

**SinoPac Financial Holdings Company
Limited**

**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 balance sheets of SinoPac Financial Holdings Company Limited as of June 30, 2005 and 2004, and the related statements of income, changes in stockholders' equity and cash flows for the six months then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. The financial statements as of and for the six months ended June 30, 2005 and 2004 of AnShin Card Services Co., Ltd., which are treated as long-term equity investments accounted for by the equity method, were audited by other auditors, and our opinion, insofar as it relates to the amounts included for AnShin Card Services Co., Ltd., is based solely on the reports of the other auditors. The carrying amount of long-term equity investment were 3.53% (NT\$2,166,887 thousand) and 2.68% (NT\$1,575,996 thousand) of the total assets as of June 30, 2005 and 2004, respectively. And the investment income from long-term equity investment under the equity method were 11.25% (NT\$204,142 thousand) and 5.73% (NT\$171,095 thousand) of the income before income tax for the six months ended June 30, 2005 and 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 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 financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinion.

As stated in Note 5 to the financial statements, the carrying amounts of the long-term equity investments accounted for by the equity method as of June 30, 2005 and 2004 amounted to NT\$2,538,391 thousand and NT\$5,402,863 thousand, respectively, the related investment income for the six months then ended amounted to NT\$22,131 thousand and NT\$181,052 thousand, respectively, and additional disclosure of the Company and part of its investees stated in Note 26 to the 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 SinoPac Financial Holdings Company Limited and its subsidiaries' investees, as mentioned in the third paragraph been audited by independent auditors, the financial statements referred to above present fairly, in all material respects, the financial position of SinoPac Financial Holdings Company Limited as of June 30, 2005 and 2004, and the results of its operations and its cash flows for the six months ended June 30, 2005 and 2004, complied in conformity with Criteria Governing the Preparation of Financial Reports by Financial Holding Companies and accounting principles generally accepted in the Republic of China.

According to the Criteria Governing the Preparation of Financial Reports by Financial Holding Companies, we have also audited the consolidated financial statements of SinoPac Financial Holdings Company Limited and subsidiaries as of June 30, 2005 and 2004, and for the six months then ended, on which we have issued a qualified auditors' report due to the unaudited financial statements of SinoPac Financial Holdings Company Limited and its subsidiaries' investees accounted for by the equity method.

