equity investment in foreign-currency of SinoPac Venture were recognized at the exchange rate on purchasing date. The investments were revalued at spot rate on balance sheet date. If a decline in exchange rate occurs, the difference will be debited to Cumulative Translation Adjustment in the stockholders' equities. And the cost will be maintained if an exchange gain occurs.

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

Long-term bond investments are recorded at cost, and the amortization of premiums or discounts over remaining period of bonds as the adjustment of interest revenue. Cost of bonds sold is calculated by the specific identification.

When bonds held as operating securities and then transferred to long-term bond investments, or the long-term bond investments are transferred to operating securities, the lower of cost and market value is stated as the new cost. The realized loss will be recognized if the market value is lower than the book value while the market value becomes the new cost.

Other long-term investments include subordinated beneficiary certificates - retained interest of securitization and beneficiary certificates - credit card receivables. Subordinated beneficiary certificates - retained interest of securitization are evaluated by estimating present value of expected future cash flows with losses recorded as operating costs; gains are not recognized. Beneficiary certificates - credit card receivables are recorded at cost.

Properties

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

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

Depreciation computed using the straight-line method over service lives estimated as follows: buildings, 6 to 60 years; computer equipment, 3 to 7 years; transportation equipment, 5 to 8 years; office and other equipment, 3 to 15 years; leasehold improvement, 3 to 10 years. If the leasing period is shorter, depreciation is calculated over the leasing period. For assets still in use beyond their original service lives, depreciation is calculated over newly estimated useful lives.

Interest expenses of borrowing for acquiring lands and constructing buildings are capitalized and recognized as construction in progress during the construction period.

Clearing and Settlement Fund

According to the Regulations Governing Securities Firms, Regulations Governing Securities Firms and overseas exchange relation, SinoPac Securities, SinoPac Futures and overseas subsidiaries accepting consignment for trading on the centralized securities exchange market shall deposit a settlement/ clearing fund to the Stock Exchange, GreTai Securities Market, Taiwan Futures Exchange and overseas stock and futures exchange before or after commencement of business operation. The settlement/ clearing fund is administrated by the clearing house and deposit to a designated account. Income from the fund, less related expenses and taxes, is distributed semiannually.

Asset Impairment

The Company began applying ROC Statement of Financial Accounting Standards (SFAS) No. 35, "Accounting for Asset Impairment," on January 1, 2005, which requires that cash-generating units (CGUs) and certain assets, including goodwill, long-term investments accounted for the equity method, property and equipment, etc., be subject to an impairment review.

SFAS No. 35 requires the impairment review be made on each balance sheet date. If assets or CGUs are deemed impaired, then the Company must calculate their recoverable amounts. An impairment loss should be recognized whenever the recoverable amount of the assets or the CGU is below the carrying amount, and this impairment loss either is charged to accumulated impairment or reduces the carrying amount of the assets or CGU directly. After the recognition of an impairment loss, the depreciation (amortization) should be adjusted in future periods by the revised asset/CGU carrying amount (net of accumulated impairment), less its salvage value, on a systematic basis over its remaining service life. If asset impairment loss (excluding goodwill) is reversed, the increase in the carrying amount resulting from reversal is credited to current income. However, loss reversal should not be more than the carrying amount (net of depreciation) had the impairment not been recognized.

Goodwill is tested for impairment annually, or more frequently if events or changes in circumstance indicate goodwill impairment. Impairment is recorded if the book value exceeds value in use. After the impairment is recognized, the goodwill should still be amortized periodically. The increase in the recoverable amount of goodwill in the period following the recognition of an impairment loss is likely to be an increase in internally generated goodwill rather than the reversal of the impairment loss recognized for the acquired goodwill. Thus, reversal of impairment loss on goodwill is prohibited.

Intangible Assets

Intangible assets (included in other assets), mainly comprised of goodwill recognized by SPH when acquiring AnShin Card Services and SinoPac Bancorp when acquiring FENB, are both amortized on the straight-line basis over 15 years.

Deferred Charges and Amortization of Issuance Costs of Euro-convertible Bonds

For SPH and Bank SinoPac, costs of computer software (included in other assets) were amortized on the straight-line basis over 3 to 5 years.

Deferred charges of SinoPac Securities (included in other assets), which include amounts paid for acquiring computer software as well as network construction and decoration or renovations, are capitalized and amortized over 3 to 5 years.

Deferred expenses of AnShin Card Services consist of credit cards franchise fees, computer software and costs for the subsidy of utilities, arrangement fees for syndicated loans and fees arising from sales of accounts receivables on a revolving basis are deferred and amortized using the straight-line method over the economic benefit period, which are purchase from other bank. Credit cards franchise fees are amortized over the estimated economic benefit period of 5 years. Fees arising from employees transferred are amortized over the transfer period of 3 years. Computer software and utilities subsidy are amortized over 3 to 7 years. Arrangement fees paid by AnShin Card Services for syndicated loans are amortized over the loans term of 5 years. Fees arising from sales of accounts receivable are amortized over the contract term of 3 to 4 years.

For SPH, the direct and necessary costs related to the issuing of Euro-convertible bonds (included in other assets) are amortized by the straight-line method and recognized as issuance expenses (included in operating costs and expenses) over the period from its issuance date to the expiration date of the put option. The computer software (included in other assets) are amortized on the straight-line basis over 3 to 5 years.

For SinoPac Leasing and its subsidiary, the direct and necessary issue costs of corporate bonds (included in other assets) are amortized by the straight-line method and recognized as issuance expenses (included in nonoperating expenses and losses) over the period from its issuance date to the maturity date.

Collateral Assumed

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

Assets Leased to Others

For SinoPac Securities and its subsidiaries, properties held for lease (included in other assets) are depreciated using the straight-line method over estimated service lives of 50 to 55 years.

Interest Premium

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

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.

Securities Brokerage Accounts

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

Securities Lending and Borrowing

The proceeds from the sale of bonds borrowed by SinoPac Securities for trading purposes are accounted for as “borrowed securities payable.” They are carried at the higher of aggregate cost or market value. When the market value of borrowed securities is higher than carrying value, SinoPac Securities recognizes losses and adjusts the value of borrowed securities payable. When bonds are returned, the difference between the covering cost and the carrying value are accounted for as gain/loss from short covering.

Reserve for Default Accounts

As required by the Rules Governing Securities Firms, for securities traded for customers’ accounts, SinoPac Securities should allocate 0.0028% of the transaction price of the traded securities as a reserve for default accounts every month. When the accumulated reserve for default accounts reaches \$200,000, allocation will be suspended. This reserve should be used only to offset actual losses resulting from customers’ default or other losses as approved by the SFC.

As required by the Rules Governing Futures Commission Merchants, for futures traded for customers’ accounts, SinoPac Futures should allocate 2% of commission revenues from futures transactions as the reserve for default accounts. When the accumulated reserve for default accounts amounted to the lowest of legal actual capital received, allocation will be suspended. This reserve should only be used for covering the losses caused by breach of contracts for trading on customers’ accounts or for other purposes approved by the SFB. However, as regulated by the SFB, SinoPac Futures stop allocating reserve for default accounts for 4 years since July 1, 1999, because the allowance for credit losses had been allocated. However, SinoPac Futures had started the allocating policy on reserve for default accounts again since July 1, 2003.

Reserve for Trading Losses

Under the regulations of the SFC, SinoPac Securities recognizes the securities trading losses reserve every month. This reserve is equal to 10% of the net gain on sale of securities and futures and should be used only to offset actual losses on sale of such securities and futures. This reserve is recognized until its accumulated balance reaches (a) \$200,000 for the trading department, (b) the minimum paid-in capital of SinoPac Securities’ futures department, (c) the lowest of legal actual capital received, capital for operating or working capital of SinoPac Futures respectively.

Derivative Financial Instruments

a. Foreign exchange forward

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

b. Forward rate agreements

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

c. Currency swaps

Foreign-currency spot-position assets or liabilities arising from currency swaps, which are mainly for accommodating customers' needs or managing the Company's currency positions, are recorded at spot rates when the transactions occur; while corresponding forward-position assets or liabilities are recorded at the contracted forward rates, with receivables netted against the related payables. On the balance sheet date, the spot-position assets or liabilities of outstanding contracts are valued at spot rate, the forward-position assets or liabilities which valued at the forward rates available for the remaining period of the outstanding contracts are credited or charged to current income.

d. Cross-currency swaps

Cross-currency swaps, which are mainly for accommodating customers' needs or managing the Company's exposures, are marked to market on the balance sheet dates. The interest received or paid at each settlement date or balance sheet date are recognized as interest income or expense, which are credited or charged to current income.

Cross-currency swaps, which are for hedging purposes, are recorded at spot rates on the contract dates. The net interest upon each settlement is recorded as an adjustment to interest revenue or expense associated with the item being hedged.

e. Options

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

For SinoPac Securities and its subsidiaries, premiums paid (received) on option contracts (used for hedging purpose) are recognized as assets (liabilities). The margin deposited for short options is recognized as margin deposits - options. Gains or losses arising from daily marking to market of the carrying amounts of the options, from taking opposite trade positions, and from exercise of options are recognized as realized or unrealized gains or losses from options transactions - non-hedging.

For SinoPac Securities and its subsidiaries, engaged in bond options transaction for trading purpose memorandum entries are recorded as the nominal amounts on the contract. Premiums received from short options or paid for long options are recognized as liabilities and assets, respectively, and marked to market. Gains or losses from changes in fair value are recognized in the current period as gains or losses from valuation - bond option-non-hedging.

SinoPac Securities and its subsidiaries write off the premium of the options on the maturity date, and related gain or loss is recognized. If bonds are received or delivered upon exercise of the options, the related sales revenue or acquisition cost is recorded by using the fair value of the bonds.

All assets (liabilities) of the bond option if SinoPac Securities and its subsidiaries are presented as derivative financial assets (liabilities) - GTSM and all gains (losses) are presented as gains (losses) from derivative financial products - GTSM.

f. Interest rate swaps

For Bank SinoPac and its subsidiaries, interest rate swaps, which do not involve exchanges of the notional principals, are not recognized as either assets and/or liabilities on the contract dates. The swaps are entered into mainly for accommodating customers' needs or managing the interest rate positions. The interest received or paid at each settlement date is recognized as interest income or expense. These instruments are marked to market on the balance sheet dates. For swaps entered into for hedging purposes, the net interest on each settlement is recorded as an adjustment to interest revenue or expense associated with the item being hedged.

For SinoPac Securities and its subsidiaries, interest rate swap contracts are recognized through memo entries on the contract starting date. The fair value of the contracts is presented as derivative financial assets and liabilities - GTSM and is written off on the settlement date. On balance sheet date, outstanding contracts are marked to market and the change in fair value is recognized as gain or loss.

AnShin Card Services enters into interest rate swaps with banks to hedge the effects of interest rate fluctuations on its assets or liabilities. These contracts do not involve exchanges of the notional principals and are recognized by memorandum entries on the contract dates. At the balance sheet date, the interest arising from the difference between the floating interest rate and agreed upon interest rate is recorded in the current income. At the balance sheet date, AnShin Card Services evaluates the future interest payment stream within the contractual period as discounted at the market interest rate and records the unrealized valuation gain or loss under shareholders' equity and the interest rate swap revaluation account under assets or liabilities.

g. Asset swaps

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

For SinoPac Securities and its subsidiaries, the convertible bond swap transactions have three types: Fixed income, short call options and combination of both types.

In a fixed income transaction, instruments used are a convertible bond sold (or purchased) outright plus an interest rate swap contract and a long (or short) call option on the convertible bond. The notional amount of the swap contract is recognized by a memorandum entry. The accounting treatment for a convertible bond sold outright is the same as for operating securities. The fair value of the interest rate swap contract and the premium paid for a long call option are both recognized as derivative financial assets (liabilities) - GTSM and are marked to market. Gains or losses from changes in fair value are recognized in the current period.

For short call options, the notional amount is recognized by a memorandum entry at the transaction date, and the premium received is recognized as derivative financial liabilities - GTSM. On the balance sheet date, outstanding option contracts are marked to market, and the resulting gains or losses are recognized in the current period as gains or losses from derivative financial instruments transactions - GTSM.

h. Futures

Margin deposits paid by Bank SinoPac for interest rate futures contracts entered into for trading purpose are recognized as assets. Gains or losses resulting from marking to market and from the settlement of the interest rate futures contracts are classified as realized or unrealized gains or losses depending on whether the gains or losses had been realized. The gains and losses are included in current income.

Margin deposits paid by Bank SinoPac for interest rate future contracts entered into for hedging purpose are recognized as assets. Gain or losses resulting from marking to market and from the settlement of the interest rate futures contracts are classified as realized or unrealized gains or losses depending on whether the gains or losses had been realized. These gains and losses are adjusted to the gains or losses associated with hedging item.

For SinoPac Securities and its subsidiaries, initial margin on futures contracts and margin deposits maintained to reflect the fluctuation of market price of futures contracts are recognized as margin deposits - futures. Gains or losses from daily marking to market of the carrying amounts of the futures contracts, from taking opposite trade positions, and from settlement of futures contracts are recognized as realized or unrealized gains or losses from futures transactions - non-hedging or realized or unrealized gains or losses from futures transactions - hedging depending on the transaction purpose. However, when SinoPac Futures acts as a broker and engages in futures contract with its own margin deposits, gains or losses from futures transactions are recognized as nonoperating income or losses.

i. Credit default swaps

Credit default swaps involve taking the credit risk of denominated bonds and notes. Such transactions are recorded by memorandum entries at the contract dates. The premium received for a credit default swap contract on each settlement or balance sheet date is recorded as current income by the accrual method.

j. Structured note transactions

There are two types of structured note transactions: Principal-guaranteed note transactions and equity-linked note transactions.

For the principal-guaranteed note transactions, the Company receives the contract price from the investors. The Company guarantees that the investors will get a fixed income from their investment and gives the investors the right to share in the profits on the underlying assets. The contract price is recognized as follows: (a) principal-guaranteed note liabilities - fixed income instruments. The Company amortizes the principal and recognizes the implied-interest expenses using the straight-line method. The interest expense is presented as losses from principal-guaranteed note transactions. (b) principal-guaranteed note liabilities - options. The related price is marked to market, and gains (losses) from valuation are presented as gains (losses) from valuation - principal-guaranteed notes. However, the valuation loss on principal-guaranteed note liabilities - options is deferred to the extent of the unrealized gain on hedged securities, while the valuation loss on principal-guaranteed note liabilities - options in excess of the unrealized gain on hedged securities is charged to current income.

For the equity-linked note transactions, the Company receives the contract price from the investors. The Company simultaneously invests the investors' funds in fixed-income instruments while investors long put options on underlying assets. The contract price received is recognized as follows: (a) equity-linked note liabilities - fixed income instruments. The Company amortizes the principal and recognizes the implied interest expenses using the straight-line method. The interest expense is presented as losses from equity-linked note transactions. (b) equity-linked note liabilities - premiums. The options acquired from the investors are recognized as equity-linked note assets - options and marked to market. Gains (losses) from valuation are presented as gains (losses) from valuation - equity-linked notes. However, the valuation loss on equity-linked note assets - options is deferred to the extent of the unrealized gain on hedged securities, while the valuation loss on equity-linked note assets - options in excess of the unrealized gain on hedged securities is charged to current income.

All assets (liabilities) of the structured note transactions are presented as derivative financial assets (liabilities) - GTSM and all gains (losses) are presented as gains (losses) from derivative financial instruments transactions - GTSM.

The securities invested in by the Company for hedging purpose are stated at purchase cost, presented as operating securities - hedging, and revaluated at the lower of cost or market value based on the related contract. The loss on decline in market value of these securities is charged to income. The cost of securities sold are determined by the moving-average method.

Financial Asset Securitization

Under the "Regulations for Financial Asset Securitization", Bank SinoPac securitized part of its enterprise loans and entrusted those loans to the commissioned organization for the issuance of the related beneficiary certificates. Thus, Bank SinoPac derecognized the loans and records gain or loss because the control of contractual rights - except for subordinated retained interests for credit enhancement, which were reclassified as long-term investments - on the loans had been surrendered and transferred to a special purpose trustee.

The gain or loss on the sale of the loans is the difference between the proceeds and carrying amount of the loans. The previous carrying amount of the loans should be allocated in appropriation of the part retained and the part sold on their fair values on the date of sale. Because quotes are not available for loans and retained interests, Bank SinoPac estimates fair value at the present value of expected future cash flows, using management's key assumptions on credit losses and discount rates commensurate to the risks involved.

Subordinate certificates and retained interests, for which quotes are not available, are accounted for as other long-term investments. Interest revenue is recorded when received. Bank SinoPac evaluates retained interests by estimating present value of expected future cash flows, with losses recorded as operating cost; gains are not recognized.

AnShin Card Services entrusted credit card receivables and related rights to a trustee in compliance with the Regulations for Financial Asset Securitization. The trustee issued beneficiary certificates to investors, under a private placement during the revolving period. The raised funds were to be transferred to AnShin Card Services.

Under the securitization terms, AnShin Card Services lost the rights to the credit card receivables, including the principal, interests and all controls over the receivables. The entrusted amount should be deducted from accounts receivable, except for the subordinated certificates, which are reserved for strengthening the credibility, and recorded as other long-term investments. The resulting gains (or losses) were credited (charged) to current income. During the revolving period for this securitization, AnShin Card Services will transfer additional credit card receivables from the principal payments collected to the trustee periodically.

To maintain the agreed-upon balances of credit card receivables to the debt principal in trusted asset pool and protect investors' interests, AnShin Card Services would entrust additional credit card receivables. Since AnShin Card Services retains the control on those credit card receivables transferred, the receivables transferred would be reclassified as "credit card receivables- available for securitization during the revolving period."

Securitization gains (or losses) are the difference between the carrying value and selling price of the credit card receivables already sold. The carrying value of credit card receivables was decided according to the allocation of fair value of transferred assets and the retained rights. During the revolving period, the recognized limit of gains (or losses) was based on sold assets. Since there are no market quotations on credit card receivables and retained rights, AnShin Card Services estimates the fair value of these receivables and rights on the basis of the present value of future expected cash flow, which can be calculated using the expected credit loss rate, principal refund rate, return rate, risk-related discount rate and expected service cost.

The subordinated certificates held by AnShin Card Services are recorded as other long-term investments since these certificates have no quoted market prices and they are held for long-term purposes. Revenue received from the trustee would be recognized as investment income. The predicted future cash flows are used to evaluate the fair value of the subordinated certificates as of the balance sheet date. When the predicted future cash flows are lower than the carrying amount, a valuation loss will be recognized in the current period, but not a valuation gain.

Revenue Recognition

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

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

For SinoPac Securities and its subsidiaries, revenue from rendering services - brokerage and underwriting commissions and fees, stock affairs agent fees, futures commissions and fees, and futures advisory fees, etc., is recognized according to the stage of completion as of the balance sheet date.

Interest income is accrued on a time basis by referring to the principal outstanding and the effective interest rate. Dividend income from equity securities is recognized on ex-dividend dates or on the dates when the stockholders declare dividends.

For AnShin Card Services, interest income on revolving credit card receivables and cash advance is recognized on an accrual basis. Service fees income is recognized when the provision of service is completed. Annual fee income is the member fees received from card members and is recognized when card members fail to meet the criteria for annual fee exemption.

Pension

Pension expense (including retirement and severance benefits cost, the "pension expense" thereon) is determined based on actuarial calculations except for FENB, SinoPac Leasing and its subsidiaries, SinoPac Capital Limited and its subsidiaries, SinoPac Securities (Asia), SinoPac Securities (Europe) and SinoPac Assets Management (Asia), which recognize pension expense and make contributions in the specified ratio of employee salaries to pension fund, according to their defined benefit pension plans.

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 reissued 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 to the retained earnings if there is any deficiency.

Under a directive of the Securities and Futures Bureau (SFB), Financial Supervisory Commission, Executive Yuan, R.O.C., treasury stock originally owned by a financial institution that later becomes a subsidiary of a financial holding company through only 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 the subsidiary's books, but as treasury stock in financial holding company's books.

In accordance to the 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".

Income Tax

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.

Except for Bank SinoPac and its subsidiary, FENB, 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 cannot be related to an asset or liability for financial reporting should be 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 shareholders resolve the appropriation of earnings.

SinoPac Holdings and its qualified subsidiaries adopted the linked-tax system. 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.

Accounting for Leasing Business

For capital leases, the costs of equipment leased and the interests imputed thereon are accounted for as lease receivable. The imputed interest is correspondingly treated as unearned interest income, and is periodically recognized as interest income when earned using the interest rate method.

For operating leases, the contracted rentals are recognized as income when earned. Properties held for lease are stated at cost less accumulated depreciation. Depreciation is calculated by the straight-line method on the basis of service lives estimated as follows: buildings, 43 to 55 years; transportation equipment, 5 years, and others, 5 years.

When properties held for lease are sold at the end of leasing period, any resulting gain (loss) from the differences between proceeds and book value of properties held for lease is credited (charged) to current income.

Account Receivable Factoring

Factoring receivables (included in accounts and notes receivables) are account receivables purchased by the Company. Service fees and interest income are recognized during the factoring period.

Contingencies

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

Foreign-currency Transactions

For SinoPac Holdings, SinoPac Leasing and SinoPac Securities, foreign-currency transactions are recorded in New Taiwan dollars at the rates of exchange in effect when the transactions occur. Gains or losses resulting from the application of different foreign exchange rates when cash in foreign currency is converted into New Taiwan dollars, or when foreign-currency receivables or payable are settled, are credited or charged to income in the period of conversion or settlement. As of the balance sheet date, the balances of foreign-currency assets and liabilities are restated at the prevailing exchange rates, and resulting differences are credited or charged to current income. Gains or losses resulting from restatement of period-end foreign-currency denominated long-term equity investments accounted for by the equity method are credited or charged to "cumulative translation adjustment" under stockholders' equity. The Company also recorded the cumulative translation adjustment from investees by the percentage of ownership.

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

For SinoPac Leasing and its subsidiary, 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 prevailing exchange rates when cash in foreign currency is converted into New Taiwan dollars, or when foreign-currency receivables or payable are settled, are credited or charged to income in the period of conversion or settlement. As of the balance sheet date, the balances of foreign-currency assets and liabilities are restated at the prevailing exchange rates, and resulting differences are credited or charged to current income.

Reclassifications

Certain accounts for the six months ended June 30, 2004 have been reclassified to conform to the consolidated financial statements presentation for the six months ended June 30, 2005.

3. ACCOUNTING CHANGES

For Bank SinoPac, sales and purchases of bonds and short-term bills under agreements to repurchase or to resell were treated as outright sales or purchases under a directive issued by the MOF. However, under the Criteria Governing the Preparation of Financial Reports by Public Banks effective since January 1, 2004, the repurchase/resell transactions are treated as financing. The effect of this accounting change resulted in an decrease of income before income tax for the six months ended June 30, 2004 by \$152,344.

The repurchase/resell transactions of Bank SinoPac are for daily trading purposes. Since the trading volume is high and the accounting systems for such transactions had been revised several times, it is hard to trace the historical data and difficult to calculate the cumulative effect of changes in accounting principles. Thus, Bank SinoPac cannot calculate the cumulative effect of change in accounting principles, and the pro forma information cannot be disclosed either.

4. ELIMINATIONS OF SIGNIFICANT INTERCOMPANY TRANSACTIONS

Name of Corporation	Elimination Account	Amount	Counterparties of Transaction	
For the six months <u>ended June 30, 2005</u>				
SPH	Cash and cash equivalents	\$ 292,732	Bank SinoPac and subsidiaries	
	Nonoperating income and gains	1,482	SinoPac Securities and subsidiaries	
	Securities purchased under agreements to resell	1,875,933	Bank SinoPac and subsidiaries	
	Other payables	14,811	Bank SinoPac and subsidiaries	
	Nonoperating income and gains	20,179	Bank SinoPac and subsidiaries	
	Securities purchased under agreements to resell	650,713	SinoPac Securities and subsidiaries	
	Operating and administrative expenses	4,641	Bank SinoPac and subsidiaries	
	Other receivables	74,545	SinoPac Securities and subsidiaries	
	Other receivables	933	SinoPac Venture	
	Other payables	5,453	SinoPac Venture	
	Other assets	27,980	Bank SinoPac and subsidiaries	
	Operating and administrative expenses	2,378	SinoPac Securities and subsidiaries	
	Bank SinoPac and subsidiaries	Deposits and remittances	292,732	SPH
		Deposits and remittances	1,785,139	SinoPac Securities and subsidiaries
Deposits and remittances		38,746	SinoPac Life Insurance Agent	
Deposits and remittances		59,431	AnShin Card Services	
Deposits and remittances		9,003	SinoPac Property Insurance Agent	
Deposits and remittances		154,531	SinoPac Venture	
Nonoperating income and gains		4,580	SinoPac Life Insurance Agent	
Securities purchased		146,600	SinoPac Securities and subsidiaries	
Other receivables		26,676	AnShin Card Services	
Nonoperating income and gains		1,565	AnShin Card Services	
Other receivables		98,201	SinoPac Securities and subsidiaries	
Other receivables		6,064	SinoPac Life Insurance Agent	
Nonoperating income and gains		4,641	SPH	
Bank debentures		50,000	SinoPac Securities and subsidiaries	

(Continued)

Name of Corporation	Elimination Account	Amount	Counterparties of Transaction
	Other liabilities	\$ 27,980	SPH
	Other receivables	14,811	SPH
	Loans, discounts and bills purchased	745,000	SinoPac Securities and subsidiaries
	Service fees	6,724	SinoPac Life Insurance Agent
	Other payables	5,605	SinoPac Securities and subsidiaries
	Nonoperating income and gains	13,720	SinoPac Securities and subsidiaries
	Nonoperating income and gains	1,158	SinoPac Securities and subsidiaries
	Service fees	1,133	SinoPac Securities and subsidiaries
	Interest revenue	3,679	SinoPac Securities and subsidiaries
	Interest expense	20,179	SPH
	Securities purchased under agreements to resell	68,884	SinoPac Securities and subsidiaries
	Operating costs and expenses	1,406	SinoPac Investment Trust
	Securities sold under agreements to repurchase	1,875,933	SPH
	Interest expense	13,205	SinoPac Securities and subsidiaries
SinoPac Securities and subsidiaries	Cash and cash equivalents	930,139	Bank SinoPac and subsidiaries
	Other receivables	5,605	Bank SinoPac and subsidiaries
	Pledged time deposits	855,000	Bank SinoPac and subsidiaries
	Short-term borrowings	745,000	Bank SinoPac and subsidiaries
	Operating costs and expenses	14,878	Bank SinoPac and subsidiaries
	Other payables	74,545	SPH
	Other payables	98,201	Bank SinoPac and subsidiaries
	Interest revenue	13,205	Bank SinoPac and subsidiaries
	Interest expense	3,679	Bank SinoPac and subsidiaries
	Service charges	1,133	Bank SinoPac and subsidiaries
	Interest expense	1,482	SPH
	Securities sold under agreements to repurchase	68,884	Bank SinoPac and subsidiaries
	Securities sold under agreements to repurchase	650,713	SPH
	Other liabilities	146,600	Bank SinoPac and subsidiaries
	Stock affairs agent fees	2,378	SPH
	Securities purchased	50,000	Bank SinoPac and subsidiaries
SinoPac Life Insurance Agent	Cash and cash equivalents	38,746	Bank SinoPac and subsidiaries
	Operating and administrative expenses	4,580	Bank SinoPac and subsidiaries
	Other payables	6,064	Bank SinoPac and subsidiaries
	Operating and administrative expenses	6,724	Bank SinoPac and subsidiaries
	Operating and administrative expenses	27,646	AnShin Card Services
	Other receivables	27,479	AnShin Card Services
SinoPac Property Insurance Agent	Cash and cash equivalents	9,003	Bank SinoPac and subsidiaries