July 21, 2005

Notice to Readers

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

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

SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED

BALANCE SHEETS

JUNE 30, 2005 AND 2004

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

ASSETS	2005		2004		LIABILITIES AND STOCKHOLDERS' EQUITY	2005		2004	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Note 3)	\$ 992,733	2	\$ 4,237,684	7	Short-term borrowings (Note 7)	\$ -	-	\$ 250,000	1
Receivables	37,136	-	28,977	-	Commercial paper payable (Note 8)	-	-	99,988	-
Receivables - related party (Note 15)	161,177	-	3,481,536	6	Euro-convertible bonds redeemable within one year (Notes 2 and 10)	3,050,300	5	-	-
Securities purchased under agreements to resell (Notes 2, 4 and 17)	6,087,535	10	435,000	1	Payables (Notes 9 and 15)	3,997,802	7	1,965,057	3
Prepayments and other current assets (Notes 2 and 15)	82,787	-	37,307	-	Total current liabilities	7,048,102	12	2,315,045	4
Total current assets	7,361,368	12	8,220,504	14	LONG-TERM LIABILITIES				
LONG-TERM EQUITY INVESTMENTS (Notes 2 and 5)					Euro-convertible bonds, net (Notes 2 and 10)	-	-	8,140,721	14
Equity method	52,090,695	85	48,354,479	82	Accrued pension cost (Notes 2 and 13)	15,732	-	11,480	-
Other	1,773,890	3	1,961,450	4	Other	107,286	-	263,889	-
Prepaid investments	51,110	-	163,550	-	Total long-term liabilities	123,018	-	8,416,090	14
Total long-term equity investments	53,915,695	88	50,479,479	86	Total liabilities	7,171,120	12	10,731,135	18
PROPERTIES (Notes 2 and 6)					STOCKHOLDERS' EQUITY				
Cost					Capital stock - \$10 par value				
Computer equipment	15,195	-	4,548	-	Authorized (shares in thousands): 10,000,000				
Transportation equipment	4,180	-	4,180	-	Issued (shares in thousands): 4,266,696 and 3,770,954 as of June 30, 2005 and 2004, respectively (Note 10)	42,666,958	70	37,709,536	64
Office and other equipment	6,678	-	5,930	-	Reserve for capitalization	-	-	1,742,807	3
Leasehold improvement	17,459	-	17,459	-	Capital surplus				
Total cost	43,512	-	32,117	-	Additional paid-in capital	9,772,249	16	8,068,519	14
Accumulated depreciation	(20,783)	-	(12,113)	-	Treasury stock transactions	705,137	1	172,111	-
	22,729	-	20,004	-	Other	4,053	-	2,410	-
Advances on acquisitions of equipment	8,359	-	-	-	Retained earnings	3,390,346	5	3,690,028	6
Net properties	31,088	-	20,004	-	Unrealized loss on long-term equity investments	(286,503)	(1)	(281,043)	-
OTHER ASSETS					Unrealized revaluation loss on long-term equity investments	(14,747)	-	(17,551)	-
Refundable guarantee deposits	32,007	-	3,338	-	Cumulative translation adjustment	(231,253)	-	184,498	-
Bond issuance cost (Note 2)	-	-	36,582	-	Net loss not recognized as pension cost	(3,049)	-	(926)	-
Deferred income tax assets - noncurrent (Notes 2 and 15)	5,821	-	7,023	-	Treasury stock - at cost (shares in thousands): 136,214 and 236,192 as of June 30, 2005 and 2004, respectively	(1,824,890)	(3)	(3,230,895)	(5)
Computer software (Note 2)	3,442	-	3,699	-	Total stockholders' equity	54,178,301	88	48,039,494	82
Total other assets	41,270	-	50,642	-	TOTAL	\$ 61,349,421	100	\$ 58,770,629	100
TOTAL	\$ 61,349,421	100	\$ 58,770,629	100					

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

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

SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED

STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2005 AND 2004

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

	2005		2004	
	Amount	%	Amount	%
OPERATING REVENUES AND GAINS				
Interest (Notes 2 and 23)	\$ 60,720	3	\$ 57,068	2
Income from long-term equity investments under the equity method (Notes 2 and 5)	1,975,575	96	3,070,141	98
Dividend income (Notes 2 and 5)	<u>21,600</u>	<u>1</u>	<u>13,350</u>	<u>-</u>
Total operating revenues and gains	<u>2,057,895</u>	<u>100</u>	<u>3,140,559</u>	<u>100</u>
OPERATING COSTS, EXPENSES AND LOSSES				
Interest (Notes 2 and 23)	95,600	5	185,697	6
Loss on long-term equity investments under the equity method (Notes 2 and 5)	5,920	-	10,126	-
Operating and administrative expenses (Notes 2, 13 and 14)	<u>137,088</u>	<u>7</u>	<u>125,575</u>	<u>4</u>
Total operating costs, expenses and losses	<u>238,608</u>	<u>12</u>	<u>321,398</u>	<u>10</u>
OPERATING INCOME	1,819,287	88	2,819,161	90
NONOPERATING INCOME AND GAINS	3,002	-	167,918	5
NONOPERATING EXPENSES AND LOSSES	<u>7,079</u>	<u>-</u>	<u>-</u>	<u>-</u>
INCOME BEFORE INCOME TAX	1,815,210	88	2,987,079	95
INCOME TAX BENEFIT (EXPENSES) (Notes 2 and 15)	<u>43,470</u>	<u>2</u>	<u>(8,739)</u>	<u>-</u>
NET INCOME	<u>\$ 1,858,680</u>	<u>90</u>	<u>\$ 2,978,340</u>	<u>95</u>
	2005		2004	
	Pretax	After Tax	Pretax	After Tax
EARNINGS PER SHARE (Note 16)				
Basic	<u>\$ 0.45</u>	<u>\$ 0.46</u>	<u>\$ 0.81</u>	<u>\$ 0.80</u>
Diluted	<u>\$ 0.43</u>	<u>\$ 0.44</u>	<u>\$ 0.75</u>	<u>\$ 0.75</u>