(Continued)

Name of Corporation	Elimination Account	Amount	Counterparties of Transaction
AnShin Card Services	Cash and cash equivalents	\$ 59,431	Bank SinoPac and subsidiaries
	Operating costs, expenses and losses	1,565	Bank SinoPac and subsidiaries
	Other payables	26,676	Bank SinoPac and subsidiaries
	Operating revenue	27,646	SinoPac Life Insurance Agent
	Other payables	27,479	SinoPac Life Insurance Agent
SinoPac Venture	Cash and cash equivalents	154,531	Bank SinoPac and subsidiaries
	Other payables	933	SPH
	Other receivables	5,453	SPH
SinoPac Investment Trust	Operating revenue	1,406	Bank SinoPac and subsidiaries
For the six months <u>ended June 30, 2004</u>			
SPH	Cash and cash equivalents	3,983,364	Bank SinoPac and subsidiaries
	Nonoperating income and gains	27,500	Bank SinoPac and subsidiaries
	Other payables	175,060	Bank SinoPac and subsidiaries
	Other receivables	14,527	Bank SinoPac and subsidiaries
	Other receivables	13,449	SinoPac Securities and subsidiaries
	Operating and administrative expenses	2,484	SinoPac Securities and subsidiaries
Bank SinoPac and subsidiaries	Deposits and remittances	3,983,364	SPH
	Deposits and remittances	4,453,380	SinoPac Securities and subsidiaries
	Deposits and remittances	20,223	SinoPac Life Insurance Agent
	Deposits and remittances	7,598	AnShin Card Services
	Deposits and remittances	15,724	SinoPac Venture
	Deposits and remittances	5,713	SinoPac Property Insurance Agent
	Loans, discounts and bills purchased	180,000	SinoPac Securities and subsidiaries
	Other receivables	175,060	SPH
	Other receivables	28,150	AnShin Card Services
	Other receivables	4,180	SinoPac Life Insurance Agent
	Service fees	9,953	SinoPac Life Insurance Agent
	Interest payable	14,527	SPH
	Interest expense	27,500	SPH
	Interest expense	24,911	SinoPac Securities and subsidiaries
	Operating and administrative expenses	2,081	SinoPac Securities and subsidiaries
	Other payables	3,407	SinoPac Securities and subsidiaries
	Other receivables	9,253	SinoPac Securities and subsidiaries
	Securities purchased under agreements to resell	38,457	SinoPac Securities and subsidiaries
	Other operating income	8,974	SinoPac Securities and subsidiaries
	Bank debentures	50,000	SinoPac Securities and subsidiaries

(Continued)

Name of Corporation	Elimination Account	Amount	Counterparties of Transaction
SinoPac Securities and subsidiaries	Cash and cash equivalents	\$ 3,193,380	Bank SinoPac and subsidiaries
	Pledged time deposits	1,260,000	Bank SinoPac and subsidiaries
	Securities purchased	50,000	Bank SinoPac and subsidiaries
	Service fees	2,228	SinoPac Life Insurance Agent
	Short-term borrowings	180,000	Bank SinoPac and subsidiaries
	Other receivables	3,407	Bank SinoPac and subsidiaries
	Securities sold under agreements to repurchase	38,457	Bank SinoPac and subsidiaries
	Operating costs and expenses	8,974	Bank SinoPac and subsidiaries
	Nonoperating income and gains	2,081	Bank SinoPac and subsidiaries
	Other payables	9,253	Bank SinoPac and subsidiaries
	Stock affairs agent fees	2,484	SPH
	Other payables	13,449	SPH
	Interest revenue	24,911	Bank SinoPac and subsidiaries
	SinoPac Life Insurance Agent	Cash and cash equivalents	20,223
Other payables		15,592	AnShin Card Services
Operating and administrative expenses		24,530	AnShin Card Services
Other payables		4,180	Bank SinoPac and subsidiaries
Operating and administrative expenses		2,228	SinoPac Securities and subsidiaries
Operating and administrative expenses		9,953	Bank SinoPac and subsidiaries
SinoPac Property Insurance Agent	Cash and cash equivalents	5,713	Bank SinoPac and subsidiaries
AnShin Card Services	Cash and cash equivalents	7,598	Bank SinoPac and subsidiaries
	Other payables	28,150	Bank SinoPac and subsidiaries
	Other receivables	15,592	SinoPac Life Insurance Agent
	Service fees	24,530	SinoPac Life Insurance Agent
SinoPac Venture	Cash and cash equivalents	15,724	Bank SinoPac and subsidiaries

5. CASH AND CASH EQUIVALENTS

	June 30	
	2005	2004
Due from banks	\$ 4,973,959	\$ 5,961,999
Deposits in Bank	2,817,166	1,745,483
Cash on hand	2,151,253	1,763,907
Commercial papers - due in July 2005 and 2004, with interest rate from 1.075% to 1.200% and from 0.900% to 0.925%, respectively.	932,822	504,173
Notes and checks in clearing	<u>784,154</u>	<u>545,064</u>
	<u>\$ 11,659,354</u>	<u>\$ 10,520,626</u>

6. DUE FROM THE CENTRAL BANK AND OTHER BANKS

	<u>June 30</u>	
	<u>2005</u>	<u>2004</u>
Call loans to banks	\$ 37,383,931	\$ 12,284,467
Due from the Central Bank	<u>18,855,985</u>	<u>12,105,323</u>
	<u>\$ 56,239,916</u>	<u>\$ 24,389,790</u>

Due from the Central Bank consists mainly of New Taiwan dollar (NTD) and foreign currency deposit reserves. Under a directive issued by the Central Bank of the ROC, NTD - denominated deposit reserves of Bank SinoPac are determined monthly at prescribed rates on average balances of customers' NTD - denominated deposits. These reserves amount to \$7,559,083 and \$7,899,881, as of June 30, 2005 and 2004, respectively, which are subject to withdrawal restrictions.

In addition, the foreign-currency deposit reserves of Bank SinoPac are determined at prescribed rates on balances of additional foreign-currency deposits. These reserves may be withdrawn momentarily and are noninterest earnings. As of June 30, 2005 and 2004, the balances of foreign-currency deposit reserves were \$94,854 and \$43,908, respectively.

7. SECURITIES PURCHASED

	<u>June 30</u>	
	<u>2005</u>	<u>2004</u>
Negotiable certificates of deposit	\$ 55,832,595	\$ 94,481,766
Commercial papers	9,592,706	12,835,634
Corporate bonds	7,258,788	5,905,441
Beneficiary certificates	4,358,306	4,292,748
Floating rate notes	3,370,005	9,049,707
Government bonds	2,899,908	753,296
Treasury bills	1,307,204	923,473
Bank debentures	1,002,528	1,333,001
Stocks and warrants	<u>838,202</u>	<u>1,542,621</u>
	86,460,242	131,117,687
Less - allowance for decline in market value	<u>71,697</u>	<u>74,564</u>
	<u>\$ 86,388,545</u>	<u>\$ 131,043,123</u>

For Bank SinoPac, to comply with the Central Bank's clearing system of Real-time Gross Settlement (RTGS), negotiable certificates of deposit aggregating \$8,000,000 and \$1,500,000 had been provided as collateral for the daytime overdraft as of June 30, 2005 and 2004, respectively, with the pledged amount that can be adjusted at anytime.

As of June 30, 2005 and 2004, the aggregate market values or reference prices of corporate bonds, beneficiary certificates, floating rate notes, government bonds, bank debentures, stocks and warrants were as follows:

	<u>June 30</u>	
	<u>2005</u>	<u>2004</u>
Corporate bonds	\$ 7,323,604	\$ 6,169,382
Beneficiary certificates	4,438,151	4,315,074
Floating rate notes	3,368,455	9,043,294
Government bonds	2,871,198	752,061
Bank debentures	997,628	1,324,142
Stocks and warrants	748,850	1,691,731

8. ACCOUNTS, INTERESTS AND OTHER RECEIVABLES

	<u>June 30</u>	
	<u>2005</u>	<u>2004</u>
Accounts and notes receivable	\$ 26,570,300	\$ 33,280,972
Margin loans receivable	11,428,051	16,699,670
Credit card receivables	12,573,298	11,475,721
Lease receivables due in one year	4,689,849	3,124,319
Forward exchange receivable, net	1,546,592	707,235
Interest receivable	1,210,590	942,575
Securities brokerage debit accounts	659,256	515,332
Accrued revenue	281,164	1,250,504
Income tax refund receivable	138,442	253,361
Securities brokerage debit accounts, net	27,623	464,834
Other	<u>683,210</u>	<u>1,972,774</u>
	59,808,375	70,687,297
Less - allowance for credit losses	<u>293,002</u>	<u>164,871</u>
	<u>\$ 59,515,373</u>	<u>\$ 70,522,426</u>

The balances of the accounts receivable as of June 30, 2005 and 2004 included \$23,914,608 and \$32,630,888, respectively, representing accounts receivable acquired from other parties in the factoring business.

9. OPERATING SECURITIES

	<u>June 30</u>	
	<u>2005</u>	<u>2004</u>
<u>Dealing department</u>		
Bonds		
Government (interest rate at 1.25% to 7.75% in 2005 and at 1.00% to 7.75% in 2004)	\$ 3,699,902	\$ 2,471,697
Corporate bonds (interest rate at 0.434% to 8.250% in 2005 and at 1.00% to 8.25% in 2004)	1,920,710	2,485,362
Bank debentures (interest rate at 0.000% to 1.588% in 2005 and at 1.329% to 3.55% in 2004)	592,934	500,000
Beneficiary certificates of enterprise loans under securitization (interest rate at 1.682% to 2.282% in 2005)	<u>534,424</u>	<u>-</u>
	6,747,970	5,457,059
Listed stocks and convertible bonds	1,540,935	1,441,519
GTSM stocks and convertible bonds	7,898,872	9,743,718
Global depository receipts of listed corporation	-	5,444
Emerging stocks	275,635	523,403
Taiwan Innovative Growing Entrepreneurs	-	24,488
Beneficiary certificates	<u>1,396,041</u>	<u>268,132</u>
	17,859,453	17,463,763
Less - allowance for decline in market value	<u>72,959</u>	<u>274,078</u>
	<u>\$ 17,786,494</u>	<u>\$ 17,189,685</u>
<u>Underwriting department</u>		
Listed stocks and convertible bonds	\$ 382,115	\$ 660,701
GTSM stocks and convertible bonds	2,068,483	3,308,298
Stocks and convertible bonds other than listed and traded GTSM	<u>4,070</u>	<u>263,262</u>
	2,454,668	4,232,261
Less - allowance for decline in market value	<u>241,213</u>	<u>225,145</u>
	<u>\$ 2,213,455</u>	<u>\$ 4,007,116</u>
<u>Securities held for hedging purposes</u>		
Stocks held for warrants	\$ 384,092	\$ 767,733
Structured notes linked position	<u>165,977</u>	<u>124,191</u>
	550,069	891,924
Less - allowance for decline in market value	<u>5,908</u>	<u>60,101</u>
	<u>\$ 544,161</u>	<u>\$ 831,823</u>
	<u>\$ 20,544,110</u>	<u>\$ 22,028,624</u>

The aggregate market values of the securities based on the closing prices and reference prices as of June 30, 2005 and 2004 were as follows:

	<u>June 30</u>	
	2005	2004
Dealing department - bonds	\$ 6,769,909	\$ 5,485,121
Dealing departments - listed and GTSM stocks and convertible bonds	9,375,275	10,885,520
Dealing departments - global depositary receipts of listed corporation	-	6,092
Dealing departments - Taiwan Innovative Growing Entrepreneurs	-	21,406
Dealing departments - beneficiary certificates	1,396,041	268,143
Underwriting department - listed and GTSM and convertible bonds	2,212,320	3,744,464
Securities held for hedging purposes - stocks held for warrants	411,071	712,003
Securities held for hedging purposes - structured notes linked position	166,625	120,885

10. SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL

As of June 30, 2005 and 2004, securities purchased under agreements to resell, were to be sold for \$30,401,121 in January 2006 and \$11,246,782 in June 2005, respectively.

11. LOANS, DISCOUNTS AND BILLS PURCHASED

	<u>June 30</u>	
	2005	2004
Overdrafts	\$ 1,212,405	1,582,546
Short-term loans	80,570,829	86,836,984
Mid-term loans	66,440,308	69,172,060
Long-term loans	164,063,258	133,976,702
Import and export negotiations	2,030,427	3,428,900
Bills purchased	1,602	352
Nonperforming loans	<u>2,372,754</u>	<u>2,734,235</u>
	316,691,583	297,731,779
Less - allowance for credit losses	2,127,640	2,740,079
- unearned loan fees	<u>95,654</u>	<u>117,422</u>
	<u>\$ 314,468,289</u>	<u>\$ 294,874,278</u>

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

As of June 30, 2005 and 2004, Bank SinoPac and subsidiaries' balances of nonaccrual interest loans were \$2,290,364 and \$2,491,467, respectively. The unrecognized interest revenues on nonaccrual interest loans amounted to \$49,255 and \$54,661 for the six months ended June 30, 2005 and 2004, respectively.

For the six months ended June 30, 2005 and 2004, Bank SinoPac and subsidiaries had not written off credits for which legal proceedings had not been initiated.

The details of and changes in allowance for credit losses of loans, discounts and bills purchased for the six months ended June 30, 2005 and 2004, respectively, were summarized below:

	For the Six Months Ended June 30, 2005		
	For Losses on Particular Loans	For Losses on the Overall Loan Portfolio (Excluding Particular Loans)	Total
Balance, January 1	\$ 639,046	\$ 1,255,915	\$ 1,894,961
Provisions	824,448	73,554	898,002
Write-offs	(721,059)	-	(721,059)
Recovery of written-off credits	45,749	-	45,749
Reclassifications	59,688	11,082	70,770
Effects of exchange rate changes	(2,808)	(57,975)	(60,783)
Balance, June 30	<u>\$ 845,064</u>	<u>\$ 1,282,576</u>	<u>\$ 2,127,640</u>
	For the Six Months Ended June 30, 2004		
	For Losses on Particular Loans	For Losses on the Overall Loan Portfolio (Excluding Particular Loans)	Total
Balance, January 1	\$ 1,344,825	\$ 1,378,036	\$ 2,722,861
Provisions	870,437	(42,082)	828,355
Write-offs	(835,406)	-	(835,406)
Recovery of written-off credits	21,131	-	21,131
Reclassifications	(276,484)	276,484	-
Effects of exchange rate changes	(3,301)	(3,079)	(6,380)
Other	9,518	-	9,518
Balance, June 30	<u>\$ 1,130,720</u>	<u>\$ 1,609,359</u>	<u>\$ 2,740,079</u>

As of June 30, 2005 and 2004, allowances for credit losses and provisions for losses on guarantees of the Company were \$2,420,642 and \$2,937,981, respectively.

12. LONG-TERM INVESTMENTS

	June 30	
	2005	2004
<u>Long-term equity investments</u>		
Equity method		
Unlisted and not trading on GTSM stocks	\$ 323,573	\$ 318,339
Cost method		
Unlisted and not trading on GTSM stocks	2,666,742	2,849,652
Listed and GTSM stocks	770,172	696,444
Venture fund	493,899	486,188
Emerging stocks	82,461	93,080
Preferred stocks	23,714	25,331
	<u>4,036,988</u>	<u>4,150,695</u>
	4,360,561	4,469,034
Less - allowance for decline in market value	<u>286,503</u>	<u>281,043</u>
Long-term equity investments, net	<u>4,074,058</u>	<u>4,187,991</u>
<u>Other long-term investments</u>		
Long-term bonds investments	6,948,807	9,158,931
Subordinated beneficiary certificates - retained interest of securitization	1,308,718	-
Beneficiary certificates - retained interest of credit card receivables securitization	80,000	-
	<u>8,337,525</u>	<u>9,158,931</u>
Long-term investments, net	<u>\$ 12,411,583</u>	<u>\$ 13,346,922</u>

The total market values determined by the closing prices of listed and GTSM stocks and long-term bonds investments as of June 30, 2005 and 2004 were as follows:

	June 30	
	2005	2004
Long-term bonds investments	\$ 6,841,855	\$ 8,888,547
Listed and GTSM stocks	484,331	395,929

As of June 30, 2005 and 2004, the carrying values of the investments accounted for by the equity method amounted to \$323,573 and \$318,339, respectively, and the related investment income for the six months ended June 30, 2005 and 2004 amounted to \$15,223 and \$9,039, respectively, and additional disclosure of the Company and part of its investees stated in Note 48 to the consolidated financial statements were based on the investees' unaudited financial statements for the same periods.

As of June 30, 2005 and 2004, unrealized losses on long-term equity investments (included in the debit balance of stockholder's equity) resulting from market value decline of listed and GTSM stocks held by subsidiaries and its investees accounted for by the equity method amounted to \$286,503 and \$281,043, respectively. Also, as of June 30, 2005 and 2004, the Company recognized its equity in the unrealized revaluation loss on long-term equity investments totaling \$14,747 and \$17,551, respectively (included in the debit balance of stockholder's equity) from subsidiaries, and cumulative translation adjustment from subsidiaries included in the debit/credit balance of stockholders' equity totaling \$231,253 and included in the credit balance of stockholders' equity \$184,498, respectively.

The Company recognized its equity in the net loss not recognized as pension cost (included in the debit balance of stockholder's equity) totaling \$3,049 and \$926 from SinoPac Securities as of June 30, 2005 and 2004, respectively.

The Company acquired 100% ownership, 30,000,000 shares of SinoPac Securities Investment Trust, amounted to \$298,500 in October 2004.

The pro forma consolidated operating revenues and consolidated income for the six months ended June 30, 2004 were \$17,147,637 and \$3,023,646, respectively, and the pro forma basic earnings per share (after tax) was \$0.82 for the six months ended June 30, 2004, assuming that the shares of SinoPac Securities Investment Trust were acquired as of January 1, 2004.

13. SECURITIZATION

Bank SinoPac

- a. Characteristic, gain (loss) recognized and key economic assumptions used in measuring retained interests

In August 2004, Bank SinoPac sold its enterprise loans under securitization transactions. Bank SinoPac entrusted these loans to Fuhwa Bank for issuing beneficiary certificates. The terms and key economic assumptions used in measuring retained interests were as follows:

Terms						Enterprise Loans under Securitization
Date of issuance						August 3, 2004
Carrying amount of enterprise loans						\$ 4,900,000
Gain (loss) on securitization						-
	Senior				Subordinated	
Series of certificates	First Tranche	Second Tranche	Third Tranche	Fourth Tranche	Fifth Tranche	
Principal amount	\$ 2,188,100	\$ 534,100	\$ 441,000	\$ 122,500	\$ 1,014,300	
Annual interest	Floating interest rate plus 0.4% (Note)	Floating interest rate plus 0.6% (Note)	Floating interest rate plus 1.0% (Note)	Floating interest rate plus 1.2% (Note)	-	
<u>Key assumptions used in measuring retained interests</u>						
Expected weighted-average life (in years)				3		
Expected credit losses (annual rate)				-		
Discounted rate for residual cash flows				1.282%		

Note: Floating rate is the average rate of the 90-day short-term bills in the secondary market of Telerate Information Inc., at 11:00 am of Taipei time, two working days prior to the first day of interest period of financial assets (shown on page 6165).

The investors of the subordinated certificates have a right over any remaining interest paid after fixed interest has been paid to the holders of the senior certificates in accordance with the principal amount. Any prepayment of principal shall be paid to the tranche in the order mentioned above. When the debtors fail to pay on schedule, the investors and Fuhwa Bank have no recourse to the other assets of Bank SinoPac. Bank SinoPac has a right over the subordinated certificates. The value of the subordinated certificates is subject to credit and interest rate risks on the transferred financial assets.

b. Sensitivity analysis

As of June 30, 2005, key economic assumptions and the sensitivity of the current fair value of residual cash flows to immediate 10 percent and 20 percent adverse changes in these assumptions were as follows:

	Enterprise Loans
Carrying amount of retained interest	\$ 1,014,300
Weight-average life (in years)	3
Discount rate of residual cash flows (annual rate)	1.282%
Impact on fair value of 10% adverse change	(121)
Impact on fair value of 20% adverse change	(247)

- c. The securitized enterprise loans had not resulted in any credit losses as of June 30, 2005; thus, the expected static pool credit losses (total amount of actual credit losses and expected credit losses divided by securitized enterprise loans) are equal to the expected credit losses. Bank SinoPac anticipated that no credit losses will come from the securitized enterprise loans since there is no case of default on those loans.

d. Cash flows

The Company had collected cash flows of \$600,000 from the securitized enterprise loans paid in advance for the six months ended June 30, 2005.

AnShin Card Services

a. Securitization nature and gain (loss)

In compliance with the Regulations for Financial Asset Securitization, AnShin Card Services entrusted credit card receivables amounting to \$4,000,000 thousand and related interests to the trustee (Land Bank of Taiwan) on January 25, 2005. The trustee issued the beneficiary certificates 2005-1 and placed to investors privately during the revolving period. The expected issuance period is from January 21, 2005 to February 20, 2009, and the maturity date is February 20, 2011.

Beneficiary certificates 2005-1 amount to \$4,000,000 thousand and are consisted of the followings:

- 1) Beneficiary certificates 2005-1A (1st tranche of senior) and 2005-1 B (2nd tranche of senior) with face amounts of \$3,680,000 thousand and \$80,000 thousand, respectively, were issued at par value. The interests are calculated on the basis of the interest payment terms stated in the trust contract.
- 2) The face amount of subordinated beneficiary certificates 2005-1C amounts to \$240,000 thousand, and it possesses the rights for the remainder after interests are paid to the investors of the 1st and 2nd tranche of senior calculating at face amount. AnShin Card Services retained the aforesaid subordinated beneficiary certificates. If the debtors default, the investors of the senior beneficiary certificates and the trustee do not have the rights of recourse to AnShin Card Services's other assets.

The retained interest ranks behind those of the investors in senior beneficiary certificates. Some factors, including credit risk, principal payment rate, and interest rate risk will influence the value of retained interest on transferred credit card receivables.

Under the issuance plan on securitized beneficiary certificates 2005-1, the trustee will purchase new credit card receivables from AnShin Card Services by using retrieved principal during the revolving period (the three years following the issue date). After the revolving period (expected periods of controlled accumulations), the trustee will distribute the repayments which were received from debtors periodically:

- a) Accrued interest of beneficiary certificates 2005-1A and 2005-1B;
- b) All principal of beneficiary certificates 2005-1A and 2005-1B;
- c) All principal of beneficiary certificates 2005-1C;
- d) The subordinated certificates.

b. Key economic assumptions used in measuring retained interests

As of June 30, 2005, the key assumptions used in measuring retained interests are as follows:

Expected principal payment rate (monthly rate)	21%
Expected weighted-average life (in years)	0.40 year
Expected credit losses (annual rate)	4.3%
Discounted rate for residual cash flows (annual rate)	2.2%

c. Sensitivity analysis

As of June 30, 2005, key economic assumptions and the sensitivity of the current fair value of residual cash flows to immediate 10% and 20% adverse changes in these assumptions are as follows:

Carrying amount of retained interests	\$ 294,418
Expected weighted-average life (in years)	0.4 year
Expected principal payment rate (monthly rate)	21%
Impact on fair value of 10% adverse change	(2,869)
Impact on fair value of 20% adverse change	(6,962)
Expected credit losses (annual rate)	4.3%
Impact on fair value of 10% adverse change	(2,711)
Impact on fair value of 20% adverse change	(6,646)

d. Cash flows

Certain cash receipts and cash payments from the securitization for the six months ended June 30, 2005 were as follows:

Proceeds from new securitizations	\$ 3,760,000
Proceeds from reinvesting in securitization of credit card receivables	3,684,351
Service revenues received	476
Other cash flow from proceeds of retained interest	165,192
Cash reserve (included in refundable guarantee deposit)	1,713

- e. Information on overdue loans, net credit losses and other unsecuritized financial assets is as follows:

	<u>June 30, 2005</u>		
	Principal of Credit Card Receivables	Accounts Receivable Due Over 60 Days	Net Credit Losses
Carrying amount	\$ 16,444,991	<u>\$ 363,708</u>	<u>\$ 474,123</u>
Securitized amount of credit card receivables	(4,000,000)		
Credit card receivables available for securitization in revolving period	<u>(204,793)</u>		
Unsecuritized balance of credit card receivables	<u>\$ 12,460,198</u>		

- f. To maintain the agreed-upon credit card receivable balances to the debt principal in the trust asset pool and protect investors' interests, as of June 30, 2005, AnShin Card Services had entrusted \$204,793 thousand, the carrying amount of credit card receivables available for securitization in the revolving period, to the trustee. AnShin Card Services has these beneficiary certificates to show that those credit card receivables included in trust property are still unsold or unsecuritized.
- g. Gains from credit card receivables securitization recognized by AnShin Card Services for the six months ended June 30, 2005 were as follows:

	For the Six Months Ended June 30, 2005
Gain on disposal of credit card receivables in the revolving period of securitization	\$ 79,239
Evaluation loss on subordinated beneficiary certificates	(28,399)
Investment income on subordinated beneficiary certificates	<u>175,736</u>
	<u>\$ 226,576</u>

14. PROPERTIES

	<u>June 30</u>	
	2005	2004
Cost	<u>\$ 12,350,553</u>	<u>\$ 12,135,874</u>
Accumulated depreciation		
Buildings	602,268	532,247
Computer equipment	1,476,086	1,209,487
Transportation equipment	70,740	70,418
Office and other equipment	<u>2,437,427</u>	<u>2,209,843</u>
	4,586,521	4,021,995
Advances on acquisitions of equipment and construction in progress	<u>462,001</u>	<u>643,701</u>
	<u>\$ 8,226,033</u>	<u>\$ 8,757,580</u>

15. OTHER ASSETS

	June 30	
	2005	2004
Guarantee deposits	\$ 6,087,788	\$ 6,918,405
Guarantee deposits received on futures contracts	5,421,710	4,392,426
Properties held for lease, net	3,803,961	2,204,104
Pledged time deposits	1,766,165	2,662,400
Intangible assets	1,721,490	1,894,564
Premium paid for option contracts	1,358,861	2,639,890
Cash surrender - officer life insurance	1,029,924	-
Long-term lease receivables	926,433	1,098,486
Collaterals assumed, net	771,977	984,204
Other	<u>1,573,967</u>	<u>1,845,704</u>
	<u>\$ 24,462,276</u>	<u>\$ 24,640,183</u>

As of June 30, 2005 and 2004, guarantee deposits amounted to \$5,306,216 and \$6,189,273, respectively, which were in the forms of government bonds, corporate bonds, certificates of deposit and bank debentures.

As of June 30, 2005 and 2004, properties held for lease amounted to \$1,165,722 and \$571,090, respectively, which were pledged to various financial institutions.

As of June 30, 2005 and 2004, guarantee deposits amounted to \$6,700 and \$7,800, respectively, which were pledged to bank as collaterals for borrowings and as part of the requirements for filing provisional seizure.

Intangible assets include (1) on August 15, 1997, Bank SinoPac acquired FENB through SinoPac Bancorp and the acquisition was accounted for using the purchase method of accounting. The assets and liabilities of FENB were revalued to reflect the estimated fair market value as of the date of acquisition. The excess of purchase price over the fair market value of the net tangible assets acquired was recorded as intangible assets, and (2) the excess of purchase price over the fair market value of AnShin Card Service when SPH acquired An-Shin Card Service.

In assessing whether the long-term equity investment with goodwill or unamortized difference between the acquisition cost and the equity was impaired, each investee is viewed as a cash generating unit and estimates the recoverable amount by investee's value in use. The key assumption to evaluate the value in use of investee was based on the net cash flows provided by operating activities in next five to ten years, which was on the assumption of going concern and the basis by using investee's net income as the basis of cash flows estimates and predicts the estimate of salvage value to calculate the discounted cash flows by using the weighted average funding cost of the investor as the discount rate.