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

	2005		2004	
	Pretax	After Tax	Pretax	After Tax
EARNINGS PER SHARE				
Basic	<u>\$ 0.44</u>	<u>\$ 0.45</u>	<u>\$ 0.76</u>	<u>\$ 0.76</u>
Diluted	<u>\$ 0.42</u>	<u>\$ 0.43</u>	<u>\$ 0.71</u>	<u>\$ 0.71</u>

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

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

SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED

**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 11)</u>		<u>Reserve for Capitalization (Note 11)</u>	<u>Capital Surplus (Notes 2 and 11)</u>	<u>Retained Earnings (Note 11)</u>				<u>Unrealized Loss on Long-term Equity Investments (Notes 2 and 5)</u>	<u>Unrealized Revaluation Loss on Long-term Equity Investments (Notes 2 and 5)</u>	<u>Cumulative Translation Adjustment (Notes 2 and 5)</u>	<u>Net Loss Not Recognized as Pension Cost (Notes 2 and 5)</u>	<u>Treasury Stock (Notes 2 and 12)</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	\$ 93,229	\$ 4,667,680	\$ 5,335,159	\$ (279,805)	\$ (15,163)	\$ (193,406)	\$ (3,049)	\$ (1,824,890)	\$ 51,927,120
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)
Net income for the six months ended June 30, 2005	-	-	-	-	-	-	1,858,680	1,858,680	-	-	-	-	-	1,858,680
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 investees	-	-	-	-	-	-	-	-	-	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)	\$ 54,178,301
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)	\$ 46,980,179
Appropriation of 2003 earnings														
Legal reserve	-	-	-	-	421,053	-	(421,053)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	55,726	(55,726)	-	-	-	-	-	-	-
Remuneration to directors and supervisors	-	-	-	-	-	-	(54,000)	(54,000)	-	-	-	-	-	(54,000)
Bonus to employees - stock	-	-	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)
Net income for the six months ended June 30, 2004	-	-	-	-	-	-	2,978,340	2,978,340	-	-	-	-	-	2,978,340
Euro-convertible bonds converted into common stocks	22,827	228,266	-	155,138	-	-	-	-	-	-	-	-	-	383,404
Reversal of unrealized valuation losses on long-term investments recognized from subsidiaries	-	-	-	-	-	-	-	-	19,758	-	-	-	-	19,758
Unrealized revaluation loss on long-term equity investments recognized from investees	-	-	-	-	-	-	-	-	-	(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)	\$ 48,039,494