After assessing the value in use of investees based on the foregoing key assumptions, there was no material impairment loss on the goodwill or unamortized difference between the acquisition cost and the equity in investees on June 30, 2005.

16. SHORT-TERM BORROWINGS

	June 30	
	2005	2004
Short-term borrowings	\$ 13,417,388	\$ 12,685,306
Current portion of long-term borrowings	<u>-</u>	<u>4,544,680</u>
	<u>\$ 13,417,388</u>	<u>\$ 17,229,986</u>

As of June 30, 2005 and 2004, short-term borrowings had the last maturity dates in July 2005 to June 2006 and July 2004 to May 2005 with interest rates from 1.27% to 4.33% and from 0.15% to 2.50%, respectively.

17. COMMERCIAL PAPER PAYABLE

	June 30	
	2005	2004
Commercial paper payable	\$ 11,085,500	\$ 10,202,000
Less - unamortized discount	<u>9,784</u>	<u>11,324</u>
	<u>\$ 11,075,716</u>	<u>\$ 10,190,676</u>
Maturity date	94.07-98.12	93.07-96.04
Discount rate	0.99%-2.113%	0.64%-2.02%

18. SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

As of June 30, 2005 and 2004, securities sold under agreements to repurchase were to be repurchased for \$28,113,085 and \$25,784,158 in September 2006 and September 2004, respectively.

19. WARRANT LIABILITIES, NET

	June 30	
	2005	2004
Warrant liabilities	\$ 364,697	\$ 459,000
Repurchase of warrants issued	<u>(315,330)</u>	<u>(54,624)</u>
	<u>\$ 49,367</u>	<u>\$ 404,376</u>

Details of warrant liabilities of warrants issued as of June 30, 2005 and 2004 were as follows:

June 30, 2005							
	Listing Date	Underlying Securities	Units Issued	Price at Issuance (in New Taiwan Dollars)	Amount	Strike Price (in New Taiwan Dollars)	Leverage at Issuance
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 Co., Ltd.	30,000,000	2.180	65,400	34.20	10.46
SinoPac Securities - 59	November 30, 2004	Mitac International Corp.	29,935,000	2.082	62,460	23.16	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
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	21.73	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	2.480	74,400	36.00	9.68
SinoPac Securities - 67	December 7, 2004	The Farmers Bank of China	30,000,000	1.290	38,700	17.38	8.91

(Continued)

June 30, 2005

	Listing Date	Underlying Securities	Units Issued	Price at Issuance (in New Taiwan Dollars)	Amount	Strike Price (in New Taiwan Dollars)	Leverage at Issuance
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
SinoPac Securities - 70	January 4, 2005	Far Eastern Textile Ltd.	30,000,000	2.480	74,400	37.35	48.78
SinoPac Securities - 71	January 4, 2005	Fuhwa Financial Holding Co., Ltd.	30,000,000	1.883	56,490	25.50	9.03
SinoPac Securities - 72	January 5, 2005	CMC Magnetics Corporation	30,000,000	1.736	52,080	24.45	9.39
SinoPac Securities - 73	January 5, 2005	Chunghwa Picture Tubes, Ltd.	30,000,000	1.537	46,110	21.15	9.17
SinoPac Securities - 74	January 7, 2005	Winbond Electronics Corp.	30,000,000	1.339	40,170	18.75	9.34
SinoPac Securities - 75	January 7, 2005	TATUNG Co.	30,000,000	1.240	37,200	17.62	9.48
SinoPac Securities - 76	January 10, 2005	China Man-Made Fiber Corporation	30,000,000	1.686	50,580	25.35	48.78
SinoPac Securities - 77	January 10, 2005	Hannstar Display Corp.	30,000,000	1.290	38,700	14.92	7.71
SinoPac Securities - 78	January 11, 2005	USI Corporation	30,000,000	1.091	32,730	18.06	11.82
SinoPac Securities - 79	January 11, 2005	Cheng Loong Corp.	30,000,000	0.992	29,760	17.29	10.33
SinoPac Securities - 80	January 12, 2005	Chia Hsin Cement Corporation	30,000,000	1.290	38,700	23.10	11.94
SinoPac Securities - 81	January 12, 2005	System Corporation	30,000,000	1.091	32,730	16.65	10.17
SinoPac Securities - 82	January 12, 2005	Inventec Corporation	30,000,000	1.290	38,700	20.72	12.40
SinoPac Securities - 83	January 12, 2005	China Bills Finance Corporation	30,000,000	1.091	32,730	14.03	8.46
SinoPac Securities - 84	March 3, 2005	Taiwan Fertilizer Co., Ltd.	60,000,000	0.337	20,220	45.37	10.36
SinoPac Securities - 85	March 3, 2005	BENQ Corporation	80,000,000	0.278	22,240	43.08	12.77
SinoPac Securities - 86	March 4, 2005	United Microelectronics Corp.	24,000,000	1.330	31,920	27.00	15.04
SinoPac Securities - 87	March 10, 2005	Goldsun Development & Construction Co., Ltd.	24,000,000	0.694	16,656	12.62	13.47
SinoPac Securities - 88	March 10, 2005	Premier Image Technology Corporation	60,000,000	0.367	22,020	49.68	10.03
SinoPac Securities - 89	March 16, 2005	Chi Mei Optoelectronics Corporation	80,000,000	0.377	30,160	59.40	11.67
Less: Gain on change in market value of warrant liabilities as of June 30, 2005					(1,260,069)		
Market value					<u>\$ 364,697</u>		

June 30, 2004

	Listing Date	Underlying Securities	Units Issued	Price at Issuance (in New Taiwan Dollars)	Amount	Strike Price (in New Taiwan Dollars)	Leverage at Issuance
SinoPac Securities - 24	October 3, 2003	Nan Ya Plastics Corporation	20,000,000	\$ 2.270	\$ 45,400	\$ 60.30	17.70
SinoPac Securities - 25	October 13, 2003	Far Eastern Textile Ltd.	20,000,000	1.382	27,640	21.52	10.38
SinoPac Securities - 26	October 13, 2003	Taiwan Cement Corp.	20,000,000	1.185	23,700	18.37	10.34
SinoPac Securities - 27	October 21, 2003	Yulon Motor Co., Ltd.	20,000,000	3.560	71,200	61.20	11.46
SinoPac Securities - 28	October 22, 2003	D-Link Corporation	20,000,000	3.460	69,200	46.03	9.83
SinoPac Securities - 29	October 22, 2003	Pou Chen Corporation	20,000,000	2.765	55,300	54.15	13.06
SinoPac Securities - 30	October 23, 2003	Amtran Technology Co., Ltd.	20,000,000	3.360	67,200	49.20	9.76
SinoPac Securities - 31	October 27, 2003	Chi Mei Optoelectronics Corporation	20,000,000	4.740	94,800	66.15	9.30
SinoPac Securities - 32	October 27, 2003	Siliconware Precision Industries Co., Ltd.	20,000,000	2.865	57,300	43.65	10.16
SinoPac Securities - 33	November 3, 2003	System Corporation	20,000,000	1.580	31,600	21.79	11.65
SinoPac Securities - 34	November 14, 2003	Sampo Corporation	20,000,000	1.580	31,600	24.00	10.13
SinoPac Securities - 35	November 28, 2003	Chang Hwa Commercial Bank Ltd.	20,000,000	1.333	26,660	24.15	12.08
SinoPac Securities - 36	December 22, 2003	Uni-President Enterprises Corp.	20,000,000	0.938	18,760	21.00	14.93
SinoPac Securities - 37	January 12, 2004	Mega Financial Holding Company	20,000,000	1.370	27,400	30.60	14.89
SinoPac Securities - 38	January 13, 2004	United Microelectronics Corp.	20,000,000	2.075	41,500	45.00	14.46
SinoPac Securities - 39	January 15, 2004	Compeq Manufacturing Co., Ltd.	20,000,000	2.270	45,400	28.95	8.50
SinoPac Securities - 40	February 19, 2004	Mitac International Corp.	20,000,000	1.775	35,500	23.70	8.90
SinoPac Securities - 41	February 19, 2004	Prodisc Technology Inc.	20,000,000	3.360	67,200	48.15	9.55
SinoPac Securities - 42	February 26, 2004	Chia Hsin Cement Corporation	20,000,000	2.225	44,500	32.85	9.84

(Continued)

June 30, 2004							
	Listing Date	Underlying Securities	Units Issued	Price at Issuance (in New Taiwan Dollars)	Amount	Strike Price (in New Taiwan Dollars)	Leverage at Issuance
SinoPac Securities - 43	March 1, 2004	Chi Mei Optoelectronics Corporation	20,000,000	\$ 4,540	\$ 90,800	\$ 64.50	9.47
SinoPac Securities - 44	March 24, 2004	Mega Financial Holding Company	20,000,000	1.682	33,640	34.35	13.61
SinoPac Securities - 45	March 29, 2004	United Microelectronics Corps.	20,000,000	2.375	47,500	47.85	13.43
SinoPac Securities - 46	April 26, 2004	Hua Nan Financial Holdings Co., Ltd.	20,000,000	2.820	56,400	45.50	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	34.20	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 Corp.	20,000,000	2.675	53,500	48.15	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	31.20	8.58
Less: Gain on change in market value of warrant liabilities as of June 30, 2004					(917,600)		
Market value					<u>\$ 459,000</u>		

Details of repurchase of warrants issued as of June 30, 2005 and 2004 were as follows:

	June 30			
	2005		2004	
	Units Repurchased	Amount	Units Repurchased	Amount
SinoPac Securities - 24	-	\$ -	25,000	\$ 29
SinoPac Securities - 25	-	-	7,713,000	3,721
SinoPac Securities - 26	-	-	141,000	116
SinoPac Securities - 27	-	-	110,000	151
SinoPac Securities - 28	-	-	1,899,000	989
SinoPac Securities - 29	-	-	99,000	66
SinoPac Securities - 30	-	-	85,000	215
SinoPac Securities - 31	-	-	27,000	107
SinoPac Securities - 32	-	-	382,000	755
SinoPac Securities - 33	-	-	95,000	56
SinoPac Securities - 34	-	-	130,000	118
SinoPac Securities - 35	-	-	41,000	67
SinoPac Securities - 36	-	-	97,000	176
SinoPac Securities - 37	-	-	100,000	146
SinoPac Securities - 38	-	-	93,000	179
SinoPac Securities - 39	-	-	94,000	77
SinoPac Securities - 40	-	-	99,000	188
SinoPac Securities - 41	-	-	26,000	67
SinoPac Securities - 42	-	-	43,000	59
SinoPac Securities - 43	-	-	26,000	235
SinoPac Securities - 44	-	-	226,000	338
SinoPac Securities - 45	-	-	164,000	387
SinoPac Securities - 46	-	-	13,497,000	14,148

(Continued)

	June 30			
	2005		2004	
	Units Repurchased	Amount	Units Repurchased	Amount
SinoPac Securities - 47	-	\$ -	7,585,000	\$ 5,838
SinoPac Securities - 48	-	-	9,547,000	10,419
SinoPac Securities - 49	-	-	14,622,000	8,278
SinoPac Securities - 50	-	-	234,000	231
SinoPac Securities - 51	-	-	12,664,000	14,054
SinoPac Securities - 52	-	-	10,342,000	6,673
SinoPac Securities - 57	1,529,000	54	-	-
SinoPac Securities - 58	10,823,000	372	-	-
SinoPac Securities - 59	27,888,000	78,447	-	-
SinoPac Securities - 60	24,006,000	2,813	-	-
SinoPac Securities - 61	14,249,000	319	-	-
SinoPac Securities - 62	3,663,000	214	-	-
SinoPac Securities - 63	8,998,000	242	-	-
SinoPac Securities - 64	10,940,000	557	-	-
SinoPac Securities - 65	21,509,000	1,769	-	-
SinoPac Securities - 66	22,576,000	1,877	-	-
SinoPac Securities - 67	12,002,000	900	-	-
SinoPac Securities - 68	8,423,000	294	-	-
SinoPac Securities - 69	15,373,000	441	-	-
SinoPac Securities - 70	19,798,000	1,072	-	-
SinoPac Securities - 71	19,991,000	1,209	-	-
SinoPac Securities - 72	4,311,000	412	-	-
SinoPac Securities - 73	13,902,000	482	-	-
SinoPac Securities - 74	6,738,000	367	-	-
SinoPac Securities - 75	4,370,000	179	-	-
SinoPac Securities - 76	23,130,000	2,239	-	-
SinoPac Securities - 77	4,317,000	78	-	-
SinoPac Securities - 78	10,067,000	2,337	-	-
SinoPac Securities - 79	23,022,000	2,365	-	-
SinoPac Securities - 80	7,001,000	445	-	-
SinoPac Securities - 81	4,286,000	115	-	-
SinoPac Securities - 82	5,045,000	342	-	-
SinoPac Securities - 83	19,383,000	626	-	-
SinoPac Securities - 84	40,353,000	8,115	-	-
SinoPac Securities - 85	43,143,000	3,176	-	-
SinoPac Securities - 86	6,709,000	3,436	-	-
SinoPac Securities - 87	2,831,000	320	-	-
SinoPac Securities - 88	43,607,000	3,799	-	-
SinoPac Securities - 89	59,598,000	15,216	-	-
Gain (loss) on change in market value of warrants repurchased		<u>180,701</u>		<u>(13,259)</u>
Market value		<u>\$ 315,330</u>		<u>\$ 54,624</u>

The warrants are American-type warrants, which expire within 6 to 9 months after their respective listing dates. The Company can exercise a warrant either by issuing the underlying securities or paying in cash.

The market values of warrant liabilities were calculated using their closing prices on June 30, 2005 and 2004.

Gains and losses on warrants issued for the six months ended June 30, 2005 and 2004 were \$146,462 thousand and \$687,321 thousand, respectively. Related details are as follows:

	Six Months Ended June 30	
	2005	2004
Gain on change in market value of warrant liabilities	\$ 1,061,266	\$ 754,384
Gain from exercise of warrants before maturity	496	1,610
Gain (loss) on change in market value of warrants repurchased - realized	(1,210,730)	15,361
Gain (loss) on change in market value of warrants repurchased - unrealized	<u>295,430</u>	<u>(84,034)</u>
	<u>\$ 146,462</u>	<u>\$ 687,321</u>

20. ACCOUNTS, INTERESTS AND OTHER PAYABLES

	June 30	
	2005	2004
Accounts and notes payable	\$ 9,475,965	\$ 16,993,743
Dividend payable	3,723,200	1,874,063
Short sale proceeds payable	2,017,733	1,963,825
Tax payable	1,835,316	1,901,432
Interests payable	1,605,391	1,321,196
Deposits on short sales	1,597,566	1,502,946
Notes and checks in clearing	1,585,657	1,405,490
Accrued expenses	1,492,997	1,201,938
Other	<u>1,288,216</u>	<u>2,749,386</u>
	<u>\$ 24,622,041</u>	<u>\$ 30,914,019</u>

The balances of the accounts payable as of June 30, 2005 and 2004 amounted to \$8,208,715 and \$14,891,237, respectively, representing costs of accounts receivable acquired from other parties in the factoring business.

21. DEPOSITS AND REMITTANCES

	June 30	
	2005	2004
Checking	\$ 11,089,653	\$ 10,656,912
Demand	68,883,254	78,812,542
Savings - demand	75,011,152	69,818,070
Time	141,682,177	118,527,442
Negotiable certificates of deposit	39,575,900	34,607,800
Savings - time	70,624,093	61,826,837
Inward remittances	208,899	514,736
Outward remittances	<u>159,268</u>	<u>98,943</u>
	<u>\$ 407,234,396</u>	<u>\$ 374,863,282</u>

22. BANK DEBENTURES

	<u>June 30</u>		<u>Maturity Date</u>	<u>Terms</u>
	<u>2005</u>	<u>2004</u>		
First dominant bank debenture issued in 2001	\$ 5,000,000	\$ 5,000,000	2001.12.20-2006.12.20 Principal is repayable on maturity date.	Fixed interest rate of 3.08%. Interest is paid annually.
First subordinated bank debenture issued in 2002	1,950,000	1,950,000	2002.12.23-2008.03.23 Principal is repayable on maturity date.	Floating interest rate except for the first two years fixed at 2.15%. Interest is paid semiannually.
First dominant bank debenture issued in 2003	1,000,000	1,000,000	2003.02.14-2008.02.14 Principal is repayable on maturity date.	3.65% minus 6-month LIBOR. Interest is paid semiannually.
Second dominant bank debenture issued in 2003	500,000	500,000	2003.03.19-2008.09.19 Principal is repayable on maturity date.	3.48% minus 6-month LIBOR. Interest is paid semiannually.
Third dominant bank debenture issued in 2003	1,500,000	1,500,000	2003.05.09-2008.11.09 Principal is repayable on maturity date.	4.15% minus 6-month LIBOR except for the first year fixed at 2.50%. Interest is paid semiannually.
Fourth dominant bank debenture issued in 2003	400,000	400,000	2003.05.09-2008.11.09 Principal is repayable on maturity date.	2% plus 180-day - NTD CP rate in secondary market and minus 6-month LIBOR. Interest is paid semiannually.
First subordinated bank debenture issued in 2003	2,500,000	2,500,000	2003.06.18-2008.12.18 Principal is repayable on maturity date.	180-day CP rate in secondary market plus 0.3%. Interest is paid semiannually.
Fifth dominant bank debenture issued in 2003	1,000,000	1,000,000	2003.08.11-2010.08.11 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Sixth dominant bank debenture issued in 2003	700,000	700,000	2003.08.20-2009.02.20 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Seventh dominant bank debenture issued in 2003	800,000	800,000	2003.09.16-2008.09.16 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Eighth dominant bank debenture issued in 2003	500,000	500,000	2003.09.16-2008.09.16 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Ninth dominant bank debenture issued in 2003	300,000	300,000	2003.09.22-2008.09.22 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Tenth dominant bank debenture issued in 2003	1,000,000	1,000,000	2003.11.05-2008.11.05 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Eleventh dominant bank debenture issued in 2003	1,000,000	1,000,000	2003.11.14-2008.11.14 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Twelfth dominant bank debenture issued in 2003	500,000	500,000	2003.11.21-2008.11.21 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Thirteenth dominant bank debenture issued in 2003	500,000	500,000	2003.11.28-2008.11.28 Principal is repayable on maturity date.	Floating rate except for the first year fixed at 4%. Interest is paid semiannually.
Fourteenth dominant bank debenture issued in 2003	2,200,000	2,200,000	2003.12.02-2009.06.02 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Second subordinated bank debentures issued in 2003	3,600,000	3,600,000	2004.03.18-2009.09.18 Principal is repayable on maturity date.	Fixed interest rate of 2.3%. Interest is paid semiannually.
First dominant bank debentures issued in 2004	500,000	500,000	2004.04.26-2009.10.26 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.

(Continued)

	June 30		Maturity Date	Terms
	2005	2004		
Second dominant bank debentures issued in 2004	\$ 300,000	\$ 300,000	2004.04.28-2009.10.28 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Third dominant bank debentures issued in 2004	500,000	500,000	2004.04.29-2009.04.29 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Fourth dominant bank debentures issued in 2004	200,000	200,000	2004.05.14-2009.05.14 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Fifth dominant bank debentures issued in 2004	300,000	300,000	2004.05.17-2009.05.17 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Sixth dominant bank debentures issued in 2004	500,000	500,000	2004.05.17-2009.05.17 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Seventh dominant bank debentures issued in 2004	200,000	200,000	2004.05.21-2009.05.21 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Eighth dominant bank debentures issued in 2004	500,000	500,000	2004.05.21-2011.05.21 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Ninth dominant bank debentures issued in 2004	300,000	300,000	2004.06.03-2009.06.03 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Tenth dominant bank debentures issued in 2004	500,000	500,000	2004.06.07-2009.06.07 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Eleventh dominant bank debentures issued in 2004	200,000	200,000	2004.06.15-2009.06.15 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Twelfth dominant bank debentures issued in 2004	500,000	500,000	2004.06.15-2010.06.15 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Thirteenth dominant bank debentures issued in 2004	300,000	300,000	2004.06.30-2009.06.30 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Fourteenth dominant bank debentures issued in 2004	500,000	-	2004.07.09-2010.07.09 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Fifteenth dominant bank debentures issued in 2004	500,000	-	2004.07.13-2011.07.13 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
First subordinated bank debenture issued in 2004	1,500,000	-	2004.09.14-2010.06.14 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Second subordinated bank debentures issued in 2004	500,000	-	2004.09.14-2010.06.14 Principal is repayable on maturity date.	Index rate plus 0.50%. Interest is reset semiannually since the issuance date. Interest is paid semiannually.
FENB subordinated bank debenture	316,180	337,750	2003.06.26-2013.06.26 Principal is repayable on maturity date.	Floating rate. Interest is paid quarterly.
FENB subordinated bank debenture	158,090	168,875	2003.09.17-2013.09.17 Principal is repayable on maturity date	Floating rate. Interest is paid quarterly.
	<u>\$ 33,224,270</u>	<u>\$ 30,256,625</u>		

23. EURO-CONVERTIBLE BONDS REDEEMABLE WITHIN ONE YEAR AND EURO-CONVERTIBLE BONDS PAYABLE

	<u>June 30</u>	
	<u>2005</u>	<u>2004</u>
Euro-convertible bonds redeemable within one year	\$ 2,699,609	\$ -
Add: Interest premium payable	<u>350,691</u>	<u>-</u>
	<u>\$ 3,050,300</u>	<u>\$ -</u>
Euro-convertible bonds	\$ -	\$ 7,470,662
Add: Interest premium payable	<u>-</u>	<u>670,059</u>
	<u>\$ -</u>	<u>\$ 8,140,721</u>

SPH 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 SPH: The Bonds may be redeemed in whole at their early redemption amount including principal and interest premium, at the option of SPH.

- a) Provided that after the third anniversary of the issue date, the closing prices of the common shares on the TSE, for 20 consecutive trading days, exceed 130% of the conversion price.
- b) If at least 90% in principal amount of the Bonds have already been redeemed, converted, or purchased and cancelled.
- c) In the event of certain changes in ROC taxation which oblige SPH to pay such additional amounts of the Bonds.

2) Redemption at the option of the bondholders: SPH will, at the option of any bondholder, redeem all or any portion of the Bonds at the accreted value

- a) At the third anniversary of the issue date (the “put date”) by submitting the Relevant Event Redemption Notice to SPH prior to the put date. The put rights will be expired after the put date.
- b) If the common shares of SPH cease to be listed or traded on the TSE.
- c) If there is a change in control (as defined in the Trust Deed) with respect to SPH.

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 SPH, 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". SPH 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 adjusted for several times due to stock dividends declared, employee stock option certificates and cash dividends. On May 11, 2005, the conversion price was reset at NT\$13.862 after the latest adjustment.

For the six months ended June 30, 2005, the bondholders had converted the Euro-convertible bonds with aggregate face amount of US\$121,164 thousand into 278,613,170 common shares of SPH.

According to the aforementioned offering terms, the bondholders can exercise the put right by submitting the Relevant Event Redemption Notice to SPH prior to July 12, 2005. As of the put date, US\$1,000 thousand convertible bonds had been redeemed.

24. BONDS PAYABLE

The bonds payable amounted to \$2,000,000 and \$3,013,250 as of June 30, 2005 and 2004 were 3-year - domestic bonds payable with 1.5% interest rate are unsecured. (Whose interest is paid annually and principal is repayable on maturity date.) The maturity date is on September 25, 2006.

On January 17, 2002, SinoPac Leasing and subsidiaries had issued US\$30,000,000 in three-year unsecured corporate bonds with six-month LIBOR interest rate and interest payment semiannually. All of these bonds had been redeemed on September 27, 2004.

25. LONG-TERM BORROWINGS

	<u>June 30</u>	
	<u>2005</u>	<u>2004</u>
Unsecured loans	\$ 5,203,888	\$ 2,514,487
Interest rate per annum	1.24%-3.84%	1.00%-3.85%

SinoPac Securities entered into Notes Issuance Facility (NIF) transaction with Chiao Tung Bank, Chung Hsing Bills Finance Corporation and The International Commercial Bank of China in December 2003 and February 2004. The credit line was \$1,500,000. The NIF contract took effect on the contract date. The contract period was two years. The contract required the maintenance of certain financial indicators during the term of the agreement.

SinoPac Securities had not used the line of credit as of June 30, 2005 and 2004.

AnShin Card Services applied for syndicated loans amounting \$7,300,000 thousand with the ABN AMRO Bank and other seventeen banks. During the five-year period starting from the contracted date (December 6, 2004), the credit could be used as revolving base. The other syndicated loans contract entered with the International Commercial Bank of China and other fourteen banks amounting to \$5,000,000 thousand. During the five-year period starting from the contracted date (April 26, 2002), the credit could be used as revolving base. The syndicated loans contract entered with the ABN AMRO Bank and other twelve banks amounting to \$5,000,000 thousand. During the five-year period starting from the contracted date (June 12, 2000), the credit could be used as revolving base, the contract had been expired on June 2005. All the aforementioned contracts require the ratio of the stockholders' equity (the stockholders' equity/total assets) not to fall below 8% during the effective period of the loan contracts. Also, SPH's investment in AnShin Card Services cannot be lower than 51% of the total amount of the common stocks issued, and the number of seats in the board of directors of AnShin Card Services should be more than half of the total seats.

26. 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 SFB.

As of June 30, 2005, the Company had a capital stock \$42,666,958, divided into 4,266,695,805 common shares. For the six months ended June 30, 2004, the conversion of the Euro-convertible bonds resulted in an increase of 278,613,170 common shares of the Company.

Of which, 262,475,583 shares had been registered, the capital alteration registration of the remaining shares will be proposed to SFB in September 2005.

b. Capital surplus

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

Capital surplus arising 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 \$1,152,573 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 reserve, and offering employee bonus which should not be less than 1% of the balance. The board of directors will then propose to the stockholders' meeting for appropriation of the remainder and retained earnings from previous year.

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

To pursue growth and increase profitability, the Company will retain cash for capital needs. The dividend policy is to distribute most dividends in stocks. The cash dividends will be declared only when there is an 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 May 10, 2005 and June 11, 2004, the stockholders' meeting resolved the appropriation of earnings for the year ended December 31, 2004 and 2003, respectively, as follows:

	<u>Appropriation of Earnings</u>		<u>Dividend Per Share (NT\$)</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Legal reserve	\$ 462,347	\$ 421,053		
Special reserve	398,124	55,726		
Bonus to employees - cash	37,630	18,669		
Bonus to employees - stock	-	18,669		
Remuneration to directors and supervisors	54,000	54,000		
Cash dividends	3,723,200	1,874,063	\$0.88	\$0.4995
Stock dividends	<u>-</u>	<u>1,724,138</u>	-	0.4596
	<u>\$ 4,675,301</u>	<u>\$ 4,166,318</u>		

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 (refer to Note 12).

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 certificate

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 highest 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, 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 violation 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 exercise: 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).

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

- 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.

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 2004 and 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 to NT\$10.6 and NT\$15.2, respectively.

27. TREASURY STOCK

(Shares in Thousands)

Reasons	Shares at the Beginning of Period	Shares Increase During the Period	Shares Decrease During the Period	Shares at the End of Period
<u>For the six months ended June 30, 2005</u>				
Reissuance to employees - SPH	19,649	-	-	19,649
Shares held by subsidiaries	116,565	-	-	116,565
<u>For the six months ended June 30, 2004</u>				
Reissuance to employees - SPH	-	19,649	-	19,649
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.

SPH'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 shares swap that was made to establish SPH. Under the Financial Holding Company Act, SPH'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, SPH acquired 19,649,000 shares of its outstanding stocks with \$333,972. SPH intends to reissue these stocks to its employees in the next three years at one time or in installments from May 24, 2004.

Bank SinoPac had held 256,127,108 shares of SPS (which was merged with SinoPac Securities on July 22, 2002) prior to the shares swap. Those shares had been swapped for 204,106,675 shares of SPH, together with stock dividends received, were presented as securities purchased in Bank SinoPac's book, while the Company treated such 226,495,430 shares as treasury stock. To deal with SPH's shares held by Bank SinoPac, the Board of SPH resolved to sell these shares, a total of 144,361,929 shares, through the securities exchange market. In doing so, Bank SinoPac sold 109,929,965 shares on the securities exchange market in 2004. As of June 30, 2005 and 2004, Bank SinoPac had held 116,565,240 and 216,542,894 shares of SPH, with carrying value of \$1,490,918 and \$2,896,922 (included in securities purchased), respectively. Pursuant to the generally accepted accounting principles in the ROC, SPH had reclassified securities purchased mentioned above to treasury stock. As of June 30, 2005 and 2004, the market value, which were using average closing price of June 2005 and 2004 for valuation, of the aforementioned stocks were \$1,866,209 and \$3,478,357, respectively.

Under the Financial Holding Company Act, the treasury stock held by Bank SinoPac (i) may be reissued to the employees of SinoPac Holdings or SinoPac Holdings' subsidiaries within three years, (ii) may be used for equity conversion, or (iii) may be sold on a stock exchange or over-the-counter securities exchange. If these shares are not timely reissued or sold, they should be canceled, resulting in a decrease in the Company's capital stock. In addition, this decrease should be registered with the authorities.

Bank SinoPac proposed the cancellation of those common shares to the authorities according to regulation of the above Act on July 4, 2005. According to the directives of Accounting Research and Development Foundation, since Bank SinoPac did not receive any proceeds from SPH for such cancelled shares, while SPH followed the regulation to cancel and decrease its capital stock, Bank SinoPac had to reduce its capital based on the capital decrease ration, on which the capital stock Bank SinoPac decided to decrease amounted to \$1,135,324. The date for capital decreasing will be announced by the chairperson of the Company after getting approval from the authorities.

28. SERVICE FEES

	For the Six Months Ended June 30	
	2005	2004
Brokerage	\$ 1,260,350	\$ 2,324,399
Credit card services	369,061	176,624
Loan documentation fee	174,485	164,920
Mutual funds	154,328	219,360
Factoring and financing	145,607	184,670
Underwriting	79,127	89,329
Import and export	64,939	65,327
Custody	63,546	85,489
Installments	48,103	33,230
Foreign bonds certificate and referral fees	45,146	236,980
Investment products	39,800	46,472
Other	<u>367,573</u>	<u>588,089</u>
	<u>\$ 2,812,065</u>	<u>\$ 4,214,889</u>

29. INCOME FROM SECURITIES, NET

	For the Six Months Ended June 30	
	2005	2004
Short-term bills		
Interest revenue	\$ 379,078	\$ 827,426
Capital gain, net	<u>3,072</u>	<u>5,461</u>
	<u>382,150</u>	<u>832,887</u>
Bonds		
Capital gain, net	155,569	459,825
Interest revenue	<u>32,662</u>	<u>15,434</u>
	<u>188,231</u>	<u>475,259</u>
Mutual funds beneficiary certificates		
Capital gain, net	25,593	1,955
Dividend income	<u>459</u>	<u>485</u>
	<u>26,052</u>	<u>2,440</u>
Stock		
Capital gain, net	561,705	602,784
Dividends income	<u>8,381</u>	<u>108,163</u>
	<u>570,086</u>	<u>710,947</u>

(Continued)

	For the Six Months Ended June 30	
	2005	2004
Warrants		
Capital gain (loss), net	\$ (14,069)	\$ (564,958)
Other		
Capital gain, net	261	15,396
	1,152,711	1,471,971
Reversal (provision) of allowance for decline in market value	57,266	(591,417)
	<u>\$ 1,209,977</u>	<u>\$ 880,554</u>

30. OPERATING AND ADMINISTRATIVE EXPENSES

	For the Six Months Ended June 30	
	2005	2004
Personnel expenses		
Salaries and wages	\$ 2,853,430	\$ 2,884,592
Labor insurance and national health insurance	148,011	138,278
Pension	137,188	125,086
Other personnel expenses	44,674	52,049
Depreciation	368,140	430,132
Amortization	211,143	169,557

31. CUSTOMER'S COLLATERAL SECURITIES AND STOCK LOANS

	June 30			
	2005		2004	
	Shares in Thousands	Market Value	Shares in Thousands	Market Value
Collateral securities	968,567	\$ 19,478,553	1,208,059	\$ 25,144,478
Stock loans	100,395	2,053,218	80,916	1,986,532
Refinancing stock loans	217	4,926	10	770

The market values were based on the closing prices on the last trading days in June 2005 and 2004.

32. PENSION

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

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

SinoPac Leasing has a pension plan covering all regular employees. Benefits under the plan are based on length of service and average gross salary of the six months before retirement. SinoPac Leasing makes monthly contribution, equal to 7% of employee salaries, to the pension fund.

FENB has a pension plan for regular employees who have been employed for at least one year. Under this plan, employees may contribute up to 15% of their annual salary with FENB matching up to 3% of the employee's contribution.

SinoPac Securities, SinoPac Futures, SinoPac Capital Management Corporation and SinoPac Managed Futures Co., Ltd. have defined benefit pension and severance plans for all its regular employees. The investees of SinoPac Securities - SinoPac Securities (Asia) Ltd., SinoPac Securities (Europe) Ltd. and SinoPac Asset Management (Asia) Ltd. have defined contribution pension plan for its employees.

SinoPac Securities has pension and severance plans covering all regular employees. Employees are entitled to receive retirement benefits: (i) those who have served either 25 years or over 15 years and are 55 years old; and (ii) those hired on or before May 19, 1997 and with more than 20 service years. In addition, employees hired on or before March 15, 1996 and have served at least five years are eligible to receive severance benefits. The pension and severance benefits are based on the average year's salary or wage before retirement or termination. SinoPac Securities makes monthly contributions, equal to 6% of basic salaries and wages (net of bonuses and benefits), to a pension fund. The Fund is administered by the employee's pension plan supervisors committee and deposited in the committee's name. An employees pension plan supervisors committee administers fund.

SinoPac Futures, SinoPac Capital Management Corporation and SinoPac Managed Futures Co., Ltd. have pension plans for all its regular employees. The pension benefits are based on the average six months' salary before retirement. SinoPac Futures, SinoPac Capital Management Corporation and SinoPac Managed Futures Co., Ltd. appropriates fund based on fixed percentage of salary to the pension fund supervision committee, which deposits the fund to the Central Trust Corporation on the committee's behalf.

AnShin Card Services has set up a defined benefit retirement plan covering all regular employees. Pursuant to this plan, employees are eligible for retirement or are required to retire after meeting certain age or service requirements. The retirement benefits are based on number of years of service rendered and the last six months' average salary before retirement. Each employee will earn two months' salary for each of the first fifteen years of service, and one month's salary for each service year from the sixteenth year onwards. The maximum is forty-five months of salary.

In accordance with the Labor Standards Law, AnShin Card Services contributes 2% of salaries to a pension fund maintained with the Central Trust of China on a monthly basis. Retirement benefits are paid firstly from the pension fund.

a. The changes in the pension fund were summarized below:

	For the Six Months Ended	
	June 30	
	2005	2004
Balance, January 1	\$ 1,838,640	\$ 1,551,852
Contributions	160,743	158,600
Benefits paid	(36,948)	(31,163)
Interest income	<u>25,023</u>	<u>20,539</u>
Balance, June 30	<u>\$ 1,987,458</u>	<u>\$ 1,699,828</u>

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

For the Six Months Ended June 30, 2005								
	SPH	Bank SinoPac	SinoPac Leasing	SinoPac Securities	SinoPac Futures	SinoPac Managed Futures	SinoPac Capital Management	AnShin Card Services
Balance, January 1	\$ 14,365	\$ 121,606	\$ 5,201	\$ (223,147)	\$ 3,795	\$ 83	\$ -	\$ 14,633
Provision	4,427	79,458	1,177	32,103	978	-	145	5,118
Contributions	(784)	(75,997)	(1,150)	(35,573)	(896)	-	(120)	(2,794)
Benefit paid	(2,276)	-	(3,547)	-	-	-	-	-
Balance, June 30	<u>\$ 15,732</u>	<u>\$ 125,067</u>	<u>\$ 1,681</u>	<u>\$ (226,617)</u>	<u>\$ 3,877</u>	<u>\$ 83</u>	<u>\$ 25</u>	<u>\$ 16,957</u>
For the Six Months Ended June 30, 2004								
	SPH	Bank SinoPac	SinoPac Leasing	SinoPac Securities	SinoPac Futures	SinoPac Managed Futures	SinoPac Capital Management	AnShin Card Services
Balance, January 1	\$ 8,601	\$ 101,478	\$ 1,721	\$ (199,362)	\$ 1,664	\$ -	\$ -	\$ 11,563
Provision	3,728	75,609	1,527	26,615	488	-	-	4,446
Contributions	(849)	(71,142)	(1,498)	(40,410)	(348)	-	-	(2,886)
	-	-	-	-	-	-	-	(1)
Balance, June 30	<u>\$ 11,480</u>	<u>\$ 105,945</u>	<u>\$ 1,750</u>	<u>\$ (213,157)</u>	<u>\$ 1,804</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,122</u>

The Labor Pension Act takes effect on July 1, 2005. A defined contribution pension plan was stipulated by this Act. The employees could choose the pension mechanism either under the Labor Standard Law or under this Act. For those employees who were subject to the Labor Standard Law prior to the enforcement of this Act and still work for the same business entity after the enforcement of this Act, if they choose to be subject to the pension mechanism under this Act, their seniority prior to the enforcement of this Act shall be maintained. The rate of contribution by an employer to the Labor Pension Fund per month shall not be less than 6% of the employee's monthly wages.

For the six months ended June 30, 2005 and 2004, pension expenses (including Bank SinoPac's overseas branches and SinoPac Securities' overseas subsidiaries) amounted to \$137,188 and \$125,086, respectively.

33. INCOME TAX

Under Article 49 of the Financial Holding Company Law, 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.

SPH adopted the linked-tax system for income tax and unappropriated earnings tax filings with its qualified subsidiaries, including Bank SinoPac, SinoPac Securities and SinoPac Call Center Co., Ltd. (collectively, the Group) since 2003. In 2004, SPH intended to adopt the linked-tax system for income tax filings with all its qualified subsidiaries.

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

	For the Six Months Ended June 30	
	2005	2004
Current income tax payable	\$ 717,405	\$ 1,073,044
Changes in deferred income taxes	33,552	(42,413)
Separation taxes on short-term bills interest revenue	89,721	148,697
Prior year's adjustment	11,798	(115,321)
Foreign income taxes payable or over limitation	2,043	21,872
Tax on unappropriated earnings (10%)	30,479	1,382
Effect upon adoption of the linked-tax system	<u>(21,353)</u>	<u>(68,105)</u>
Income tax	<u>\$ 863,645</u>	<u>\$ 1,019,156</u>

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

- b. Reconciliations of tax on pretax income at statutory rate and current income tax payable:

	For the Six Months Ended June 30	
	2005	2004
Tax on pretax income at statutory rate	\$ 1,392,257	\$ 2,003,572
Add (deduct) tax effects of:		
Tax-exempt loss (income)	(108,638)	8,947
Permanent difference	(530,213)	(1,065,723)
Temporary difference	(32,818)	155,258
Investment tax credit	(1,130)	(25,069)
Loss carryforward	(2,046)	(3,939)
Other	<u>(7)</u>	<u>(2)</u>
Currently income tax payable	<u>\$ 717,405</u>	<u>\$ 1,073,044</u>

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

	For the Six Months Ended June 30	
	2005	2004
Provision for credit and trading losses	\$ 338,443	\$ 347,891
Loss carryforward	255,262	347,370
Investment income under the equity method	(881,632)	(758,642)
Deferred loan fees	(166,013)	(169,093)
Goodwill amortization	(47,665)	(57,675)
Allowance for bad debts beyond limits	43,190	27,696
Deferred pension cost	(10,859)	(37,611)
Premium from issuance of warrants	(322,774)	(106,420)
Effect upon adoption of the linked-tax system	(45,030)	-
Unrealized foreign exchange loss	150,085	57,415
Other	<u>(41,096)</u>	<u>(116,016)</u>
Deferred income tax liabilities, net	<u>\$ (728,089)</u>	<u>\$ (465,085)</u>

d. Imputed tax credit information is as follows:

	June 30	
	2005	2004
<u>Balances of ICA</u>		
SPH	\$ 563	\$ 4,846
Bank SinoPac	14,474	343,248
SinoPac Securities	16,533	138,602
SinoPac Life Insurance Agent	4,104	25,991
SinoPac Property Insurance Agent	-	461
AnShin Card Services	18,064	-
SinoPac Venture Capital	4,140	428
SinoPac Securities Investment Trust	13,072	12,112
SinoPac Futures	31,105	9,488
SinoPac Leasing	3	3
Wall Tech International	1,181	1,091
Telexpress	1,673	1,492
SinoPac Capital Management	5,271	5,257
	2004	2003
<u>The actual creditable tax ratios for earnings</u>		
SPH	15.89%	8.11%
Bank SinoPac	4.9957%	13.0084%
SinoPac Securities	4.29%	4.34%
SinoPac Life Insurance Agent	33.44%	33.51%
SinoPac Property Insurance Agent	8.29%	33.33%
SinoPac Venture Capital	-	33.33%
SinoPac Securities Investment Trust	-	33.33%
SinoPac Futures	22.10%	37.09%
SinoPac Leasing	0.0175%	0.11%

All of the unappropriated retained earnings for the aforesaid companies as of June 30, 2005 and 2004 did not consist of earnings which were generated before January 1, 1998.

In addition, SinoPac Capital Management, Wall Tech International and Telexpress have no distributable earnings in 2004 and 2003 due to the deficit and creditable tax ratios were not applied.

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

- e. As of June 30, 2005, income tax returns of SPH by the period from May 9, 2002 to December 31, 2002 had been examined by the tax authorities.
- f. For Bank SinoPac, income tax returns through 2001, except those for 1996, had been examined by the tax authorities. On the income tax returns for the aforementioned years, the tax authorities denied the creditability of 10% withholding tax on interest income on bonds pertaining to the period when those bonds were held by other investors. The Bank appealed the decision of the tax authorities. Nevertheless, on the basis of conservative principles, in 2001, the Bank recognized \$111,209 as part of income tax expenses to reflect accrued liabilities and any assets written off in relation to the foregoing withholding taxes.

In January 2004, Bank SinoPac reached an agreement with the Taipei National Tax Administration (TNTA) on the above appealing cases, in which TNTA would refund 65% of the withholding tax denied on the interest income on bonds to Bank SinoPac. Consequently, Bank SinoPac accrued 35% of the withholding tax denied on the interest income on bonds as income tax expenses for 2003 and 2002, which were not refunded by tax authorities. Bank SinoPac reversed the accrued income tax expenses on interest income on bonds amounting to \$74,022.

- g. For SinoPac Securities, the income tax returns through 2002, excluding 2001, had been examined by the tax authorities. The tax authorities disallowed deduction against the SinoPac Securities' income tax obligations from 1994 to 2000 and 2002 on items such as operating expenses and interest expenses on dealing department and assessment of warrants. SinoPac Securities had filed an appeal for reconsideration of the assessments for the income tax returns from 1994 to 2000 and 2002. However, SinoPac Securities accrued probable amounts assessed by the tax authorities as additional income tax expenses and income tax payable.

The income tax returns of SPS through 2002 had been examined by the tax authorities. The tax authorities disallowed deduction against of SPS income tax obligations for 2002 on assessment of warrants. SinoPac Securities filed an appeal for reconsideration of the assessments. SinoPac Securities, however, accrued all amounts assessed by the tax authorities as additional income tax expense and income tax payable.

- h. The income tax returns of SinoPac Futures through 2002 had been examined by the tax authorities.
- i. The income tax returns of SinoPac Asset Management through 2002 had been examined by the tax authorities. The income tax filings of NITC Asset Management, which was merged into SinoPac Asset Management, had been examined through 2001 by the tax authorities, excluding the 2000 unappropriated earnings tax.
- j. For AnShin Card Services, the income tax returns through 2002 had been examined by the tax authorities. According to the ROC Income Tax Law, assessed losses can be carried forward the following five years and used to reduce taxable income. As of June 30, 2005, AnShin Card Services' loss carryforward were as follows:

Year Occurred	Expiration Year	Amount
2001 (examined)	2006	\$ 314,909
2002 (examined)	2007	<u>514,371</u>
		<u>\$ 829,280</u>

- k. For SinoPac Life Insurance Agent, SinoPac Property Insurance Agent and SinoPac Securities Investment Trust, the income tax returns had been both examined by the tax authorities through 2002.
- l. The 2003 income tax filing of SinoPac Venture has not been examined by the tax authorities yet.

34. EARNINGS PER SHARE

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

	<u>Numerator (Amounts)</u>		<u>Denominator (Shares in Thousands)</u>	<u>EPS (NT\$)</u>	
	<u>Pretax</u>	<u>After Tax</u>		<u>Pretax</u>	<u>After Tax</u>
For the six months ended <u>June 30, 2005</u>					
Basic EPS - belong to parent company	\$ 2,722,325	\$ 1,858,680	4,043,843	<u>\$ 0.67</u>	<u>\$ 0.46</u>
Influence on diluted common shares:					
Employee stock option certificates	-	-	71,637		
Euro-convertible bonds	<u>90,293</u>	<u>90,293</u>	<u>279,764</u>		
Diluted EPS	<u>\$ 2,812,618</u>	<u>\$ 1,948,973</u>	<u>4,395,244</u>	<u>\$ 0.64</u>	<u>\$ 0.44</u>
For the six months ended <u>June 30, 2004</u>					
Basic EPS - belong to parent company	\$ 3,997,496	\$ 2,978,340	3,703,455	<u>\$ 1.08</u>	<u>\$ 0.80</u>
Influence on diluted common shares:					
Employee stock option certificates	-	-	57,032		
Euro-convertible bonds	<u>194,387</u>	<u>194,387</u>	<u>496,753</u>		
Diluted EPS	<u>\$ 4,191,883</u>	<u>\$ 3,172,727</u>	<u>4,257,240</u>	<u>\$ 0.98</u>	<u>\$ 0.75</u>

35. RELATED-PARTY TRANSACTIONS

Relationships with the Company and significant transactions between the Company and related parties were summarized as follows:

<u>Name</u>	<u>Relationship with the Company</u>
SinoPac Marketing Consulting Co., Ltd. (SinoPac Marketing Consulting)	Subsidiary
SinoPac Asset Management International (SinoPac Asset Management)	Subsidiary
SinoPac Call Center Co., Ltd. (SinoPac Call Center)	Subsidiary
Hong Yue Investment Co., Ltd. (Hong Yue Investment)	Supervisor of SPH (the supervisor had been relieved on May 2005)
China Television Co., Ltd. (China Television)	Bank SinoPac is a director of the Company (the director had been relieved on November 2004)
Fortune Investment Co., Ltd. (Fortune Investment)	The director of Bank SinoPac
Ruentex Development Co., Ltd. (Ruentex Development)	Related party in substance of Bank SinoPac
National Electric Appliance Co., Ltd. (National Electric Appliance)	Same chairman (the chairperson had been relieved on May 2005)
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 SPH Holdings but with no significant transactions with SPH (please see Table 6).

a. Credit extended and deposits taken and placed

	<u>June 30, 2005</u>		<u>For the</u>
	<u>Amount</u>	<u>% of Account Balance</u>	<u>Six Months Ended June 30, 2005</u>
			<u>Interest Rate (%)</u>
Loans and discounts	\$ 173,371	0.06%	1.35%-12.60%
Deposits	1,923,507	0.47%	0%-7%
	<u>June 30, 2004</u>		<u>For the Three</u>
	<u>Amount</u>	<u>% of Account Balance</u>	<u>Months Ended June 30, 2004</u>
			<u>Interest Rate (%)</u>
Loans and discounts	\$ 366,245	0.12%	1.31%-12.30%
Deposits	2,754,032	0.73%	0%-6.475%

b. Lease

1) As a lessee

SPH leased certain office premises from National Electric Appliance for a period from May 2002 to December 2005. However, both parties agreed to terminate the contract on June 1, 2005. Rentals were paid annually at the beginning of each year. Rentals paid for the six months ended June 30, 2005 and 2004 were \$796 and \$1,132, respectively. Prepaid rental as of June 30, 2004 were \$1,919.

SPH 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. Rentals paid for the six months ended June 30, 2005 and 2004 were \$1,469 and \$1,762, respectively.

Bank SinoPac leased certain office premises from China Television and Ruentex Development with rentals paid monthly. Rentals paid to the aforementioned related parties for the six months ended June 30, 2005 and 2004 were \$6,823 and \$6,767, respectively.

SinoPac Securities leased office premises from National Electric Appliance and Hong Yue Investment Co., Ltd. The rental contract of Po-Ai Building with National Electric Appliance lasts for 5 years ending May 2007, with annual rent of \$7,623 thousand for the first year, subject to a yearly adjustment based on the consumer price index. To expand the leased area, there was an additional contract which lasts for 3 years ending March 2006. the annual rent of the additional contract was \$1,373 thousand for the first year, subject to a yearly adjustment base on the consumer price index. SinoPac Securities also leased Wu-Tsans Building with National Electric Appliance for 1 year ending September 2005 with annual rent of \$840 thousand. The rental contract with Hong Yue Investment lasts for 5 years ending July 2008. The annual rent amounted to \$8,252 thousand together with lease deposit of \$2,708 thousand. The annual rent will adjust to market price yearly. Rentals paid to the aforementioned related parties by SinoPac Securities for the six months ended June 30, 2005 and 2004 were \$8,938 and \$8,758, respectively.

2) As a lessor

Bank SinoPac leased certain office premises to SinoPac Marketing Consulting, SinoPac Call Center for periods ending in May 2007 and October 2006, respectively, with rentals received monthly. Rentals received for the six months ended June 30, 2005 and 2004 were \$2,233 and \$2,409, respectively.

c. Guarantees and securities purchased

Guarantees and credits on Fortune Investment were collateralized by the following assets provided by Fortune Investment.

	<u>June 30</u>			
	<u>2005</u>		<u>2004</u>	
Properties - book value	\$	43,400	\$	40,064
Stock - market value		8,813		8,678

d. Professional service fees and advisory charges

Bank SinoPac had entered into several professional advisory contracts with its investees. The professional advisory charges paid for the six months ended June 30, 2005 and 2004 amounted to \$46,948 and \$37,757, respectively.

SinoPac Securities had entered into a contract with SinoPac Call Center for outsourcing customer call services. The contract lasts for one year starting January 2005 and the consulting fees were paid monthly in accordance with services actually provided. In addition, SinoPac Securities had entered into one-year consulting contracts starting February 2003 with SinoPac Asset Management, with total contract amounts of \$2,400, and the advisory fees were paid quarterly.

SinoPac Securities had offered brokerage and underwriting services (stock affairs agent fees) to its affiliates. The commissions and fees received for the six months ended June 30, 2005 and 2004 amounted to \$3,069 and \$6,656, respectively.

AnShin Card Services entered into a contract with SinoPac Call Center for customer call and data processing services since June 2003. For the six months ended June 30, 2005 and 2004, the professional service charges paid was \$61,201 and \$36,732, respectively, of which \$9,854 and \$14,422, remained unpaid as of June 30, 2005 and 2004, respectively.

AnShin Card Services retained SinoPac Marketing Consulting to provide credit card distribution services. For the six months ended June 30, 2005, the distribution channel expenses was \$14.

SinoPac Futures received guarantee deposits and margins from its related parties on futures contract. The deposits are placed within a bank. The amounts for "accounts receivable futures guarantee deposits" included in other assets and "customers' equity accounts-futures" included in other liabilities as of June 30, 2005 and 2004 were \$1,133,367 and \$1,208,933, respectively.

e. Due from/to affiliates

For SPH, the receivables, as of June 30, 2005, resulting from the linked-tax system to its subsidiaries was \$1,616. As of June 30, 2005, the payables resulting from the linked-tax system to its subsidiary was \$5,489.

f. Short-term bonds transactions

Short-term bonds sold under agreements to repurchase transactions between Bank SinoPac and related parties for the six months ended June 30, 2005 and 2004 were as follows:

	<u>Face Amount</u>				<u>Cost</u>			
	<u>June 30</u>		<u>June 30</u>		<u>June 30</u>		<u>June 30</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Bonds sold under agreements to repurchase	\$	1,000	\$	71,000	\$	1,013	\$	70,833

Short-term bonds sold under agreements to repurchase transactions between SinoPac Securities and related parties for the six months ended June 30, 2005 and 2004 were as follows:

	<u>Balance as of June 30</u>		Interest Expense for the Six Months Ended June 30
	Face Amount	Cost	
<u>2005</u>			
Hong Yue Investment	\$ 6,500	\$ 7,000	\$ 20
National Electric Appliance	-	-	24
	<u>\$ 6,500</u>	<u>\$ 7,000</u>	<u>\$ 44</u>
<u>2004</u>			
National Electric Appliance	<u>\$ 3,500</u>	<u>\$ 3,609</u>	<u>\$ 45</u>

For transactions between the Company and related parties, the terms are similar to those transacted with unrelated parties except for the preferential interest rates offered to employees for saving and loans up to prescribed limits.

Under the Banking Law, except for government and consumer loans, credit 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.

36. PLEDGED OR MORTGAGED ASSETS

Assets pledged to financial institutions as guarantees for commercial paper issued, short-term and long-term borrowings and bank overdraft, and to the tax authorities as guarantees on petitions for tax reassessment filed by SinoPac Securities as its subsidiaries as of June 30, 2005 and 2004, are summarized as follows:

	<u>June 30</u>	
	2005	2004
Pledged time deposits - current	\$ 1,791,165	\$ 2,512,400
Pledged time deposits - noncurrent	-	150,000
Properties, net	590,687	593,358
Properties held for lease, net	<u>279,644</u>	<u>281,969</u>
	<u>\$ 2,661,496</u>	<u>\$ 3,537,727</u>

As of June 30, 2005, AnShin Card Service had placed cash, time deposits and bond amounting to \$124,490, \$44,490 and \$80,000, respectively, and as of the June 30, 2004, AnShin Card Service had placed cash, time deposits and bond amounting to \$87,040, \$7,030 and \$80,000, respectively, as refundable deposits for merchant payment in accordance with the Rules Governing Deposits with National Credit Card Center for merchant payment.

37. CONTINGENCIES AND COMMITMENTS

Contingencies and commitments of the Company, in addition to financial instruments disclosed in Note 44, are summarized as follows:

a. Lease contracts

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

Year	Amount
July 1 to December 31, 2005	\$ 313,277
2006	530,500
2007	412,312
2008	299,254
2009	230,647

Rentals for the years beyond 2009 amount to \$1,415,292, the present value of which is about \$1,152,903, as discounted at the one-year time deposit rate in either Bank SinoPac of 1.69% or FENB of 3.40%.

b. Equipment purchase contracts

Bank SinoPac has entered into contracts to purchase computer hardware and software for \$194,198, of which \$70,002 has been paid as of June 30, 2005.

SinoPac Securities Investment Trust has entered into contracts to purchase computer software for \$6,000 of which \$4,500 had already been paid as of June 30, 2005.

c. Interior decoration contract

SPH had entered into interior decoration contracts for \$33,728, of which \$7,860 had already been paid as of June 30, 2005.

Bank SinoPac had entered into interior decoration contracts for \$397,459, of which \$218,648 had already been paid as of June 30, 2005.

d. Securities were sold by the Company under agreements to repurchase at \$28,116,085 between July 2005 and September 2006.

e. Securities were purchased by the Company under agreements to resell at \$30,401,121 by January 2006.

f. 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. As of June 29, 2005, the SFIPC filed additional lawsuit against Bank SinoPac, SPL and all other parties related to Procomp Informatics Ltd. Case for compensation in the amount of \$5,824,779. As a matter of fact, Bank SinoPac was authorized to engage in financing activities and did not help Procomp Informatics Ltd. to window dress the financial statements. According to Bank SinoPac attorney's opinion, the claims from SFIPC is without sufficient reason and Bank SinoPac does not need to compensate the investors for the damage.

- g. 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 (the Corporation was 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 advise CYF on matters related to the IPO.
- h. Mr. Chang sued SinoPac Securities and its two former employees, Mr. Lin and Mr. Huang, for embezzlement. Mr. Chang claimed from SinoPac Securities incidentally for damages of \$32,215 plus 5% interest. After the second instance on June 30, 2004, the district court judged that SinoPac Securities should assume the related liability to pay compensation of \$28,828 plus 5% interest. 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 the 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 thousand, recorded as other payables in the financial statements.
- i. 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, recorded as other payables in the financial statements.
- j. AnShin Card Services applied for syndicated loans, which require the ratio of the stockholders' equity (the stockholders' equity/total assets) not to fall below 8% during the effective period of the loan contracts. Also, SPH's investment in AnShin Card Services cannot be lower than 51% of the total amount of the common stocks issued, and the number of seats in the board of directors of AnShin Card Services should be more than half of the total seats (please see Note 25).
- k. Significant contingencies and commitments of subsidiaries

1) 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
July 1 to December 31, 2005	\$ 1,111
2006	1,991
2007	749

2) SinoPac Asset Management International

SinoPac Asset Management International leased certain office premises for the period until June 30, 2009, with rentals paid quarterly. Rentals for the future are as follows:

Year	Amount
July 1 to June 30, 2005	\$ 373
2006	745
2007	745
2008	745
2009	373

3) SinoPac Call Center

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

Year	Amount
July 1 to December 31, 2005	\$ 1,364
2006	1,080

b) Equipment purchase contracts

SinoPac Call Center had entered into contracts to buy computer hardware and software for \$7,532, of which \$1,714 has been paid as of June 30, 2005.

38. SALES OF ACCOUNTS RECEIVABLE

AnShin Card Services entered into a revolving agreement with ABN AMRO Bank in April 2003, and sold its credit card receivables to ABN AMRO Bank on a revolving basis within three years. According to the agreement, ABN AMRO Bank withheld 15 percent of credit card receivables that AnShin Card Services sold. AnShin Card Services revolved to sell the credit card receivables by the card members every month at an aggregate amount equivalent to the reimbursed amount. AnShin Card Services settled these accounts with ABN AMRO Bank on a monthly basis and regarded as accounts receivable at an amount equal to the previous month's withheld amount after deducting the difference between proceeds from sale of accounts receivable and related carrying values.

According to the agreement, AnShin Card Services had provided current reserve totaling \$88,210 and \$107,700 as reserve for the sales of accounts receivables as of June 30, 2005 and 2004. In addition, AnShin Card Services promised that all sold accounts receivable conformed to agreed terms (qualified terms) and such accounts receivables maintained at certain level of quality (such as restrictions on ratios of allowance for bad debts and overdue loans).

As of June 30, 2005 and 2004, the aggregate amount of credit card receivables sold amounted to \$1,062,054 and \$1,122,875 and the loss on sale of credit card receivables amounted to \$77,719 and \$53,041 for the six months ended June 30, 2005 and 2004.

AnShin Card Services also entered into accounts management and collection services agreements with ABN AMRO Bank. Accordingly, Anshin Card Services collected the sold credit card receivables on behalf of ABN AMRO Bank, and then paid to ABN AMRO Bank. AnShin Card Services charged and received the commission fees for collection on a monthly basis. The service revenue and the service cost were expected to be equal and thereby neither related service assets nor liabilities were recognized by AnShin Card Services. The accounts management and collection services income for the six months ended June 30, 2005 and 2004, both amounted to \$571. The collections payable to ABN AMRO Bank (recognized as other current liability) were \$59,433, as of June 30, 2004.

The related cash flows generated from sales of accounts receivable for the six months ended June 30, 2005 and 2004 were as follows:

	June 30	
	2005	2004
Initial sale of accounts receivable in this period - carrying value	\$ -	\$ 2,354,000
Accumulated amounts of recurring sale of accounts receivable in this period - carrying value	10,102,900	10,732,943
Add: Receivable from sale of accounts receivable, beginning of the period	1,109,253	766,757
Less: Receivable from sale of accounts receivable, end of the period	(1,062,054)	(1,122,875)
Loss on sale of accounts receivable	<u>(77,719)</u>	<u>(53,041)</u>
Proceeds from sale of accounts receivable	<u>\$ 10,072,380</u>	<u>\$ 12,677,784</u>
Management and collection services charges received	<u>\$ 571</u>	<u>\$ 571</u>

39. 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 June 30, 2005 and 2004, consolidated CARs of SPH were 136% and 109%, respectively.

The Banking Law and related regulations require a bank to maintain a CAR of at least 8%. If a bank's CAR falls below 8%, the authorities may impose certain restrictions on the cash dividends that the bank can declare or, in certain conditions, prohibit it from declaring any cash dividend. As of June 30, 2005 and 2004, Bank SinoPac's standalone CARs were 11.63% and 11.13%, respectively, and the consolidated CARs were 10.58% and 10.10%, 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 June 30, 2005 and 2004, SinoPac Securities' CARs were 381% and 362%, respectively.

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

a. The dealing of futures

SinoPac Securities and its subsidiaries SinoPac Futures and SinoPac Asia Limited 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 re-evaluated 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 and its subsidiaries should either deposit additional margin or make a presettlement to recognize the loss.

For SinoPac Securities Dealing department, SinoPac Futures and SinoPac Asia Limited, there were 476 and 124 futures contracts outstanding as of June 30, 2005 and 2004, respectively; and 12,105 and 933 options contracts outstanding as of June 30, 2005 and 2004, respectively. Guarantee deposits paid amounted to \$659,256 and \$515,332 as of June 30, 2005 and 2004, respectively.

b. The brokerage of futures

Customers pay margin deposits on the starting dates of futures transactions, which SinoPac Futures Corporation pays on their behalf. They also pay margin deposits for short options contracts. Customers gain or loss a lot on the leverage resulting from the margin deposits. To protect SinoPac Futures Corporation's from harm arising from customers' huge losses, the margin accounts of customers' are re-evaluated daily on the basis of the market prices of the outstanding futures and options contracts. SinoPac Futures Corporation will inform customers immediately to put in additional margin deposits when their margin accounts fall below an agreed level (the "maintenance margin"). If the customers fail to do so, SinoPac Futures Corporation closes out their position by selling the contracts.

As of June 30, 2005 and 2004, the outstanding future and options held by customers of SinoPac Futures Corporation were as follows:

	June 30	
	2005	2004
Futures - carrying value	\$ 5,885,128	\$ 2,526,966
- unrealized gain on open contracts	1,905	54,241
Options - market value of long options	26,899	43,471
- market value of short options	28,706	123,689
Customer margin account	5,421,710	4,392,426

c. Provisions of the Rules Governing Futures Commission Merchants

As of June 30, 2005 and 2004, 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	
		June 30	
		2005	2004
1) $\frac{\text{Equities}}{\text{Total liabilities deducted futures client equity, futures trading loss reserve and default reserve}}$	≥ 1	11.18	13.58

(Continued)

	Calculation Formula	Benchmark	Financial Ratios	
			June 30	
			2005	2004
2)	$\frac{\text{Current assets}}{\text{Current liabilities}}$	≥ 1	1.15	1.18
3)	$\frac{\text{Equities}}{\text{Capital stock}}$	$\geq 60\%$ $\geq 40\%$	207%	207%
4)	$\frac{\text{Adjusted net capital}}{\text{Client and proprietary account}}$	$\geq 20\%$ $\geq 15\%$	74%	147%

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

Information regarding the credit extensions, guarantees or other transactions engaged by the Company and its subsidiaries to the same person, the same related person or the same affiliate as of June 30, 2005 was summarized as follows:

(In Thousands of New Taiwan Dollars, %)

Name	June 30, 2005	
	Aggregate Amount of Credit Extensions, Guarantees or Other Transactions	% of Financial Holding Company's Net Worth
To the same person:		
Client A	\$ 20,548,682	37.92%
Client B	17,499,000	32.29%
Client C	13,987,630	25.81%
Client D	9,897,634	18.26%
Client E	8,770,946	16.19%
Client F	8,190,665	15.11%
Client G	7,794,338	14.38%
Client H	7,061,000	13.03%
Client I	6,127,228	11.31%
Client J	5,851,423	10.80%
To the same affiliate:		
Cathay Financial Holdings and its affiliates	20,809,794	38.40%
Taipeifubon Commercial Bank Co., Ltd. and its affiliates	20,339,213	37.53%
Taiwan Semiconductor Manufacturing Company Limited and its affiliates	14,492,760	26.74%
BENQ Corporation and its affiliates	11,893,385	21.95%
Top Victory Investments Limited and its affiliates	11,428,715	21.09%
International Bills Finance Corporation and its affiliates	6,698,955	12.37%
Chung Hsing Bills Finance Corporation and its affiliates	6,422,359	11.85%
Ta Yu International Limited and its affiliates	5,552,669	10.24%

Pursuant to Article 46 of Financial Holding Company Act, the above information announced by the Company was summarized and calculated by the relevant accounts or transaction balances as of June 30, 2005 provided by the Company and its subsidiaries.

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

Average amounts and average interest rates of interest-earning assets and interest-bearing liabilities of Bank SinoPac and its subsidiaries, SinoPac Bancorp, as consolidated with FENB, were as follows:

	For the Six Months Ended June 30			
	2005		2004	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
<u>Interest-earning assets</u>				
Due from other banks	\$ 7,280,741	2.66	\$ 6,683,328	0.87
Call loans (placement)	33,265,366	2.02	9,951,635	1.17
Due from the Central Bank	7,311,159	1.50	7,209,337	1.61
Securities purchased	89,220,656	1.60	160,675,754	1.48
Securities purchased under agreements to resell	20,209,168	1.20	7,461,725	1.13
Loans, discounts and bills purchased	308,601,364	3.71	268,151,117	3.62
Accounts receivable factoring	11,982,011	4.09	11,663,586	4.03
Other long-term investments	1,419,011	2.91	-	-
<u>Interest-bearing liabilities</u>				
Due to banks	86,518	4.01	70,467	0.48
Call loans (taken)	30,575,895	2.18	51,240,810	1.13
Demand deposits	103,557,453	0.73	84,784,444	0.60
Savings - demand deposits	75,411,392	0.49	71,160,112	0.51
Time deposits	122,569,017	1.97	158,370,928	0.94
Savings - time deposits	67,796,528	1.55	61,404,319	1.54
Negotiable certificates of deposit	29,991,856	1.19	28,375,387	1.01
Securities sold under agreements to repurchase	20,238,233	1.43	12,455,173	0.96
Bank debentures	33,274,270	2.05	25,026,955	2.76

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

43. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

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

June 30, 2005

	Due in One Year	Due Between One Year and Five Years	Due After Five Years	Total
Assets				
Cash and cash equivalents	\$ 7,735,446	\$ -	\$ -	\$ 7,735,446
Due from the Central Bank and other banks	56,239,916	-	-	56,239,916
Securities purchased	84,697,816	-	-	84,697,816
Receivables	29,962,026	-	-	29,962,026
Securities purchased under agreements to resell	25,032,453	-	-	25,032,453
Loans, discounts and bills purchased (excluding nonperforming loans)	93,439,420	42,326,500	172,071,337	307,837,257
Other long-term investments	-	7,992,785	-	7,992,785
	<u>\$ 297,107,077</u>	<u>\$ 50,319,285</u>	<u>\$ 172,071,337</u>	<u>\$ 519,497,699</u>

Liabilities

Call loans and due to banks	\$ 29,835,979	\$ -	\$ -	\$ 29,835,979
Securities sold under agreements to repurchase	18,138,548	-	-	18,138,548
Payables	15,177,222	70,538	119	15,247,879
Deposits and remittances	395,950,521	13,646,358	-	409,596,879
Bank debentures	-	30,300,000	2,974,270	33,274,270
	<u>\$ 459,102,270</u>	<u>\$ 44,016,896</u>	<u>\$ 2,974,389</u>	<u>\$ 506,093,555</u>

June 30, 2004

	Due in One Year	Due Between One Year and Five Years	Due After Five Years	Total
Assets				
Cash and cash equivalents	\$ 8,156,646	\$ -	\$ -	\$ 8,156,646
Due from the Central Bank and other banks	24,389,790	-	-	24,389,790
Securities purchased	129,711,058	-	-	129,711,058
Receivables	38,659,393	-	-	38,659,393
Securities purchased under agreements to resell	8,174,713	-	-	8,174,713
Loans, discounts and bills purchased (excluding nonperforming loans)	104,449,725	40,523,653	143,781,428	288,754,806
	<u>\$ 313,541,325</u>	<u>\$ 40,523,653</u>	<u>\$ 143,781,428</u>	<u>\$ 497,846,406</u>

Liabilities

Call loans and due to banks	\$ 46,668,142	\$ -	\$ -	\$ 46,668,142
Securities sold under agreements to repurchase	12,123,882	-	-	12,123,882
Payables	24,085,590	49,898	4,614	24,140,102
Deposits and remittances	376,157,985	7,191,299	-	383,349,284
Bank debentures	-	24,400,000	5,906,625	30,306,625
	<u>\$ 459,035,599</u>	<u>\$ 31,641,197</u>	<u>\$ 5,911,239</u>	<u>\$ 496,588,035</u>

44. DISCLOSURE OF FINANCIAL INSTRUMENTS

a. Derivative financial instruments

SPH

SPH enters into cross-currency swaps to hedge the exposures of foreign exchange or interest rate fluctuations on its foreign-currency net liabilities. SPH's strategy is to hedge most of the market risk exposures using hedging instruments whose changes in market value have a high negative correlation with the changes in the market of the exposures being hedged. SPH also reassesses the hedge effectiveness of these instruments periodically. SPH enters into currency swap contracts mainly for managing its foreign currency positions expositions.

SPH is exposed to credit risk in the event of default on contracts by counter-parties. Since SPH enters into transactions only with financial institutions with good worldwide rankings, accordingly, in significant credit risk is expected.

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

Financial Instruments	June 30					
	2005			2004		
	Contract (Notional) Amount	Credit Risk	Fair Value	Contract (Notional) Amount	Credit Risk	Fair Value
For hedging purpose:						
Cross-currency swap contracts	\$ 2,086,030	\$ -	\$ (178,845)	\$ 2,260,530	\$ -	\$ (62,845)
For the purpose of managing SPH's exposures:						
Currency swap contracts	\$ 85,874	\$ -	\$ (1,087)	\$ -	\$ -	\$ -

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 transaction for the six months ended June 30, 2005 and 2004 were as follows:

Account	For the Six Months Ended June 30	
	2005	2004
For hedging purpose:		
Cross-currency swap contracts		
Realized		
Interest revenue	\$ 25,108	\$ 26,727
Interest expense	(12,975)	(9,596)
For the purpose of managing SPH's exposures:		
Currency swap contracts		
Realized		
Interest expense	(446)	-
Unrealized		
Foreign exchange loss	(1,087)	-

Bank SinoPac and its subsidiaries

Bank SinoPac and its subsidiary SinoPac Bancorp, as consolidated with FENB (Bank SinoPac and subsidiaries), engage in foreign exchange and interest derivative transactions mainly for accommodating customers' needs and managing their exposure positions. They also entered 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 their foreign-currency net assets. Bank SinoPac and its subsidiaries' 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 and its subsidiaries also evaluate the hedge effectiveness periodically.

Bank SinoPac and its subsidiaries are exposed to credit risk in the event of default on contracts by counter-parties. Bank SinoPac and its subsidiaries entered 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 Bank SinoPac and its subsidiaries' credit rating and their worldwide ranking. The associated credit risk has been considered in the evaluation of provision for credit losses. In addition, Bank SinoPac and its subsidiaries have entered into futures contracts with international 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	June 30					
	2005			2004		
	Contract (Notional) Amount	Credit Risk	Fair Value	Contract (Notional) Amount	Credit Risk	Fair Value
For hedging purposes:						
Interest rate swap contracts	\$ 16,410,160	\$ 299,079	\$ 197,961	\$ 13,756,025	\$ 177,572	\$ 56,490
Cross-currency swap contracts	14,300,000	1,423,142	1,423,142	14,300,000	379,704	64,690
For the purposes of accommodating customers' needs or managing Bank SinoPac and its subsidiaries' exposures:						
Forward contracts						
- Buy	96,328,778	1,121,121	612,365	122,174,755	1,028,150	991,733
- Sell	86,641,541	383,167	(566,491)	179,170,545	51,041	(794,031)
Currency swap contracts	223,249,630	388,074	63,323	159,460,449	678,004	(223,775)
Interest rate swap contracts	109,916,046	486,057	(21,429)	33,447,223	223,210	(25,932)
Cross-currency swap contracts	31,139,430	181,419	1,545	1,893,920	18,386	669
Interest rate futures contracts						
- Long position	-	-	-	400,000	-	(12)
- Short position	-	-	-	500,000	-	6

Financial Instruments	June 30					
	2005			2004		
	Contract (Notional) Amount	Credit Risk	Value of Options Purchased/ Written	Contract (Notional) Amount	Credit Risk	Value of Options Purchased/ Written
Foreign currency options contracts						
- Long position	\$ 89,331,957	\$ 608,488	\$ 1,328,446	\$ 167,159,852	\$ 653,940	\$ 2,494,304
- Short position	85,829,532	-	1,190,383	155,659,296	-	1,600,005

The fair value of each contract is determined based upon the quotations from Reuters Information System. The fair value of each future contract refers to the closing price published by international futures and options exchanges as of the balance sheet dates.

As of June 30, 2005 and 2004, Bank SinoPac and its subsidiaries had entered into asset swap contracts for hedging purposes, with notional amounts of \$2,044,535 and \$2,802,020, respectively. Since Bank SinoPac and its subsidiaries had entered into these contracts with counter-parties with splendid worldwide rankings and credit ratings, no significant credit risk is expected.

As of June 30, 2005 and 2004, Bank SinoPac and its subsidiaries entered into credit default swap contracts for the purposes of accommodating customers' needs, with notional amounts at \$348,952 and \$542,173, respectively. Since Bank SinoPac and its subsidiaries entered into these contracts with counter-parties with splendid worldwide ranking and credit rating, no significant credit risk is expected.

The notional amounts of derivative contracts are used solely for the purpose of calculating receivables and payables to all contract parties. Thus, the notional amounts do not represent the actual cash inflows or outflows nor the need for cash of Bank SinoPac and its subsidiaries. The possibility that derivative financial instruments held or issued by Bank SinoPac and its subsidiaries cannot be sold at reasonable prices is remote; thus, no significant cash demand is expected.

The gains and losses on derivative financial instruments of Bank SinoPac and its subsidiaries for the six months ended June 30, 2005 and 2004 were as follows:

		For the Six Months Ended	
		June 30	
Account		2005	2004
For hedging purposes:			
Cross-currency swap contracts			
- Realized	Interest revenue	\$ 142,249	\$ 110,783
	Interest expense	(188,496)	(63,740)
Interest rate swap contracts			
- Realized	Interest revenue	23,282	67,782
	Interest expense	(23,631)	(9,711)
	Income from derivative financial transactions	12,177	-
	Foreign exchange gain	22,054	-
Option contracts	Loss on derivative financial transactions	-	(7,590)
Foreign currency options contracts	Income from derivative financial transactions	-	17,123
For the purposes of accommodating customers' needs or managing Bank SinoPac and its subsidiaries' exposures:			
Forward contracts			
- Realized	Interest revenue	126,932	-
	Interest expense	(26,642)	-
- Unrealized	Income from derivative financial transactions	(3,659)	-
- Realized	Foreign exchange loss	(767,422)	(50,089)
- Unrealized	Foreign exchange gain (loss)	351,432	(27,026)
Forward rate agreements			
- Realized	Loss on derivative financial transactions	(487)	(3,504)
- Unrealized	Income from derivative financial transactions	486	3,525

(Continued)

		For the Six Months Ended June 30	
Account		2005	2004
Currency swap contracts			
- Realized	Interest revenue	\$ 917,102	\$ 272,359
	Interest expense	(798,608)	(240,937)
- Unrealized	Income from derivative financial transactions	53,050	-
Interest rate swap contracts			
- Realized	Interest revenue	240,498	137,121
	Interest expense	(268,918)	(166,774)
	Income from derivative financial transactions	27,359	1,419
- Unrealized	Income from derivative financial transactions	1,857	20,508
Options contracts			
- Realized	Loss on derivative financial transactions	(420,786)	(1,709,486)
	Foreign exchange gain (loss)	(530,681)	346,812
- Unrealized	Loss on derivative financial transactions	(500,571)	(209,204)
Interest rate futures contracts			
- Realized	Loss on derivative financial transactions	(6,726)	(40,156)
- Unrealized	Gain from (loss on) derivative financial transactions	(474)	438
Cross-currency swap contracts			
- Realized	Interest revenue	176,081	4,443
	Interest expense	(175,018)	(3,458)
- Unrealized	Loss on derivative financial transactions	(1,743)	(2,844)
Credit default swap contract			
- Realized	Income from derivative financial transactions	2,531	2,675

SinoPac Securities and its subsidiaries

1) Warrants

- a) The objective of issuing warrants and strategies to achieve this objective:

SinoPac Securities issues warrants for trading purposes.

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

- b) Credit risk

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

c) 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 of warrants and underlying securities.

d) Liquidity risk, risk to cash flows and the uncertainty as to the amount and timing of future cash required

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 on 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, therefore the risk to cash flows is low.

Warrants will expire between July 2005 and October 2005. Except for the cash inflows and outflows arising from hedging, no additional cash is needed.

e) Leverage of the instrument: Please refer to Note 19.

2) Interest rate swap

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

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

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

	June 30, 2005			June 30, 2004		
	Nominal Amount	Fair Value	Credit Risk	Nominal Amount	Fair Value	Credit Risk
For trading purposes	\$ 2,700,000	\$(17,227)	\$ 25,739	\$ 2,400,000	\$ 4,339	\$ 13,661

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 of June 30, 2005 and 2004 were recognized as derivative financial assets - GTSM at \$9,989 and \$12,409, respectively, and derivative financial liabilities - GTSM at \$27,216 and \$8,070, respectively.

c) Market risk

SinoPac Securities uses value-at-risk (VAR), based on statistical analysis of market data and foreign industrial standards, in evaluating market risks of the IRS contracts. As of June 30, 2005 and 2004, the VARs were \$405 and \$1,936, respectively.

d) Cash flows and demands

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

- e) For the six months ended June 30, 2005 and 2004, losses of \$8,093 and gains of \$16,552, respectively, from IRS valuation were recognized (presented as gains or losses from derivative financial products - GTSM).

3) Futures and options

- a) The objective of using futures and options and related strategies to achieve this objective:

SinoPac Securities uses futures and options contracts for trading purposes, specially to diversify its investment instrument, aggressively develop various services and heighten working capital efficiency.

- b) Carrying value, fair value and credit risk

Item	Transaction Type	June 30, 2005			
		Opening Positions		Carrying Value/ Premium Paid	Fair Value
		Long/ Short	Volume	(Received)	
Futures	TAIEX Futures	Long	73	\$ 90,570	\$ 90,505
	Banking and Insurance Sector Index Futures	Long	136	132,003	130,696
	Electronic Sector Index Futures	Short	223	226,832	225,408
	Mini-TAIEX Futures	Short	14	4,355	4,339
	SIMEX Taiwan Stock Index	Short	20	16,461	16,360
		Long	10	8,221	8,180
	Options	Stock - Index Options - call and put	Long	448	545
		Short	10,446	(19,037)	(18,577)
Electronic Sector Index Options - call and put		Long	281	1,461	2,080
		Short	105	(74)	(52)
Banking and Insurance Sector Index Options - call and put		Long	73	269	435
		Short	721	(2,384)	(2,055)
Au Optronics Corporation Stock Options - call		Long	10	37	5
Compal Electronics Stock Options - put	Short	1	(9)	(8)	

		June 30, 2004			
Item	Transaction Type	Opening Positions		Carrying Value/ Premium Paid (Received)	Fair Value
		Long/ Short	Volume		
Futures	TAIEX Futures	Long	45	\$ 41,418	\$ 41,350
	Electronic Sector Index Futures	Long	16	14,538	14,634
	Government Bond Futures	Long	2	11,222	11,225
	Banking and Insurance Sector Index Futures	Long	1	926	932
	Mini-TAIEX Futures	Long	1	289	288
	SIMEX Taiwan Stock Index	Short	49	40,691	40,413
	Interest Rate Futures	Short	4	32,372	32,370
	Mini-TAIEX Futures	Short	5	5,756	5,750
	Electronic Sector Index Futures	Short	1	921	915
	Options	Stock - Index Options - call and put	Long	415	3,789
Stock - Index Options - call and put		Short	518	(3,931)	(5,533)

The market value of futures contracts 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 counter-party is TAIFEX, which is a solid financial institution.

As of June 30, 2005 and 2004, the premium received for short option amounted to \$2,880 and \$3,365.

As of June 30, 2005 and 2004, the premium paid for long option amounted to \$20,692 and \$5,533.

c) Market risk

Market risk pertains to the fluctuation of market prices of 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.

d) 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 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.

e) Gains (losses) from futures and options transactions

Gains or losses for the six months ended June 30, 2005 and 2004 are summarized as follows:

	Six Months Ended June 30, 2005			
	Gains (Losses) from Futures Transactions	Nonoperating Income and Gains - Gain from Futures Transactions	Gains from Option Transactions	Nonoperating Income and Gain - Gains from Option Transactions
Non-hedging and realized	\$ (2,103)	\$ -	\$ 20,704	\$ -
Non-hedging and unrealized	<u>134</u>	<u>-</u>	<u>1,380</u>	<u>-</u>
	<u>\$ (1,969)</u>	<u>\$ -</u>	<u>\$ 22,084</u>	<u>\$ -</u>

	Six Months Ended June 30, 2004			
	Losses from Futures Transactions	Nonoperating Expense and Losses - Loss from Futures Transactions	Gains (Losses) from Option Transactions	Nonoperating Expense and Losses - Gain from Option Transactions
Non-hedging and realized	\$ (118,489)	\$ (79)	\$ 126,434	\$ 356
Non-hedging and unrealized	<u>327</u>	<u>-</u>	<u>(2,026)</u>	<u>-</u>
	<u>\$ (118,162)</u>	<u>\$ (79)</u>	<u>\$ 124,408</u>	<u>\$ 356</u>

4) Asset swap transactions - convertible bonds

a) 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 upon 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 these transaction to diversify its financial instruments, to lower the capital pressure from underwriting convertible bonds, to reinforce its capability in underwriting convertible bonds, reduce risks, and to enliven the second market for convertible bonds.

b) Information on outstanding convertible bond swap transactions is as follows:

June 30, 2005				
	Nominal Amount	Premiums Paid (Received)	Fair Value	Credit Risk
i. Fixed income transactions				
Interest rate swap	\$ 1,691,902	\$ -	\$ (1,321)	\$ 4,039
Long call option on convertible bonds	-	126,190	29,343	29,031
ii. Short call option on convertible bonds	4,364,048	(363,013)	(126,463)	-
June 30, 2004				
	Nominal Amount	Premiums Paid (Received)	Fair Value	Credit Risk
i. Fixed income transactions				
Interest rate swap	\$ 2,183,976	\$ -	\$ (16,892)	\$ 3,870
Long call option on convertible bonds	-	191,038	155,043	114,417
Short call option on convertible bonds	-	(16,864)	(17,110)	-
ii. Short call option on convertible bonds	6,557,043	(637,652)	(503,412)	-

The fair value is computed based upon the model approved by the ROC GTSM. The parameters used in the model (convertible bond market prices, underlying stock prices, interest rates, etc.) are public market information, thus, only insignificant risk-free arbitrage opportunity exists.

SinoPac Securities has high standards for screening the counter-parties of fixed-income transactions and rates 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 June 30, 2005 and 2004 were recognized as derivative financial assets - GTSM at \$4,039 and \$8,302, respectively, and derivative financial liabilities - GTSM at \$5,360 and \$25,194, respectively.

c) Market risk

SinoPac Securities uses value-at-risk (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 June 30, 2005 and 2004, the VARs were \$484 and \$3,504, respectively.

- d) Liquidity risk, risk of cash flows and the uncertainty as to the amounts 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 for 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 insignificant.

- e) Gains (losses) from convertible bonds swap transactions

For the six months ended June 30, 2005 and 2004, marking to market of convertible bond swap transactions resulted in a losses of \$6,125 and a gains of \$1,196 (presented as gains or losses from derivative financial products - GTSM), respectively.

5) Structured note transactions

- a) The objective of structured note transactions and strategies to achieve this objective:

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

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

- b) Information on outstanding structured notes transactions is as follows:

	<u>June 30, 2005</u>		
	Nominal	Premiums	
	Amount	Paid	Fair Value
		(Received)	
i. Principal-guaranteed note transactions			
Fixed-income instruments	\$ 87,000	\$ -	\$ (86,383)
Short call option on underlying assets	-	(647)	(232)
ii. Equity-linked note transactions			
Fixed-income instruments	214,100	-	(212,374)
Long put option on linked underlying assets	-	1,665	4,020

	June 30, 2004		
	Nominal	Premiums	Fair Value
	Amount	(Received)	
i. Principal-guaranteed note transactions			
Fixed-income instruments	\$ 171,500	\$ -	\$ (168,356)
Short call option on underlying assets	-	(3,417)	(3,405)
ii. Equity-linked note transactions			
Fixed-income instruments	23,400	-	(23,344)
Long put option on linked underlying assets	-	50	(2,457)

The fair value is computed using the model approved by the ROC GTSM. 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, only insignificant a risk-free arbitrage opportunity exists.

SinoPac Securities has strict criteria on the types of fixed income assets to be used and controls the investment amounts. In addition, the premium from short option transactions is collected in advance. Thus, SinoPac Securities expects no exposure to credit risks.

c) Market risk

The market risk on 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 June 30, 2005 and 2004, the amounts corresponding to market risk were \$25,031 and \$1,880, respectively.

d) Liquidity risk, risk of cash flows and the uncertainty as to the amount and timing of future cash required

To enable investors to execute the contract before 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 insignificant, there is no material risk of cash flows and no uncertainty on the amount and timing of future cash demand.

e) For the six months ended June 30, 2004, losses of \$3,385 and \$291, respectively, from structured note transactions were recognized (presented as gains or losses from derivative financial products - GTSM).

6) Bond option transactions

a) The objective of bond option transactions and strategies to achieve this objective:

SinoPac Securities and its subsidiaries engage in bond options for trading, and the option buyer pays premiums and entitles him/her the right to buy or sell bonds to the option seller with specific terms, prices, and quantities. If the option buyer requires the exercise of the option, the option seller is obligated to settle the transaction either on or before the maturity.

Since 2005, SinoPac and its subsidiaries engage in bond options for trading purpose, specifically to diversify their financial instruments, and to manage their bond positions.

- b) Information on the outstanding bond options is as follows:

	June 30, 2005			
	Nominal Amount	Premiums Paid (Received)	Fair Value	Credit Risk
i. Long option - put	\$ 1,100,000	\$ 1,449	\$ 1,071	\$ 41,302
ii. Short option - call and put	600,000	(1,001)	(1,359)	-

Fair value is computed by theory of rational option pricing, and the parameters, including market value of bond and interest rate, is public information known in the market, thus, the risk free arbitrage opportunity is very low.

The counter-parties of SinoPac Securities and its subsidiaries are securities firms with good credit ranking and SinoPac Securities and its subsidiaries have strict policy on examination of credit ranking for counter-parties; thus, no significant credit risk is expected.

- c) Market risk

The values of bond options are determined by the structures and fluctuations of the market interest rates. The interest rate risk from bond options and the exposure of other exposure of other interest rate-related assets or liabilities are included in evaluating market risk. In addition, SinoPac Securities and its subsidiaries has a market risk control mechanism through which monitors the volume of outstanding contracts, analyzes interest rate sensitivities and durations, and assesses market values of option. As of June 30, 2005, the amount corresponding to market risk was \$1.

- d) Liquidity risk, risk of cash flows and the uncertainty as to the amount and timing of future cash required

All the bond option transactions which SinoPac Securities and its subsidiaries dealt are monitored by the risk control mechanism. SinoPac Securities and its subsidiaries' working capital can cope with the expected cash requirements. Thus, no significant cash demand is expected.

- e) Gains (losses) from bond option transactions

For the six months ended June 30, 2005, losses of \$11,926 from bond option transactions was recognized (presented as losses from derivative financial products - GTSM).

- 7) Stock index swap

- a) The object of using stock index swap and related strategies to achieve this objective:

Sino Securities and subsidiaries use stock index swap to hedge SinoPac Securities and its subsidiaries' risks arising from new type derivative financial instruments transactions and warrants issued.

- b) Carrying value, fair value and credit risk

There were no outstanding stock index swap contracts as of June 30, 2005 and 2004.

c) Gains (losses) from stock index swap

Losses from transactions of stock index swap for the six months ended June 30, 2005 and 2004, were US\$16,491 and US\$2,011, respectively (presented as losses from derivative financial instruments transactions).

AnShin Card Services

The IRS contracts held by AnShin Card Services are mainly for the purpose of hedging the risks resulting from changes in interest rates of assets or 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.

1) As of June 30, 2005 and 2004, the nominal amount, credit risk and fair value of outstanding IRS contracts were as follows:

June 30, 2005							
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	\$ 1,100,000	3-month NTD CP rate in secondary market	1.980%-2.030%	Quarterly	2006.11.6-2007.11.19	\$ (8,325)	\$ -
Fixed interest rate received/ floating interest rate paid	80,000	0.45%	4.004% minus 6-month USD London Bank's rate call loans	Semiannually	2008.6.12	171	171
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	(6,595)	-
June 30, 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	\$ 1,300,000	3-month NTD CP rate in secondary market	2.03%-5.55%	Quarterly	2004.10.11-2006.11.6	\$ (15,299)	\$ -
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	(2,267)	-

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.

2) 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.

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

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.

- 4) For the six months ended June 30, 2005 and 2004, AnShin Card Services recognized realized interest expenses as operating expenses amounting to \$6,285 and \$20,448, respectively. The unrealized revaluation losses, recognized as the debit balance of stockholders' equity and other liabilities, were marked to market at \$14,749 and \$17,566 as of June 30, 2005 and 2004, respectively.

b. Fair values of nonderivative financial instruments

	June 30			
	2005		2004	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Assets</u>				
Financial assets - with fair values approximating carrying amounts	\$ 161,770,882	\$ 161,770,882	\$ 122,513,633	\$ 122,513,633
Securities purchased	86,388,545	86,480,391	131,043,123	131,536,557
Operating securities	20,544,110	20,608,011	22,028,624	22,029,689
Loans, discounts and bills purchased	314,468,289	314,468,289	294,874,278	294,874,278
Long-term equity investments	4,074,058	4,074,720	4,187,991	4,168,519
Other long-term investments	8,337,525	8,230,573	9,158,931	8,888,547
Other assets - guarantee deposits	6,087,788	6,021,964	6,918,405	6,849,224
<u>Liabilities</u>				
Financial liabilities - with fair values approximating carrying amounts	112,747,722	112,747,722	134,739,662	134,739,662
Deposits and remittances	407,234,396	407,234,396	374,863,282	374,863,282
Bank debentures	33,224,270	33,224,270	30,256,625	30,256,625
ECBs (ECBs redeemable within one year)	3,050,300	3,129,988	8,140,721	9,112,476
Bonds payable	2,000,000	2,000,000	3,013,250	3,013,250
Other liabilities	1,739,973	1,739,973	1,204,406	1,204,406

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

- 1) The carrying amounts of cash and cash equivalents, due from the Central Bank and other banks, accounts and notes receivables, acceptances, pledged time deposits, securities purchased under agreements to resell, short-term borrowings, long-term borrowings, commercial papers payable, securities sold under agreements to repurchase, call loans and due to banks, accounts and notes payables, acceptances payable and remittance approximate their fair values because of the short maturities of these instruments.
- 2) The fair values of securities purchased, operating securities and long-term equity investments and other long-term investment are based on their market prices, if such market prices are available. Otherwise, fair values are estimated at their carrying amounts.
- 3) Loans, discounts and bills purchased, deposits, bank debentures, bonds payable and funds received for loans are interest-earning assets and interest-bearing liabilities. Thus, their carrying amounts represent fair values. Fair value of nonperforming loans is based on the carrying amount, which is net of the allowance for credit losses.
- 4) The fair values of government bonds, corporate bonds and bank debentures submitted as refundable guarantee deposits are based on their market prices while certificates of deposits are estimated at their carrying amounts. Fair values of other refundable guarantee deposits and guarantee deposits received are estimated at their carrying amounts since such deposits do not have specific due dates.
- 5) Lease and installment receivables are fixed interest - earning assets. Thus, their carrying amounts represent fair values.
- 6) Long-term borrowings and bonds payable including their current portions are interest-bearing liabilities at floating interest rates. Thus, the carrying amounts represent fair values.
- 7) The fair values 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.

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

Bank SinoPac and FENB had significant credit commitments principally relating to customer financing activities and credit card business. The terms of most of the credit commitments were under seven years and loan interest rates for the six months ended June 30, 2005 and 2004, both ranging from 0.01% to 20.00%. Bank SinoPac and its banking subsidiaries also issued financial guarantees and standby letters of credit to guarantee the performance of a customer obligated to a third party. These guarantees were usually with terms of less than one year and with maturity dates not in any particular period.

The contract amounts of financial instruments with off-balance-sheet credit risks as of June 30, 2005 and 2004 were as follows:

	June 30	
	2005	2004
Undrawn loan commitments	\$ 16,669,408	\$ 17,800,403
Financial guarantees and standby letters of credit	13,468,175	16,545,374
Credit card commitments for credit cards	74,682	70,306

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

Bank SinoPac and its banking subsidiaries make credit commitments and issue financial guarantees and standby letters of credit only after evaluation of customers' credit standings. Based on the result of the credit evaluation, Bank SinoPac and subsidiaries may require collateral before draw down against the credit facilities. As of June 30, 2005 and 2004, ratios of secured loans to total loans were about 72% and 70%, respectively. Collaterals held vary but may include cash, inventories, marketable securities, and other properties. When the customers default, Bank SinoPac and its banking subsidiaries will, as required by circumstances, foreclose the collateral or execute other rights arising out of the guarantees given.

Collateral is not required in credit card commitments. Nonetheless, Bank SinoPac periodically evaluates credit ratings of cardholders and adjusts cardholders' credit limits if necessary.

45. INFORMATION ON CONCENTRATION OF RISK - BANK SINOPAC AND ITS BANKING SUBSIDIARIES

Bank SinoPac and its banking subsidiaries have no concentrated credit risk in any industry, individual counter-party or group who engaged in similar business activities. Industries with 5% or more of the outstanding loans as of June 30, 2005 and 2004 were as follows:

	June 30			
	2005		2004	
	Amount	%	Amount	%
Natural person	\$ 186,932,612	59	\$ 157,990,856	54
Manufacturing	47,271,262	15	46,461,167	16
Real estate	25,356,141	8	28,899,891	10

The net positions on major foreign-currency transactions of Bank SinoPac as of June 30, 2005 and 2004 were as follows:

	June 30					
	2005		2004			
	Foreign-currency Amounts (in Thousand)	New Taiwan Dollar Amounts (in Thousand)	Foreign-currency Amounts (in Thousand)	New Taiwan Dollar Amounts (in Thousand)		
Net positions of major foreign-currency (market risk)	USD	14,147	\$ 447,311	USD	2,221	\$ 75,030
	THB	569,505	436,184	JPY	3,764,532	1,169,640
	JPY	1,505,524	431,333	MYR	103,465	919,617
	CAD	10,375	266,436	EUR	17,266	705,909
	HKD	16,137	66,381	AUD	4,824	112,411

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

a. Condensed balance sheets

Bank SinoPac and its Subsidiaries

Condensed Consolidated Balance Sheets June 30, 2005 and 2004 (In Thousands of New Taiwan Dollars)

Assets	2005	2004	Liabilities	2005	2004
Cash and cash equivalents	\$ 7,904,858	\$ 8,264,773	Call loans and due to banks	\$ 29,835,979	\$ 46,668,142
Due from the Central Bank and other banks	56,239,916	24,389,790	Short-term borrowing	9,907,798	8,785,280
Securities purchased, net	85,564,215	131,125,427	Commercial payable	1,437,519	1,157,870
Accounts, interest and other receivables, net	32,848,991	39,683,126	Securities sold under agreements to repurchase	18,135,548	12,044,206
Acceptances	2,349,542	3,435,534	Accounts, interest and other payables	13,215,166	21,319,523
Securities purchased under agreements to resell	25,101,337	8,213,171	Acceptances payable	2,349,542	3,435,534
Prepayments	651,677	653,560	Deposits and remittances	409,573,978	383,349,284
Loans, discounts and bills purchased, net	315,213,289	295,054,086	Bank debentures	33,274,270	30,306,625
Long-term investments, net	10,274,871	11,612,008	Bonds payable	-	1,013,250
Properties, net	5,317,478	5,877,771	Long-term liability	1,205,888	351,987
Properties held for lease, net	3,357,470	1,852,014	Other liabilities	<u>6,864,326</u>	<u>6,305,635</u>
Long-term lease and installment receivables, net	926,433	1,098,486	Total liabilities	<u>525,800,014</u>	<u>514,737,336</u>
Other assets	<u>8,393,826</u>	<u>9,875,068</u>	Stockholders' equity		
Total	<u>\$ 554,143,903</u>	<u>\$ 541,134,814</u>	Capital stock	20,863,392	19,443,976
			Capital surplus	126,974	125,208
			Retained earnings	7,613,274	6,859,538
			Equity adjustments	(337,496)	(124,002)
			Minority interest	<u>77,745</u>	<u>92,758</u>
			Total stockholders' equity	<u>28,343,889</u>	<u>26,397,478</u>
			Total	<u>\$ 554,143,903</u>	<u>\$ 541,134,814</u>

SinoPac Securities and its Subsidiaries

Condensed Consolidated Balance Sheets June 30, 2005 and 2004 (In Thousands of New Taiwan Dollars)

Assets	2005	2004	Liabilities	2005	2004
Current assets	\$ 50,005,840	\$ 58,740,683	Current liabilities	\$ 32,397,512	\$ 40,803,137
Long-term investments	761,171	682,662	Long-term interest bearing liabilities	2,000,000	2,000,030
Properties, net	2,706,405	2,728,376	Other liabilities	<u>535,587</u>	<u>643,563</u>
Other assets	3,002,261	3,137,561	Total liabilities	<u>34,933,099</u>	<u>43,446,730</u>
Securities brokerage debit account, net	<u>27,623</u>	<u>464,834</u>	Stockholders' equity		
Total	<u>\$ 56,503,300</u>	<u>\$ 65,754,116</u>	Capital stock	15,269,020	15,269,020
			Capital surplus	2,342,425	2,342,425
			Retained earnings	4,109,659	4,580,289
			Equity adjustments	(173,581)	29,314
			Minority interest	<u>22,678</u>	<u>86,338</u>
			Total stockholders' equity	<u>21,570,201</u>	<u>22,307,386</u>
Total	<u>\$ 56,503,300</u>	<u>\$ 65,754,116</u>	Total	<u>\$ 56,503,300</u>	<u>\$ 65,754,116</u>

SinoPac Life Insurance Agent Co., Ltd.

**Condensed Balance Sheets
June 30, 2005 and 2004
(In Thousands of New Taiwan Dollars)**

Assets	2005	2004	Liabilities	2005	2004
Current assets	\$ 107,647	\$ 178,282	Current liabilities	\$ 52,830	\$ 146,516
Properties, net	2,425	630			
Other assets	<u>2,224</u>	<u>2,649</u>	Stockholders' equity		
			Capital stock	3,000	3,000
			Retained earnings	<u>56,466</u>	<u>32,045</u>
			Total stockholders' equity	<u>59,466</u>	<u>35,045</u>
Total	<u>\$ 112,296</u>	<u>\$ 181,561</u>	Total	<u>\$ 112,296</u>	<u>\$ 181,561</u>

SinoPac Property Insurance Agent Co., Ltd.

**Condensed Balance Sheets
June 30, 2005 and 2004
(In Thousands of New Taiwan Dollars)**

Assets	2005	2004	Liabilities	2005	2004
Current assets	\$ 11,731	\$ 8,213	Current liabilities	\$ 3,051	\$ 2,052
Other assets	<u>600</u>	<u>600</u>	Stockholders' equity		
			Capital stock	3,000	3,000
			Retained earnings	<u>6,280</u>	<u>3,761</u>
			Total stockholders' equity	<u>9,280</u>	<u>6,761</u>
Total	<u>\$ 12,331</u>	<u>\$ 8,813</u>	Total	<u>\$ 12,331</u>	<u>\$ 8,813</u>

AnShin Card Services Co., Ltd.

**Condensed Balance Sheets
June 30, 2005 and 2004
(In Thousands of New Taiwan Dollars)**

Assets	2005	2004	Liabilities	2005	2004
Current assets	\$ 13,986,503	\$ 12,813,524	Current liabilities	\$ 4,942,573	\$ 6,243,506
Long-term investments	294,418	-	Long-term liabilities	6,993,871	4,645,595
Properties, net	167,029	131,087	Accrued pension liabilities	16,957	13,122
Other assets	<u>537,860</u>	<u>589,268</u>	Other liabilities	<u>14,749</u>	<u>17,566</u>
			Total liabilities	<u>11,968,150</u>	<u>10,919,789</u>
			Stockholders' equity		
			Capital stock	3,610,000	3,610,000
			Capital surplus	20	20
			Accumulated deficits	(577,611)	(978,364)
			Equity adjustments	<u>(14,749)</u>	<u>(17,566)</u>
			Total stockholders' equity	<u>3,017,660</u>	<u>2,614,090</u>
Total	<u>\$ 14,985,810</u>	<u>\$ 13,533,879</u>	Total	<u>\$ 14,985,810</u>	<u>\$ 13,533,879</u>

b. Condensed statements of income

Bank SinoPac and its Subsidiaries

Condensed Consolidated Statements of Income
Six Months Ended June 30, 2005 and 2004
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2005	2004
Operating revenues	\$ 11,874,497	\$ 11,888,055
Operating costs and expenses	<u>9,914,992</u>	<u>9,466,807</u>
Operating income	1,959,505	2,421,248
Non-operating income and gains	299,618	210,489
Non-operating expenses and losses	<u>215,846</u>	<u>97,027</u>
Income before income tax	<u>2,043,227</u>	<u>2,534,710</u>
Net income	<u>\$ 1,547,090</u>	<u>\$ 2,080,473</u>
Pretax earnings per share	<u>\$ 0.98</u>	<u>\$ 1.21</u>
After tax earnings per share	<u>\$ 0.74</u>	<u>\$ 1.00</u>

SinoPac Securities and its Subsidiaries

Condensed Consolidated Statements of Income
Six Months Ended June 30, 2005 and 2004
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2005	2004
Operating revenues	\$ 2,838,178	\$ 5,006,456
Operating costs and expenses	<u>2,243,101</u>	<u>3,450,024</u>
Operating income	595,077	1,556,432
Non-operating income and gains	114,722	118,468
Non-operating expenses and losses	<u>79,139</u>	<u>114,778</u>
Income before income tax	<u>630,660</u>	<u>1,560,122</u>
Net income	<u>\$ 244,800</u>	<u>\$ 1,001,590</u>
Pre-tax earnings per share	<u>\$ 0.41</u>	<u>\$ 1.01</u>
After tax earnings per share	<u>\$ 0.16</u>	<u>\$ 0.65</u>

SinoPac Life Insurance Agent Co., Ltd.

Condensed Statements of Income
Six Months Ended June 30, 2005 and 2004
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2005	2004
Operating revenues	\$ 165,550	\$ 89,272
Operating costs and expenses	<u>104,491</u>	<u>58,003</u>
Operating income	61,059	31,269
Non-operating income and gains	<u>3,289</u>	<u>60</u>
Income before income tax	<u>64,348</u>	<u>31,329</u>
Net income	<u>\$ 48,261</u>	<u>\$ 23,507</u>
Pretax earnings per share	<u>\$214.49</u>	<u>\$142.19</u>
After tax earnings per share	<u>\$160.87</u>	<u>\$132.39</u>

SinoPac Property Insurance Agent Co., Ltd.

Condensed Statements of Income
Six Months Ended June 30, 2005 and 2004
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2005	2004
Operating revenues	\$ 9,492	\$ 6,375
Operating costs and expenses	<u>2,628</u>	<u>1,980</u>
Operating income	6,864	4,395
Nonoperating income and gains	<u>136</u>	<u>4</u>
Income before income tax	<u>7,000</u>	<u>4,399</u>
Net income	<u>\$ 5,272</u>	<u>\$ 3,308</u>
Pretax earnings per share	<u>\$ 23.33</u>	<u>\$ 21.70</u>
After tax earnings per share	<u>\$ 17.57</u>	<u>\$ 16.32</u>

AnShin Card Services Co., Ltd.

Condensed Statements of Income
Six Months Ended June 30, 2005 and 2004
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2005	2004
Operating revenues	\$ 1,784,123	\$ 1,294,456
Operating costs and expenses	<u>1,561,975</u>	<u>1,097,617</u>
Operating income	222,148	196,839
Nonoperating income and gains	45,020	25,001
Nonoperating expenses and losses	<u>61</u>	<u>139</u>
Income before income tax	<u>267,107</u>	<u>221,701</u>
Net income	<u>\$ 260,060</u>	<u>\$ 232,966</u>
Pretax earnings per share	<u>\$ 1.27</u>	<u>\$ 1.28</u>
After tax earnings per share	<u>\$ 1.24</u>	<u>\$ 1.35</u>

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

a. Credit risk

1) Assets quality

(In Thousands of New Taiwan Dollars, %)

Item	June 30, 2005	June 30, 2004
Overdue loans (including nonperforming loans) (Note 1)	2,888,593	2,589,581
Nonperforming loans	1,956,778	2,091,849
Overdue loans ratio (Note 2)	1.05	1.04
Classified loans (Note 3)	373,249	790,429
Ratios of classified loans to total loans	0.13	0.32
Allowance for credit losses	1,358,442	1,577,932
Write-off amounts of credits (Note 4)	199,629	521,797

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 June 30, 2005 and 2004 were 0.90% and 0.83%, 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 six months ended June 30, 2005 and 2004.

2) Concentration of credit extensions

(In Thousands of New Taiwan Dollars, %)

	June 30, 2005		June 30, 2004	
Credit extensions to interested parties	\$4,197,864		\$3,704,784	
Ratios of credit extensions to interested parties	1.30		1.19	
Ratios of credit extensions secured by pledged stocks	0.14		0.17	
Industry concentration (the prior six industries of percentage)	Industry	Percentage	Industry	Percentage
	Natural person	78.57%	Natural person	76.06%
	Manufacturing	9.11%	Manufacturing	9.96%
	Wholesaling and retail	3.85%	Wholesaling and retail	4.30%

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.

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 prices. Market prices are determined as follows: (a) listed stocks - average daily closing prices for the last month of the accounting period; (b) beneficiary certificates (open-end fund), net asset values as of the balance sheet dates; (c) GTSM stocks - average daily closing prices for the last month of the accounting period, published by the GTSM; (d) bonds - period-end reference prices published by the GTSM.

According to SFAS No. 30, "Accounting for Treasury Stocks," 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 GTSM stocks.

For listed and GTSM 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 then charged to current income.

4) 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 June 30, 2005 and 2004 were as follows:

	June 30			
	2005		2004	
	Face Amount	%	Face Amount	%
Natural person	\$ 186,918,628	68	\$ 157,969,312	63
Manufacturing	47,271,262	17	46,461,167	19

The net positions on major foreign-currency transactions of Bank SinoPac as of June 30, 2005 and 2004, please refer to Note 45.

b. Market risk

1) 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 Six Months Ended June 30			
	2005		2004	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
<u>Interest-earning assets</u>				
Due from other banks	\$ 7,280,741	2.66	\$ 6,683,328	0.87
Call loans (placement)	33,265,366	2.02	9,951,635	1.17
Due from the Central Bank	7,311,159	1.50	7,209,337	1.61
Securities purchased	89,220,656	1.60	160,675,754	1.48
Securities purchased under agreement to resell	20,209,168	1.20	7,461,725	1.13
Loans, discounts and bills purchased	308,601,364	3.71	268,151,117	3.62
Accounts receivable from factoring	11,982,011	4.09	11,663,586	4.03
Other long-term investments	1,419,011	2.91	-	-
<u>Interest-bearing liabilities</u>				
Due to other banks	86,518	4.01	70,467	0.48
Call loans (taken)	30,575,895	2.18	51,240,810	1.13
Demand deposits	103,557,453	0.73	84,784,444	0.60
Savings - demand deposits	75,411,392	0.49	71,160,112	0.51
Time deposits	122,569,017	1.97	158,370,928	0.94
Savings - time deposits	67,796,528	1.55	61,404,319	1.54
Negotiable certificates of deposit	29,991,856	1.19	28,375,387	1.01
Securities sold under agreements to repurchase	20,238,233	1.43	12,455,173	0.96
Bank debentures	33,274,270	2.05	25,026,955	2.76

2) Interest-rate sensitivity information

Item	June 30, 2005	June 30, 2004
Ratio of interest-rate sensitive assets to liabilities	96.31	88.00
Ratio of interest-rate sensitive gap to net worth	38.97	134.10

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

c. Liquidity risk

1) Profitability

Item	For the Six Months Ended June 30, 2005	For the Six Months Ended June 30, 2004
Return on total assets	0.76	1.05
Return on net worth	12.96	17.76
Profit margin	15.73	20.75

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 after income tax represents income for the six months ended June 30, 2005 and 2004.

2) Maturity analysis of assets and liabilities

June 30, 2005

(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	\$ 475,504	\$ 159,905	\$ 39,065	\$ 19,146	\$ 18,943	\$ 238,445
Liabilities	477,800	114,716	93,604	59,362	53,602	156,516
Gap	(2,296)	45,189	(54,539)	(40,216)	(34,659)	81,929
Accumulated gap	(2,296)	45,189	(9,350)	(49,566)	(84,225)	(2,296)

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

d. Operating risk and litigation risk

The Securities and Futures Investors Protection Center (the SFIPC) sued Procomp Informatics Ltd. and claimed it for compensation. And, the SFIPC sued Bank SinoPac and SinoPac Leasing as additional codefendants.

**Matters Requiring Special Notation
June 30, 2005**

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.

e. Statement of capital adequacy

(%)

Item	June 30, 2005	June 30, 2004
Capital adequacy ratios (Note)	11.63	11.13
Ratios of debt to net worth	1,639.33	1,706.01

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.

f. Information related to Bank SinoPac trust business under the trust law

1) Balance sheets and trust properties of trust accounts

Balance Sheets of Trust Accounts					
June 30, 2005 and 2004					
Trust Assets	2005	2004	Trust Liabilities and Equities	2005	2004
Bank deposits	\$ 921,567	\$ 717,303	Payables	\$ 499	\$ 11,240
Short-term investments	53,289,807	55,139,492	Trust capital	56,983,798	57,004,615
Receivables	126	14,036	Cumulative earnings	<u>1,246,544</u>	<u>1,192,586</u>
Prepayments	31	18			
Properties	3,409,435	656,766			
Net asset value of collective investment trust fund	<u>609,875</u>	<u>1,680,826</u>			
Total trust assets	<u>\$ 58,230,841</u>	<u>\$ 58,208,441</u>	Total trust liabilities and equities	<u>\$ 58,230,841</u>	<u>\$ 58,208,441</u>

Trust Properties of Trust Accounts
June 30, 2005 and 2004

Investment Portfolio	June 30	
	2005	2004
Bank deposits	<u>\$ 921,567</u>	<u>\$ 717,303</u>
Short-term investments		
Bonds	9,935,269	9,977,393
Common stock	4,315,633	2,436,148
Funds	<u>39,038,905</u>	<u>42,725,951</u>
	<u>53,289,807</u>	<u>55,139,492</u>
Receivables	<u>126</u>	<u>14,036</u>
Prepayments	<u>31</u>	<u>18</u>
Properties		
Land	2,599,567	528,493
Buildings	7,947	-
Construction in process	<u>801,921</u>	<u>128,273</u>
	<u>3,409,435</u>	<u>656,766</u>
Net asset value of collective investment trust fund	<u>609,875</u>	<u>1,680,826</u>
	<u>\$ 58,230,841</u>	<u>\$ 58,208,441</u>

2) The contents of operations of the trust business under the Trust Law: Please refer to Note 1.

g. Bank SinoPac's information related to borrowers, guarantors and collateral providers as interest parties

Category	Account Volume	June 30, 2005	Possibility of Loss (Note c)
Consumer loans (a)	384	\$ 266,265	-
Loans for employees' family mortgage	247	597,870	-
Other borrowers (b)	635	3,813,934	-
Guarantees	501	2,143,141	-
Collateral providers	1,151	6,503,754	-

(a) Consumer loans were regulated in the Banking Law Article 32.

(b) Except for consumer loans and loans for employees' family mortgage, the credits that borrowers as interest parties.

- (c) The estimated amount of loss is required for disclosure, if any.
- (d) The interest parties mentioned above are defined in the Banking Law Article 33-1.

48. 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) Acquisition of individual real estate at costs of at least NT\$100 million or 20% of the issued capital: Table 4 (the related disclosure of Bank SinoPac and its investees follow the disclosure requirement under the Criteria Governing the Preparation of Financial Reports by Public Banks);
 - 5) Disposal of individual real estate at prices of at least NT\$100 million or 20% of the issued capital: Table 5 (the related disclosures of Bank SinoPac and its investees follow the disclosure requirement under the Criteria Governing the Preparation of Financial Reports by Public Banks);
 - 6) Names, locations, and other information of investees on which the Company exercises significant influences: Table 6;
 - 7) Derivative financial transactions: Please refer to Note 44.
- b. Information related to investment in Mainland China: None.
- c. Main businesses and transactions between the parent company and its subsidiaries: Table 9.

SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEEES

**FINANCING PROVIDED
SIX MONTHS ENDED JUNE 30, 2005
(In Thousands of New Taiwan Dollars)**

No.	Financing Name	Counter-party	Financial Statement Account	Maximum Balance for the Period	Ending Balance	Interest Rate	Financing Type	Transaction Amount	Financing Reasons	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrowing Company	Financing Company's Financing Amount Limits
											Item	Value		
1	SinoPac Capital (B.V.I.) Ltd.	SinoPac Capital Ltd.	Short-term borrowings	\$ 176,249 (Note 1)	\$ 170,842 (Note 1)	2.46%-3.70%	Short-term financing	\$ -	Working capital	\$ -	-	\$ -	\$ 237,135	\$ 237,135

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

SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEEES

**ENDORSEMENT/GUARANTEE PROVIDED
SIX MONTHS ENDED JUNE 30, 2005
(In Thousands of New Taiwan Dollars)**

No.	Endorsement/Guarantee Provider	Counter-party		Limits on Individual Endorsement/Guarantee Amounts	Maximum Balance for the Period	Ending Balance	Endorsement/Guarantee Amount Collateralized by Properties	Ratio of Accumulated Amount of Endorsement/Guarantee to Net Asset Value of the Latest Financial Statement (Note 4)	Maximum Endorsement/Guarantee Amounts Allowable
		Name	Nature of Relationship						
1	SinoPac Leasing Corporation	Grand Capital International Limited	Subsidiary	(Note 2)	\$ 4,114,781 (Note 1)	\$ 4,114,781 (Note 1)	-	14%	(Note 3)
		Wal Tech International Corporation	Affiliate	(Note 2)	338,500	338,500	-	1%	(Note 3)

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

Note 2: The limit on individual endorsement or guarantee amount is up to 200% of the net asset value (Note 4) of the Corporation. But no limit applied on any subsidiary of the Corporation. As of June 30, 2005, the limit was NT\$8,289,562 thousand.

Note 3: The maximum amount of endorsement or guarantee amounts is up to 500% of the net asset value (Note 4) of the Corporation. But no limit applied on any subsidiary of the Corporation. As of June 30, 2005, the maximum allowance was NT\$20,573,905 thousand.

Note 4: The net asset value of SinoPac Leasing Corporation was based on its audited financial statements as of June 30, 2005.

TABLE 3

SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEEES

MARKETABLE SECURITIES HELD

JUNE 30, 2005

(In Thousands of New Taiwan Dollars)

Name of Holding Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	June 30, 2005				Note
				Shares/Units/ Face Amount (In Thousand)	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
SinoPac Financial Holdings Company Limited	<u>Stock (common stock)</u>							
	Bank SinoPac	Subsidiary	Long-term equity investments	2,086,339	\$ 26,775,226	100.00%	\$ 28,266,144	Note 4
	SinoPac Securities Corporation	Subsidiary	Long-term equity investments	1,526,902	21,547,524	100.00%	21,547,523	Note 4
	AnShin Card Services Co., Ltd.	Subsidiary	Long-term equity investments	193,000	2,166,887	100.00%	1,337,660	Note 4
	SinoPac Venture Capital Co., Ltd.	Subsidiary	Long-term equity investments	100,000	985,119	100.00%	985,119	Note 3
	SinoPac Securities Investment Trust Co., Ltd.	Subsidiary	Long-term equity investments	30,000	291,636	100.00%	306,651	Note 3
	SinoPac Call Center Co., Ltd.	Subsidiary	Long-term equity investments	10,000	105,986	100.00%	105,986	Note 3
	SinoPac Asset Management International	Subsidiary	Long-term equity investments	10,000	101,388	100.00%	101,388	Note 3
	SinoPac Life Insurance Agent Co., Ltd.	Subsidiary	Long-term equity investments	300	59,466	100.00%	59,466	Note 4
	SinoPac Marketing Consulting Co., Ltd.	Subsidiary	Long-term equity investments	5,000	48,183	100.00%	48,183	Note 3
	SinoPac Property Insurance Agent Co., Ltd.	Subsidiary	Long-term equity investments	300	9,280	100.00%	9,280	Note 4
	Li-Seng Develop company	Investee accounted for by the cost method	Long-term equity investments	12,709	125,000	5.00%	127,364	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%	20,402	Note 3
		<u>Stock (preferred stock)</u>						
	AnShin Card Services-A	-	Long-term equity investments	42,889	428,890	89.35%	428,890	Note 5
	AnShin Card Services-B	-	Long-term equity investments	120,000	1,200,000	100.00%	1,200,000	Note 5
	AnShin Card Services Co., Ltd.	-	Prepaid investments	5,111	51,110	-	51,110	Note 5
SinoPac Bancorp	<u>Stock</u>							
	Far East National Bank	Subsidiary	Long-term equity investments	175	5,448,870	100.00%	5,448,870	Note 3
	SinoPac Financial Service (USA) Ltd.	Subsidiary	Long-term equity investments	2.5	34,138	100.00%	34,138	Note 3
Far East Capital Corporation	<u>Stock (common stock)</u>							
	PCRS Capital Partners, LLC	Investee accounted for by the cost method	Long-term equity investments	-	1,302	4.00%	1,302	Note 5
	TVIA, Inc.	Investee accounted for by the cost method	Long-term equity investments	33	1,813	0.20%	1,813	Note 6
		<u>Stock (preferred stock)</u>						
	AgraQuest, Inc.	-	Long-term equity investments	100	7,430	0.80%	7,430	Note 5
	Silicon Motion, Inc.	-	Long-term equity investments	61	3,478	0.20%	3,478	Note 5
	Zone Reactor, Inc.	-	Long-term equity investments	300	1,065	1.50%	1,065	Note 5
	Epana Networks, Inc.	-	Long-term equity investments	568	7,905	0.90%	7,905	Note 5
Straszheim Global Advisors, LLC	-	Long-term equity investments	0.14	5,826	6.00%	5,826	Note 5	

(Continued)

Name of Holding Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	June 30, 2005				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	\$ 1,411,847	100.00%	\$ 1,411,847	Note 4	
	Chain Yarn Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	2,067	38,444	1.73%	27,574	Note 3	
	Tekcon Electronics Corp.	Investee accounted for by the cost method	Long-term equity investments	832	20,768	1.51%	3,234	Note 3	
	Global Securities Finance Corp.	Investee accounted for by the cost method	Long-term equity investments	1,423	15,664	0.19%	15,962	Note 3	
	Z-Com, Inc.	Investee accounted for by the cost method	Long-term equity investments	365	6,340	0.47%	2,942	Note 3	
	Walton Advanced Engineering, Inc.	Investee accounted for by the cost method	Long-term equity investments	1,528	23,616	0.34%	13,903	Note 3	
Telexpress Corp.	Investee accounted for by the cost method	Long-term equity investments	525	7,835	4.70%	5,941	Note 3		
Grand Capital International Limited	<u>Stock (preferred stock)</u>								
	Best 3C. Com, Inc.	-	Long-term equity investments	600	14,228	1.85%	14,228	Note 5	
	e21 Corp.	-	Long-term equity investments	200	9,485	0.79%	9,485	Note 5	
SinoPac Capital Limited	<u>Stock</u>								
	SinoPac Capital (B.V.I.) Ltd.	Subsidiary	Long-term equity investments	4,450	26,232	100.00%	400,495	Note 3	
	SinoPac Insurance Brokers Ltd.	Subsidiary	Long-term equity investments	100	1,220	100.00%	3	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	3,130	56,977	0.22%	68,762	Note 2	
	HC	-	Short-term investments	7,998	51,091	1.76%	53,688	Note 2	
	Comba	-	Short-term investments	3,064	41,346	0.37%	40,200	Note 2	
	Suga International	-	Short-term investments	7,080	41,684	3.11%	22,178	Note 2	
	Sun East	-	Short-term investments	10,650	58,018	2.84%	31,196	Note 2	
	Dongjiang	-	Short-term investments	4,800	9,841	2.70%	8,983	Note 2	
	China - Metal	-	Short-term investments	300	1,733	0.03%	2,929	Note 2	
	IC Media	-	Short-term investments	800	63,236	-	63,236	Note 2	
	QPL	-	Short-term investments	4,920	31,627	0.64%	16,129	Note 2	
	Solomon	-	Short-term investments	6,050	46,043	0.24%	59,923	Note 2	
	Sino Forest	-	Short-term investments	664	60,139	0.49%	46,919	Note 2	
	Shougang	-	Short-term investments	14,892	49,159	1.46%	38,774	Note 2	
	ZZNode	-	Short-term investments	15,804	37,893	3.95%	32,148	Note 2	
	Sau San Tong	-	Short-term investments	5,130	14,803	0.78%	11,061	Note 2	
	Shougang International	-	Short-term investments	22,208	47,529	0.48%	52,402	Note 2	
	China Force Oil	-	Short-term investments	2	8	0.0003%	8	Note 2	
	Norstar	-	Short-term investments	6,908	54,620	0.71%	62,531	Note 2	
	Hans Energy	-	Short-term investments	9,904	26,814	0.53%	23,773	Note 2	
	SMIC	-	Short-term investments	6,251	38,329	0.03%	40,944	Note 2	
	Techfaith	-	Short-term investments	70	39,687	0.16%	36,961	Note 2	
	Bestfield Enterprises Ltd.	-	Short-term investments	38	47,427	-	47,427	Note 2	
		<u>Fund</u>							
		China Enterprise Capital	-	Short-term investments	US\$ 1,000	31,618	-	31,618	Note 5
	<u>Bond</u>								
	Chiam International	-	Short-term investments	US\$ 2,000	63,236	-	63,236	Note 5	
	InvestLink International	-	Short-term investments	US\$ 1,200	37,942	-	37,942	Note 5	
	<u>Convertible bill and bond</u>								
	Yue Yuen Industrial	-	Short-term investments	US\$ 991	31,341	-	31,665	Note 2	

(Continued)

Name of Holding Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	June 30, 2005				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>Stock</u>							
	Cyberpac Holding Ltd. (B.V.I.)	Subsidiary	Long-term equity investments	4,000	\$ (70,084)	100.00%	\$ (68,000)	Note 3
	Allstar Venture Ltd. (B.V.I.)	Subsidiary	Long-term equity investments	0.002	(193,863)	100.00%	(193,863)	Note 3
	Shanghai International Asset Management (Hong Kong) Co., Ltd.	Subsidiary	Long-term equity investments	4,800	25,157	60.00%	25,224	Note 3
	Pinnacle Investment Management Ltd.	Subsidiary	Long-term equity investments	199.999	3,773	99.9995%	3,706	Note 3
	RSP Information Service Company Limited	Subsidiary	Long-term equity investments	999.999	1,762	99.9999%	1,762	Note 3
Cyberpac Holding Ltd. (B.V.I.)	<u>Venture fund</u>							
	3V Source One LP	-	Long-term investments	3,600	115,195	71.43%	46,026	Note 3
	<u>Stock</u>							
	Wal Tech International Corporation	Subsidiary	Long-term equity investments	26,500	107,061	100.00%	107,061	Note 3
	Telexpress Corp.	Investee accounted for by the equity method	Long-term equity investments	3,900	55,254	34.21%	42,428	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	55,399	6.25%	55,399	Note 5
	UOB Venture Technology Investments Limited	-	Long-term investments	26	70,550	8.62%	70,550	Note 5
	MDS Life Sciences Technology Fund - Barbados	-	Long-term investments	50	111,642	25.00%	47,877	Note 3
	Biotechnology Development Fund II, L.P.	-	Long-term investments	-	17,623	2.30%	30,978	Note 3
	North America Venture Fund II, L.P.	-	Long-term investments	-	11,639	2.07%	17,876	Note 3
	<u>Stock (common stock)</u>							
	Ardent Pharmaceuticals, Inc.	Investee accounted for by the cost method	Long-term equity investments	143	16,161	0.58%	22	Note 3
	TVIA, Inc.	Investee accounted for by the cost method	Long-term equity investments	167	9,285	0.75%	9,064	Note 6
	DiCon Fiberoptics, Inc.	Investee accounted for by the cost method	Long-term equity investments	221	31,612	0.20%	4,008	Note 3
	<u>Stock (preferred stock)</u>							
	Sunol Molecular Corp.	-	Long-term equity investments	100	15,958	0.87%	15,958	Note 5
	Phytoceutica, Inc.	-	Long-term equity investments	200	16,310	1.45%	16,310	Note 5
Immusol, Inc.	-	Long-term equity investments	25	9,697	0.05%	9,697	Note 5	
Virtual Silicon Technology, Inc.	-	Long-term equity investments	120	9,689	0.31%	9,689	Note 5	
BioAgri Corp.	-	Long-term equity investments	375	9,485	2.34%	9,485	Note 5	
Wal Tech International Corporation	<u>Stock</u>							
	Intellisys Corp.	Subsidiary	Long-term equity investments	7,197	196,280	62.58%	94,383	Note 3
	Multiwin Asset Management Co., Ltd.	Investee accounted for by the equity method	Long-term equity investments	1,800	9,019	30.00%	9,230	Note 3
	Webi & Neti Internet Services Inc.	Investee accounted for by the cost method	Long-term equity investments	63	625	2.63%	438	Note 3
	YesMobile Holdings Company Limited	Investee accounted for by the cost method	Long-term equity investments	294	12,000	0.75%	615	Note 3
	SynTest Technologies, Inc., Taiwan	Investee accounted for by the cost method	Long-term equity investments	79	10,598	0.35%	361	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%	14,928	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%	25,941	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	

(Continued)

Name of Holding Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	June 30, 2005				Note
				Shares/Units/ Face Amount (In Thousand)	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
Intellisys Corp.	Nanya PCB Corporation	Investee accounted for by the cost method	Long-term equity investments	1,359	\$ 82,461	0.28%	\$ 27,610	Note 3
	ENE Technology Inc.	Investee accounted for by the cost method	Long-term equity investments	100	2,899	0.30%	2,943	Note 2
	SonicEdge Industries Corporation	Investee accounted for by the cost method	Long-term equity investments	290	7,250	1.16%	926	Note 3
	Maximum Venture I, Inc., Taiwan	Investee accounted for by the cost method	Long-term equity investments	17,500	175,350	9.39%	158,493	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 3
	Silicon Motion Inc.	Investee accounted for by the cost method	Long-term equity investments	13	6,447	0.20%	4,403	Note 6
	<u>Stock</u>							
	Orion Financial Tech. Ltd.	Investee accounted for by the cost method	Long-term equity investments	81	122	2.31%	61	Note 3
	<u>Stock</u>							
	SinoPac Futures Corporation	Taiwan Future Exchange Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	499	4,990	2.495%	11,377
	SinoPac Managed Futures Co., Ltd.	Investee accounted for by the equity method	Long-term equity investments	20,000	191,311	100.00%	191,311	Note 5
	<u>Beneficiary certificate</u>							
	Sheng Hua 9966 Balance Securities Investment Trust Fund	-	Short-term investments	1,000	10,000	-	10,073	Note 6
	Grand Cathay Balance Fund	-	Short-term investments	789	10,000	-	9,653	Note 6
	Fuh-Hwa Digital Economy Fund	-	Short-term investments	1,211	10,000	-	10,920	Note 6
	Fuh-Hwa Aegis Fund	-	Short-term investments	1,000	10,000	-	9,912	Note 6
	SinoPac Genesis Fund	Fund under management of subsidiary	Short-term investments	3,927	30,000	-	30,157	Note 6
	SinoPac New Century Fund	Fund under management of subsidiary	Short-term investments	5,455	24,000	-	26,236	Note 6
	SinoPac Columbus Fund	Fund under management of subsidiary	Short-term investments	2,387	18,000	-	21,629	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>							
	SinoPac Columbus Fund	Fund under management of subsidiary	Short-term investments	1,944	18,000	-	17,611	Note 6
	SinoPac New Century Fund	Fund under management of subsidiary	Short-term investments	4,668	22,000	-	22,454	Note 6
	SinoPac Genesis Fund	Fund under management of subsidiary	Short-term investments	259	2,000	-	1,987	Note 6
	SinoPac Pilot Fund	Fund under management of subsidiary	Short-term investments	202	2,000	-	2,224	Note 6
SinoPac Life Insurance Agent Co., Ltd.	<u>Beneficiary certificate</u>							
	Fuh-hwa Yu-Li Fund	-	Short-term investments	1,328	15,015	-	16,137	Note 6
	Fuh-hwa Bond Fund	-	Short-term investments	164	2,000	-	2,136	Note 6
	Prudential Aggressive Growth 2 Bond Fund	-	Short-term investments	1,689	24,746	-	25,767	Note 6
	Truswell Premier Fund	-	Short-term investments	1,076	11,503	-	11,746	Note 6
SinoPac Property Insurance Agent Co., Ltd.	<u>Beneficiary certificate</u>							
	Prudential Aggressive Growth 2 Bond Fund	-	Short-term investments	109	1,200	-	1,203	Note 6
	ABN AMRO Bond Fund Cap	-	Short-term investments	71	1,000	-	1,049	Note 6

(Continued)

Name of Holding Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	June 30, 2005				Note
				Shares/Units/ Face Amount (In Thousand)	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
SinoPac Venture Capital Co., Ltd.	<u>Beneficiary certificate</u>							
	NITC Bond Fund	-	Short-term investments	581	\$ 91,787	-	\$ 93,648	Note 6
	SinoPac Genesis Fund	Fund under management of subsidiary	Short-term investments	6,771	52,678	-	51,460	Note 6
	BioAsia BDF IV	-	Long-term equity investments	US\$ 1,046	27,719	3.18%	27,719	Note 6
	<u>Convertible bond</u>							
	ENE Technology Inc.	-	Short-term investments	20,000	20,000	-	19,200	Note 7
	<u>Stock</u>							
	ATM Electronic Corp.	Investee accounted for by the cost method	Long-term equity investments	520	10,000	2.19%	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	1.67%	9,980	Note 5
	Skanhex Technology Inc.	Investee accounted for by the cost method	Long-term equity investments	273	10,600	0.23%	10,600	Note 5
	ENE Technology Inc.	Investee accounted for by the cost method	Long-term equity investments	0.587	10	0.02%	17	Note 1
	Creative Sensor Inc.	Investee accounted for by the cost method	Long-term equity investments	1,002	49,982	1.28%	52,570	Note 2
	Nanya PCB Corporation	Investee accounted for by the cost method	Long-term equity investments	133	4,974	0.03%	4,974	Note 5
	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	3.94%	12,531	Note 5
	Bcom Electronics Inc.	Investee accounted for by the cost method	Long-term equity investments	269	11,119	0.45%	11,119	Note 5
	Sunnich Technology & Merchandise Inc.	Investee accounted for by the cost method	Long-term equity investments	844	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	0.41%	2,099	Note 2
	AME, Inc.	Investee accounted for by the cost method	Long-term equity investments	14	502	0.04%	345	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%	8,391	Note 2
	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	1,432	23,355	0.50%	30,664	Note 2
	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
	Etrend Hightech Corporation	Investee accounted for by the cost method	Long-term equity investments	1,490	18,625	5.52%	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

(Continued)

Name of Holding Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	June 30, 2005				Note
				Shares/Units/ Face Amount (In Thousand)	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
	FuPo Electronics Corporation	Investee accounted for by the cost method	Long-term equity investments	1,096	\$ 19,820	0.99%	\$ 14,459	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	1,000	29,050	1.50%	29,050	Note 5
	Skymedi Corporation	Investee accounted for by the cost method	Long-term equity investments	50	1,000	0.25%	1,000	Note 5
	Goyatek Technology Inc.	Investee accounted for by the cost method	Long-term equity investments	500	6,075	1.76%	6,075	Note 5
SinoPac Asset Management International	<u>Beneficiary certificate</u> NITC Bond Fund	-	Short-term investments	2	239	0.0005%	245	Note 6
	<u>Stock</u>							
	Powerchip Semiconductor Corp.	-	Short-term investments	200	5,688	0.003%	4,392	Note 2
	Evergreen Marine Corp. (Taiwan) Ltd.	-	Short-term investments	100	3,635	0.004%	2,854	Note 2
	U-Ming Marine Transport Corp.	-	Short-term investments	100	5,408	0.014%	4,980	Note 2
	Career Technology (MFG) Co., Ltd.	-	Short-term investments	100	5,257	0.048%	4,697	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> SinoPac Genesis Fund SinoPac Pilot Fund SinoPac Columbus Fund SinoPac New Century Fund Jih Sun Foresight Balanced Fund	Fund under management of subsidiary Fund under management of subsidiary Fund under management of subsidiary Fund under management of subsidiary -	Short-term investments Short-term investments Short-term investments Short-term investments Short-term investments	66 50 62 108 308	500 500 500 500 3,000	- - - - -	510 551 563 571 3,007	Note 6 Note 6 Note 6 Note 6 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 GreTai Securities Market stocks were determined by average daily closing prices in June 2005.

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 or NAV on June 30, 2005.

Note 7: Market prices were computed by the average reference prices of GreTai Securities Market of R.O.C. on June 30, 2005.

SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEES

ACQUISITION OF INDIVIDUAL REAL ESTATES AT COSTS OF AT LEAST NT\$100 MILLION OR 20% OF THE ISSUED CAPITAL
SIX MONTHS ENDED JUNE 30, 2005
(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Company Name	Property	Transaction Date	Transaction Amount	Condition of Payment	Counter-party	Relationship	Prior Transaction of Related Counter-party (Note 2)				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationship	Transfer Date	Amount			
SinoPac Leasing Corporation	Zhonglun buildings	December 29, 2004 (Note 1)	\$ 734,817 (Including input tax NT\$34,991 thousand)	Paid	Li-Seng Develop Company	-	-	-	\$ -	-	For business use	-	
	Superficies of Zhonglun buildings	December 29, 2004 (Note 1)	1,102,226 (Including input tax NT\$52,487 thousand)	Paid	Li-Seng Develop Company	-	-	-	-	-	For business use	-	

Note 1: For SinoPac Leasing Corporation, the amount were included in advances on acquisitions of equipment at acquisition date, but classified as property held for lease and superficieses from 2005.

Note 2: The Zhonglun buildings and superficieses were build by SinoPac Leasing Corporation, therefore, there were no prior transaction of related counter-party information.

SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEES

DISPOSAL OF INDIVIDUAL REAL ESTATE AT COST OF AT LEAST NT\$100 MILLION OR 20% OF THE ISSUED CAPITAL

SIX MONTHS ENDED JUNE 30, 2005

(In Thousands of New Taiwan Dollars)

Company Name	Property	Transaction Date	Acquisition Date	Carrying Amount	Transaction Amount	Collection Terms	Gain (Loss) of Disposal	Counter-party	Relationship	Price Reference	Purpose of Disposal	Other Terms
SinoPac Leasing Corporation	Property hold for lease - land and building	March 4, 2005	June 28, 2001	\$333,104	\$279,460 (Including output tax NT\$4,525 thousand)	Collected	\$(58,169)	AnHong Co., Ltd.	-	Appraisal report of real estate	For business	-

SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEEES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
SIX MONTHS ENDED JUNE 30, 2005
(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of June 30, 2005			Net Income (Loss) of the Investee (Note 2)	Investment Gains (Loss) (Note 2)	Note
				June 30, 2005 (Note 1)	December 31, 2004 (Note 1)	Shares (Thousand)	Percentage of Ownership (%)	Carrying Amount (Note 2)			
SinoPac Financial Holdings Company Limited	Bank SinoPac	Taipei	Commercial bank	\$ 23,976,716	\$ 23,976,716	2,086,339	100.00	\$ 26,775,226	\$ 1,547,376	\$ 1,500,541	Subsidiary
	SinoPac Securities Corporation	Taipei	Brokerage, dealing and underwriting of securities	21,566,517	21,566,517	1,526,902	100.00	21,547,524	243,563	228,226	Subsidiary
	AnShin Card Services Co., Ltd.	Taipei	Credit card business	1,719,164	1,719,164	193,000	100.00	2,166,887	260,060	204,143	Subsidiary
	SinoPac Life Insurance Agent Co., Ltd.	Taipei	Life insurance agent	81,909	81,909	300	100.00	59,466	48,261	47,609	Subsidiary
	SinoPac Property Insurance Agent Co., Ltd.	Taipei	Property insurance agent	3,919	3,919	300	100.00	9,280	5,272	5,222	Subsidiary
	SinoPac Venture Capital Co., Ltd.	Taipei	Venture capital investment	1,000,000	1,000,000	100,000	100.00	985,119	3,707	3,707	Subsidiary
	SinoPac Call Center Co., Ltd.	Kaohsiung	Data processing, manpower and agency services	100,000	100,000	10,000	100.00	105,986	5,182	5,132	Subsidiary
	SinoPac Asset Management International	Taipei	Business management advisory, investment and venture capital investment advisory	100,000	100,000	10,000	100.00	101,388	(1,089)	(1,137)	Subsidiary
	SinoPac Marketing Consulting Co., Ltd.	Taipei	Agent service, investment advisory and overdue accounts receivable management	50,000	50,000	5,000	100.00	48,183	2,018	2,018	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	298,500	30,000	100.00	291,636	(5,302)	(4,783)	Subsidiary	
Bank SinoPac	SinoPac Bancorp	California	Stock holding	US\$ 112,306	US\$ 112,306	20	100.00	5,401,013	247,625	209,341	Affiliate
	Rocorp Holding S.A.	Luxembourg	Stock holding	\$ 3,531	\$ 3,531	0.11	33.33	-	-	-	Investee under significant influence held by the Bank
	SinoPac Leasing Corporation	Taipei	Oversea trading, leasing, lending and financing	\$ 999,940	\$ 999,940	159,629	99.7683	2,022,856	33,273	31,153	Affiliate
	SinoPac Capital Limited	Hong Kong	Financial advisory	HK\$ 229,998	HK\$ 229,998	229,998	99.9991	1,003,615	106,223	17,179	Affiliate
SinoPac Financial Consulting Co., Ltd.	Taipei	Investment advisory and business management advisory	\$ 1,940	\$ 1,940	194	97.00	2,464	17	16	Affiliate	
SinoPac Bancorp	Far East National Bank	California	Commercial bank	US\$ 112,714	US\$ 112,714	175	100.00	5,448,870	257,800	-	Affiliate
	SinoPac Financial Service (USA) Ltd.	California	Securities brokerage	US\$ 25	US\$ 25	2.5	100.00	34,138	6,078	-	Affiliate
Far East National Bank	Far East Capital Corporation	California	Investment bank	US\$ 3,500	US\$ 3,500	350	100.00	54,480	(1,554)	-	Affiliate
	FENB Loan Corp.	California	Asset management	US\$ 1	US\$ 1	0.1	100.00	(37,275)	-	-	Affiliate
	FENB Film Corp.	California	Motion picture asset management	US\$ 1	US\$ 1	0.1	100.00	(76,761)	1,474	-	Affiliate
	Film Service Management Corp.	California	Film management and advisory	US\$ 0.1	US\$ 0.1	0.1	100.00	1,047	1,038	-	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	1,411,847	37,291	-	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	26,232	3,996	-	Affiliate
	SinoPac Insurance Brokers Ltd.	Hong Kong	Insurance brokerage	HK\$ 300	HK\$ 300	100	100.00	1,220	2,318	-	Affiliate
	SinoPac (Hong Kong) Nominees Ltd.	Hong Kong	Custody securities	HK\$ 0.001	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	(70,084)	(66,223)	-	Affiliate
	Allstar Venture Ltd. (B.V.I.)	British Virgin Islands	Investment	US\$ 0.002	US\$ 0.002	0.002	100.00	(193,863)	(9,888)	-	Affiliate
	Shanghai International Asset Management (Hong Kong) Co., Ltd.	Hong Kong	Asset management	HK\$ 10,000	HK\$ 10,000	4,800	60.00	25,157	4,127	-	Affiliate
	Pinnacle Investment Management Ltd.	Hong Kong	Asset management, trust and consulting	US\$ 200	US\$ 200	199.999	99.9995	3,773	(18)	-	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	1,762	(235)	-	Affiliate

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of June 30, 2005			Net Income (Loss) of the Investee (Note 2)	Investment Gains (Loss) (Note 2)	Note
				June 30, 2005 (Note 1)	December 31, 2004 (Note 1)	Shares (Thousand)	Percentage of Ownership (%)	Carrying Amount (Note 2)			
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	\$ 107,061	\$ (37,130)	\$ -	Affiliate
	Telexpress Corp.	Cayman Islands	Investment	US\$ 1,560	US\$ 1,560	3,900	34.21	55,254	5,827	-	Investee under significant influence held by the Bank's affiliate
Wal Tech International Corporation	Intellisys Corp.	Taipei	Computer and peripheral system integration engineering, software development and design	227,544	258,836	7,197	62.58	196,280	(5,370)	-	Affiliate
	Multiwin Asset Management Co., Ltd.	Taipei	Asset management	18,000	18,000	1,800	30.00	9,019	(415)	-	Investee under significant influence held by the Bank's affiliate
SinoPac Securities Corporation	SinoPac Futures Corporation	Taipei	Brokerage and dealing of futures contracts	1,107,881	1,107,881	98,215	98.21	1,247,110	69,266	64,179	Affiliate
	SinoPac Securities (Cayman) Holdings Ltd.	Cayman Islands, British West Indies	Stock holding	3,066,055	3,066,055	87,753	100.00	3,347,475	100,231	100,231	Affiliate
	SinoPac Capital Management Corporation	Taipei	Investment consulting	112,028	112,028	17,600	100.00	181,269	557	253	Affiliate
SinoPac Futures Corporation	SinoPac Managed Futures Co., Ltd.	Taipei	Futures Management	200,000	200,000	20,000	100.00	191,311	(3,411)	-	
SinoPac Securities (Cayman) Holdings Ltd.	SinoPac Securities (Europe) Ltd.	London, UK	European agent business	US\$ 3,353	US\$ 1,514	2,000	100.00	US\$ 2,485	US\$ (339)	-	Affiliate
	SinoPac Securities (Asia) Ltd.	Hong Kong	Hong Kong stock brokerage	US\$ 54,972	US\$ 54,972	45	100.00	US\$ 68,399	US\$ (681)	-	Affiliate
	SinoPac Futures (Asia) Ltd.	Hong Kong	Futures brokerage business	US\$ 1,205	US\$ 1,205	10,000	100.00	US\$ 2,348	US\$ (9)	-	Affiliate
	SinoPac Capital (Asia) Ltd.	Hong Kong	IPO underwriting business	US\$ 3,862	US\$ 3,862	30,000	100.00	US\$ 5,350	US\$ 551	-	Affiliate
	SinoPac Asset Management Corp. (B.V.I.)	British Virgin Islands	Securities brokerage, investment advisory, fund management and securities business	US\$ -	US\$ 16,000	-	-	-	US\$ 3,093	-	Affiliate (Note 4)
	SPS Asia Ltd.	British Virgin Islands	Derivatives instruments business	US\$ 744	US\$ 744	1	100.00	US\$ 40	US\$ (1)	-	Affiliate
	SinoPac Asset Management (Asia) Ltd.	Hong Kong	Asset management and investment consulting	US\$ 4,367	US\$ 4,367	10,000	100.00	US\$ 3,571	US\$ 274	-	Affiliate
SinoPac Asset Management Corp. (B.V.I.)	SinoPac Securities (U.S.A.) Ltd.	California	U.S.A. agent business	US\$ 1,848	US\$ 1,848	2	100.00	US\$ 430	US\$ (113)	-	Affiliate
	SinoPac Securities (H.K.) Limited	Hong Kong	Securities brokerage, investment advisory, fund management and security business	-	US\$ 256	-	-	-	US\$ (5)	-	Affiliate (Note 4)
SinoPac Securities (Asia) Ltd.	SinoPac Asia Limited	British Virgin Islands	Securities brokerage, investment advisory and consulting business	US\$ 6,000	US\$ 6,000	6,000	100.00	US\$ 16,540	US\$ 3,865	-	Affiliate
	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 Securities (Asia) Ltd.	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.	British Virgin Islands	Asset management and investment consulting	HK\$ 39	HK\$ 39	5	100.00	HK\$ 4,571	HK\$ 3,088	-	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 six months ended June 30, 2005.

Note 3: The amounts are after deducting realized losses.

Note 4: As of June 30, 2005, both of SinoPac Asset Management Corp. (B.V.I.) and SinoPac Securities (H.K.) Limited finished a dissolution process.

SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEEES

CONSOLIDATED ENTITIES
SIX MONTHS ENDED JUNE 30, 2005

Investor Company	Subsidiaries	Main Businesses	Percentage of Ownership		Note
			June 30, 2005	June 30, 2004	
SinoPac Financial Holdings Company Limited	Bank SinoPac	Commercial bank	100.00%	100.00%	Note 1
	SinoPac Securities Corporation	Brokerage, dealing and underwriting of securities	100.00%	100.00%	-
	AnShin Card Services Co., Ltd.	Credit card business	100.00%	99.91%	Note 2
	SinoPac Life Insurance Agent Co., Ltd.	Life insurance agent	100.00%	100.00%	-
	SinoPac Property Insurance Agent Co., Ltd.	Property insurance agent	100.00%	100.00%	-
	SinoPac Venture Capital Co., Ltd.	Venture capital investment	100.00%	100.00%	-
	SinoPac Securities Investment Trust Corporation	Establish and manage securities - investment - trust funds by issuing beneficiary certificates and render discretionary investment service.	100.00%	-	Note 3
Bank SinoPac	SinoPac Bancorp	Bank stock holding	100.00%	100.00%	-
	SinoPac Leasing Corporation	Oversea trading, leasing, lending and financing	99.7683%	99.7683%	-
	SinoPac Capital Limited	Financial advisory	99.9991%	99.9991%	-
SinoPac Bancorp	Far East National Bank	Commercial bank	100.00%	100.00%	-
	SinoPac Financial Services (USA) Ltd.	Securities brokerage	100.00%	100.00%	-
Far East National Bank	Far East Capital Corporation	Investment bank	100.00%	100.00%	-
	FENB Loan Corp.	Asset management	100.00%	100.00%	-
	FENB Film Corp.	Motion picture asset management	100.00%	100.00%	-
	Film Service Management Corp.	Film management and advisory	100.00%	100.00%	-
SinoPac Leasing Corporation	Grand Capital International Limited	Oversea trading, leasing, lending and financing	100.00%	100.00%	-
SinoPac Capital Limited	SinoPac Capital (B.V.I.) Ltd.	Financial advisory	100.00%	100.00%	-
	SinoPac Insurance Brokers Ltd.	Insurance brokerage	100.00%	100.00%	-
	SinoPac (Hong Kong) Nominees Ltd.	Custody securities	100.00%	100.00%	-
SinoPac Capital (B.V.I.) Ltd.	Cyberpac Holding Ltd. (B.V.I.)	Investment and advisory	100.00%	100.00%	-
	Allstar Venture Ltd. (B.V.I.)	Investment Corporation	100.00%	100.00%	-
	Shanghai International Asset Management (Hong Kong) Co., Ltd.	Asset management	60%	60%	-
	Pinnacle Investment Management Ltd.	Asset management, trust and consulting	99.9995%	99.9995%	-
	RSP Information Service Company Limited	General trading and providing internet - based service	99.9999%	99.9999%	-
Cyberpac Holding Ltd. (B.V.I.)	Wal Tech International Corporation	Leasing, international trading, and sale of machinery equipment	100.00%	100.00%	-
Wal Tech International Corporation	Intellisys Corp.	Computer and peripheral system integration engineering, software development and design	62.58%	62.58%	-

(Continued)

Investor Company	Subsidiaries	Main Businesses	Percentage of Ownership		Note
			June 30, 2005	June 30, 2004	
SinoPac Securities Corporation	SinoPac Futures Corporation	Brokerage and dealing of futures contracts	98.21%	98.21%	Note 4
	SinoPac Capital Management Corporation	Investment consulting	100.00%	100.00%	Note 5
	SinoPac Securities (Cayman) Holdings Ltd.	Stock holding	100.00%	100.00%	Note 5
	SinoPac Asset Management Corp. (B.V.I.)	Securities brokerage	-	100.00%	-
SinoPac Futures Corporation	SinoPac Managed Futures Co., Ltd.	Futures Management	100.00%	100.00%	Note 5
SinoPac Securities (Cayman) Holdings Ltd.	SinoPac Asset Management Corp. (B.V.I.)	Securities brokerage, investment advisory, fund management and securities business	100.00%	-	-
	SinoPac Capital (Asia) Ltd.	IPO underwriting business	100.00%	100.00%	-
	SinoPac Futures (Asia) Ltd.	Futures brokerage business	100.00%	100.00%	-
	SinoPac Securities (Europe) Ltd.	European agent business	100.00%	100.00%	Note 8
	SinoPac Asset Management (Asia) Ltd.	Asset management and investment consulting	100.00%	29.92%	Note 6
	SinoPac Securities (U.S.A.) Ltd.	U.S.A. agent business	100.00%	100.00%	-
	SinoPac Securities (Asia) Ltd.	Hong Kong stock brokerage	94.89%	94.26%	Note 7
SinoPac Asset Management Corp. (B.V.I.)	SinoPac Asia Limited	Securities brokerage, investment advisory and consulting business	100.00%	100.00%	-
	SinoPac Securities (Asia) Limited	Hong Kong stock brokerage	5.11%	-	Note 7
SinoPac Asset Management (Asia) Ltd.	SPS Asset Management Limited	Asset management and investment consulting	100.00%	100.00%	-
SinoPac Securities (Asia) Ltd.	SinoPac Securities (Asia) Nominees Ltd.	Hong Kong stock trust business	100.00%	100.00%	-
	SinoPac (Asia) Nominees Ltd.	Nominee trust account for overseas stock holdings	100.00%	100.00%	-
SinoPac Securities (H.K.) Limited	SinoPac Securities (Asia) Ltd.	Hong Kong stock brokerage	-	5.74%	Note 7

Note 1: As of June 30, 2005 and 2004, Bank SinoPac held SinoPac Financial Holdings Company Limited 116,565,240 shares and 216,542,894 shares, respectively, representing 2.74% and 5.74% of its outstanding shares, respectively.

Note 2: SinoPac Financial Holdings Company Limited purchased 17,092,258 and 139,000 common shares of AnShin Card Services from other shareholders in June 2004 and December 2004, respectively. Moreover, SinoPac Financial Holdings Company Limited converted 30,000,000 shares preferred stocks of AnShin Card Services into 30,000,000 common shares of AnShin Card Services.

Note 3: SinoPac Financial Holdings Company Limited acquired 100% ownership, 30,000,000 shares of SinoPac Securities Investment Trust Corporation in October 2004. Thus, the accounts of SinoPac Securities Investment Trust Corporation were not included in the consolidated financial statements for the six months ended June 30, 2004.

Note 4: SinoPac Capital Management Corporation deducted capital amounting to \$34,000 to offset accumulative deficits on December 20, 2004. Then, the capital of SinoPac Capital Management Corporation was decreased to \$176,000, and the Corporation owned 100% of its common shares as of December 31, 2004.

Note 5: SinoPac Securities subscribed all the cash capital increase conducted by SinoPac Securities (Cayman) for US\$20,000 (NT\$666,024). SinoPac Securities adjusted its investment structure by subscribed the capital increase with its investments in SinoPac Asset Management Corp. (B.V.I.) for US\$22,914 (NT\$762,770). After this capital increase, the issued capital of SinoPac Securities (Cayman) increased to US\$87,753 thousand and became a wholly owned subsidiary of SinoPac Securities. SinoPac Asset Management Corp. (B.V.I.) completed the legal dissolution procedure in June 2005, and transferred its residual assets with book values to SinoPac Securities (Cayman) Holding Limited.

Note 6: SinoPac Securities (Cayman) bided the 70.08% of SinoPac Asset Management Corp. (Asia)'s equity (HK\$4.6788 per share) for HK\$32,820 (approximate US\$4,209). After the bidding, SinoPac Asset Management Corp. (Asia) became a whollyowned subsidiary of SinoPac Securities (Cayman).

Note 7: SinoPac Securities (Asia) raised its capital in cash amounted to HK\$78,000 (approximate US\$10,000) and HK\$49,210 (approximate US\$6,390) in May and December 2004, respectively. All the new shares were purchased by SinoPac Securities (Cayman) Holdings Limited. Besides, SinoPac Securities (H.K.) Limited returned the capital to its parent company - SinoPac Asset Management Corp. (B.V.I.) in the shares of SinoPac Securities (Asia) held by SinoPac Securities (H.K.) Limited. As of June 30, 2005, SinoPac Securities (Cayman) Holdings Limited held 100.00% of the common shares of SinoPac Securities (Asia) Ltd.

Note 8: SinoPac Securities (Cayman) subscribed all the cash capital increase conducted by SinoPac Securities (Europe) for GBP1,000 (approximate US\$1,839) in June 2005.

SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEEES

SUBSIDIARIES EXCLUDED IN CONSOLIDATED ENTITIES
SIX MONTHS ENDED JUNE 30, 2005

Investor Company	Subsidiaries	Main Businesses	Percentage of Ownership		Note
			June 30, 2005	June 30, 2004	
SinoPac Financial Holdings Company Limited	SinoPac Call Center Co., Ltd.	Data processing, manpower and agency services	100.00%	100.00%	Note 1
	SinoPac Asset Management International	Business management advisory, investment and venture capital investment advisory	100.00%	100.00%	Note 1
	SinoPac Marketing Consulting Co., Ltd.	Agent service, investment advisory and overdue accounts receivable management	100.00%	100.00%	Note 1
SinoPac Securities (Cayman) Holdings Ltd.	SPS Asia Ltd.	Derivatives instruments business	100.00%	100.00%	Note 2
SinoPac Asset Management Corp. (B.V.I.)	SinoPac Securities (H.K.) Limited	Securities brokerage, investment advisory, fund management and securities business	-	100.00%	Note 3
Bank SinoPac	SinoPac Financial Consulting Co., Ltd.	Investment advisory and business management advisory	97.00%	97.00%	Note 4
Cyberpac Holding Ltd. (B.V.I.)	Telexpress	Investment corporation	34.21%	34.21%	-
Wal Tech International Corporation	Multiloin Asset Management Co., Ltd.	Asset management	30.00%	30.00%	-
	Monmon Medza Technology Co., Ltd.	Software products retail, distribution and service	-	32.39%	-

Note 1: The management consider those subsidiaries are immaterial to the consolidated financial statements, and are not included in the consolidated entities.

Note 2: As of June 30, 2005, SinoPac Securities (Cayman) Holdings Ltd. owns 100% ownership and has ability to control SPS Asia Ltd. However, the total assets of SPS Asia Ltd. amounted to \$1,279, representing only 0.003% of total assets of SinoPac Securities corporation. Moreover, SPS Asia Ltd. was not operating since 2004, and generated no operating revenues for the six months ended June 30, 2005 and 2004. The SPS Asia Ltd. is not included in the consolidated entities.

Note 3: SinoPac Asset Management Corp. (B.V.I.) owned 100% ownership and had ability to control SinoPac Securities (H.K.) Limited. However, SinoPac Securities (H.K.) Limited generated no operating revenues for the six months ended June 30, 2005 and 2004, and finished a dissolution process on June 30, 2005. The SinoPac Securities (H.K.) is not included in the consolidated entities.

Note 4: Bank SinoPac acquired 97% ownership of and had ability to control SinoPac Financial Consulting Co., Ltd. However, the total capital of SinoPac Financial Consulting Co., Ltd. amounted to \$2,000, representing only 1% of the Company. The total assets is less than 0.5% of the total assets of the Company. The SinoPac Financial Consulting Co., Ltd. is not included in the consolidated entities.

SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEEES

RELATED PARTIES TRANSACTIONS
SIX MONTHS ENDED JUNE 30, 2005
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Transaction Company	Counter-party	Nature of Relationship (Note 2)	Description of Transactions			Percentage of Consolidated Revenue/Assets (Note 3)
				Financial Statement Account	Transaction Amount	Transaction Item	
0	SinoPac Financial Holdings Company Limited	Bank SinoPac and subsidiaries	1	Cash and cash equivalents	\$ 292,732	(Note 4)	0.05%
		SinoPac Securities and subsidiaries	1	Nonoperating income and gains	1,482	(Note 4)	0.01%
		Bank SinoPac and subsidiaries	1	Securities purchased under agreements to resell	1,875,933	(Note 4)	0.30%
		Bank SinoPac and subsidiaries	1	Other payables	14,811	(Note 4)	-
		Bank SinoPac and subsidiaries	1	Nonoperating income and gains	20,179	(Note 4)	0.12%
		SinoPac Securities and subsidiaries	1	Securities purchased under agreements to resell	650,713	(Note 4)	0.10%
		Bank SinoPac and subsidiaries	1	Operating and administrative expenses	4,641	(Note 4)	0.03%
		SinoPac Securities and subsidiaries	1	Other receivables	74,545	(Note 4)	0.01%
		SinoPac Venture	1	Other receivables	933	(Note 4)	-
		SinoPac Venture	1	Other payables	5,453	(Note 4)	-
		Bank SinoPac and subsidiaries	1	Other assets	27,980	(Note 4)	-
		SinoPac Securities and subsidiaries	1	Operating and administrative expenses	2,378	(Note 4)	0.01%
		1	Bank SinoPac and subsidiaries	SPH	2	Deposits and remittances	292,732
SinoPac Securities and subsidiaries	3			Deposits and remittances	1,785,139	(Note 4)	0.28%
SinoPac Life Insurance Agent	3			Deposits and remittances	38,746	(Note 4)	0.01%
AnShin Card Services	3			Deposits and remittances	59,431	(Note 4)	0.01%
SinoPac Property Insurance Agent	3			Deposits and remittances	9,003	(Note 4)	-
SinoPac Venture	3			Deposits and remittances	154,531	(Note 4)	0.02%
SinoPac Life Insurance Agent	3			Nonoperating income and gains	4,580	(Note 4)	0.03%
SinoPac Securities and subsidiaries	3			Securities purchased	146,600	(Note 4)	0.02%
AnShin Card Services	3			Other receivables	26,676	(Note 4)	-
AnShin Card Services	3			Nonoperating income and gains	1,565	(Note 4)	0.01%
SinoPac Securities and subsidiaries	3			Other receivables	98,201	(Note 4)	0.02%
SinoPac Life Insurance Agent	3			Other receivables	6,064	(Note 4)	-
SPH	2			Nonoperating income and gains	4,641	(Note 4)	0.03%
SinoPac Securities and subsidiaries	3			Bank debentures	50,000	(Note 4)	0.01%
SPH	2			Other liabilities	27,980	(Note 4)	-
SPH	2			Other receivables	14,811	(Note 4)	-
SinoPac Securities and subsidiaries	3			Loans, discounts and bills purchased	745,000	(Note 4)	0.12%
SinoPac Life Insurance Agent	3	Service fees	6,724	(Note 4)	0.04%		
SinoPac Securities and subsidiaries	3	Other payables	5,605	(Note 4)	-		

(Continued)

No. (Note 1)	Transaction Company	Counter-party	Nature of Relationship (Note 2)	Description of Transactions			Percentage of Consolidated Revenue/Assets (Note 3)
				Financial Statement Account	Transaction Amount	Transaction Item	
		SinoPac Securities and subsidiaries	3	Nonoperating income and gains	\$ 13,720	(Note 4)	0.08%
		SinoPac Securities and subsidiaries	3	Nonoperating income and gains	1,158	(Note 4)	0.01%
		SinoPac Securities and subsidiaries	3	Service fees	1,133	(Note 4)	0.01%
		SinoPac Securities and subsidiaries	3	Interest revenue	3,679	(Note 4)	0.02%
		SPH	2	Interest expense	20,179	(Note 4)	0.12%
		SinoPac Securities and subsidiaries	3	Securities purchased under agreements to resell	68,884	(Note 4)	0.01%
		SinoPac Investment Trust	3	Operating costs, expenses and losses	1,406	(Note 4)	0.01%
		SPH	2	Securities sold under agreements to repurchase	1,875,933	(Note 4)	0.30%
		SinoPac Securities and subsidiaries	3	Interest expense	13,205	(Note 4)	0.08%
2	SinoPac Securities and subsidiaries	Bank SinoPac and subsidiaries	3	Cash and cash equivalents	930,139	(Note 4)	0.15%
		Bank SinoPac and subsidiaries	3	Other receivables	5,605	(Note 4)	-
		Bank SinoPac and subsidiaries	3	Pledged time deposits	855,000	(Note 4)	0.14%
		Bank SinoPac and subsidiaries	3	Short-term borrowings	745,000	(Note 4)	0.12%
		Bank SinoPac and subsidiaries	3	Operating costs, expenses and losses	14,878	(Note 4)	0.09%
		SPH	2	Other payable	74,545	(Note 4)	0.01%
		Bank SinoPac and subsidiaries	3	Other payable	98,201	(Note 4)	0.02%
		Bank SinoPac and subsidiaries	3	Interest revenue	13,205	(Note 4)	0.08%
		Bank SinoPac and subsidiaries	3	Interest expense	3,679	(Note 4)	0.02%
		Bank SinoPac and subsidiaries	3	Service charges	1,133	(Note 4)	0.01%
		SPH	2	Interest expense	1,482	(Note 4)	0.01%
		Bank SinoPac and subsidiaries	3	Securities sold under agreements to repurchase	68,884	(Note 4)	0.01%
		SPH	2	Securities sold under agreements to repurchase	650,713	(Note 4)	0.10%
		Bank SinoPac and subsidiaries	3	Other liabilities	146,600	(Note 4)	0.02%
		SPH	2	Stock affairs agent fees	2,378	(Note 4)	0.01%
		Bank SinoPac and subsidiaries	3	Securities purchased	50,000	(Note 4)	0.01%
3	SinoPac Life Insurance Agent	Bank SinoPac and subsidiaries	3	Cash and cash equivalents	38,746	(Note 4)	0.01%
		Bank SinoPac and subsidiaries	3	Operating and administrative expenses	4,580	(Note 4)	0.03%
		Bank SinoPac and subsidiaries	3	Other payables	6,064	(Note 4)	-
		Bank SinoPac and subsidiaries	3	Operating and administrative expenses	6,724	(Note 4)	0.04%
		AnShin Card Services	3	Operating and administrative expenses	27,646	(Note 4)	0.16%
		AnShin Card Services	3	Other receivables	27,479	(Note 4)	-
4	SinoPac Property Insurance Agent	Bank SinoPac and subsidiaries	3	Cash and cash equivalents	9,003	(Note 4)	-

(Continued)

No. (Note 1)	Transaction Company	Counter-party	Nature of Relationship (Note 2)	Description of Transactions			Percentage of Consolidated Revenue/Assets (Note 3)
				Financial Statement Account	Transaction Amount	Transaction Item	
5	AnShin Card Services	Bank SinoPac and subsidiaries	3	Cash and cash equivalents	\$ 59,431	(Note 4)	0.01%
		Bank SinoPac and subsidiaries	3	Operating costs, expenses and losses	1,565	(Note 4)	0.01%
		Bank SinoPac and subsidiaries	3	Other payables	26,676	(Note 4)	-
		SinoPac Life Insurance Agent	3	Operating revenue	27,646	(Note 4)	0.16%
		SinoPac Life Insurance Agent	3	Other payables	27,479	(Note 4)	-
6	SinoPac Venture	Bank SinoPac and subsidiaries	3	Cash and cash equivalents	154,531	(Note 4)	0.02%
		SPH	2	Other payables	933	(Note 4)	-
		SPH	2	Other receivables	5,453	(Note 4)	-
7	SinoPac Securities Investment Trust Co., Ltd.	Bank SinoPac and subsidiaries	3	Operating revenue	1,406	(Note 4)	0.01%

Note 1: Transactions between parent company and subsidiaries should be distinguished as follows:

- a. Parent company: 0.
- b. Subsidiaries are numbered in sequence from 1.

Note 2: Types of transactions with related parties were classified as follows:

- a. Parent company to subsidiaries.
- b. Subsidiaries to parent company.
- c. Subsidiaries to subsidiaries.

Note 3: In the computation of percentage of consolidated revenue/assets, if the amount is the ending balance of assets or liabilities, the accounts percentage will be calculated by dividing the consolidated assets or liabilities; if the amount is the amount of income or expense, the accounts percentage will be cumulated by dividing the consolidated revenues in the same period.

Note 4: For the transactions between the Company and related parties, the terms are similar to those transacted with unrelated parties.