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

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

SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED

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

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 1,858,680	\$ 2,978,340
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Depreciation and amortization	5,797	4,132
Amortization of Euro-convertible bonds deferred issuance cost	9,668	19,481
Accrued interest premium on Euro-convertible bonds	80,625	175,705
Income from long-term equity investments under the equity method, net	(1,969,655)	(3,060,015)
Cash dividends received from long-term equity investments under the equity method	2,105,894	22,287
Increase in accrued pension cost	1,368	2,879
Increase in receivables	(6,921)	(1,607)
Decrease (increase) in receivables - related party	945,062	(11,168)
Decrease in prepayments and other current assets	1,237	2,359
Deferred income taxes	(97,069)	8,735
Increase in payables	<u>(910,308)</u>	<u>(160,218)</u>
Net cash provided by (used in) operating activities	<u>2,024,378</u>	<u>(19,090)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in securities purchased under agreements to resell	(3,561,626)	(55,000)
Increase in long-term equity investments	-	(2,204,868)
Acquisition of properties	(7,530)	(643)
Increase in other assets	<u>(28,892)</u>	<u>(996)</u>
Net cash used in investing activities	<u>(3,598,048)</u>	<u>(2,261,507)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(600,000)	(50,000)
Increase (decrease) in commercial paper payable	(99,988)	99,988
Decrease in other liabilities	(2,479)	(8,527)
Remuneration paid to directors and supervisors	(54,000)	(54,000)
Bonus to employees	(37,630)	-
Purchase of treasury stock	<u>-</u>	<u>(333,973)</u>
Net cash provided by (used in) financing activities	<u>(794,097)</u>	<u>(346,512)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(2,367,767)	(2,627,109)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	3,456,268	6,902,554
EFFECTS OF EXCHANGE RATE CHANGE ON CASH	<u>(95,768)</u>	<u>(37,761)</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 992,733</u>	<u>\$ 4,237,684</u>

(Continued)

	2005	2004
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	<u>\$ 13,892</u>	<u>\$ 10,118</u>
Income tax paid	<u>\$ 980,588</u>	<u>\$ 1,005</u>
NONCASH INVESTING AND FINANCING ACTIVITIES		
Euro-convertible bonds converted to common stock	<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>\$ 3,424,459</u>

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

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

(Concluded)

SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED

NOTES TO 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 (the "Company") was formed pursuant to the Financial Holding Company Act and related regulations on May 9, 2002. Following the incorporation, the Company issued stocks to swap for the shares of Bank SinoPac, National Securities Corporation (NSC), and SinoPac Securities Co., Ltd. (SPS), resulting in all three companies becoming wholly owned subsidiaries of the Company. The shares of Bank SinoPac and NSC then ceased to be traded on the Taiwan Stock Exchange (TSE) and GreTai Securities Market (GTSM), respectively, while SinoPac Financial Holdings Company Limited 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.

The Company engages in the business of investing and managing of the financial related institutions.

As of June 30, 2005 and 2004, the Company had a total of 54 and 45 employees, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in conformity with the Criteria Governing the Preparation of Financial Reports by Financial Holding Companies and accounting principles generally accepted in the Republic of China (ROC). Under these criteria and principles, the Company is required to make certain estimates and assumptions that could affect the depreciation for fixed assets, asset impairment, pension and losses on suspended lawsuit. Actual results could differ from these estimates.

The significant accounting policies of the Company are summarized as follows:

Current and Noncurrent Assets and Liabilities

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

Securities Purchased or Sold Under Agreements to Resell or to Repurchase

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

Long-term Equity Investments

Under a directive issued by the Accounting Research and Development Foundation of the ROC (the "ARDF of the ROC"), a financial holding company should treat the investees' net worth as paid-in capital if the holding company is incorporated through shares swap. The par value of stocks issued by the holding company is accounted for as capital stock, while any excess of par value is accounted for as capital surplus.

Long-term equity investment are accounted for by the equity method if the Company have significant influence over the investees. Under this method, investments are stated at cost, plus (or minus) a proportionate share in net earnings (losses) or changes in the investees' net worth. Shares in net earnings (losses) are recognized as investment income (loss), and cash dividends received are accounted as reduction in the carrying value of the investments. Stock dividends result only in an increase in number of shares and are not recognized as investment income. On the acquisition date, any difference between the acquisition cost and the equity in the investee is amortized on the straight-line basis over 15 years.

Long-term equity investment are accounted for by the cost method if the Company does not have significant influence over the investees. Cash dividends were 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.

Properties

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

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

Depreciation computed using the straight-line method over services lives estimated as follows: computer equipment, 3 to 5 years; transportation equipment, 5 years; office and other equipment, 3 to 5 years; leasehold improvement, 3 years. For assets still in use beyond their original services lives, depreciation is calculated over newly estimated useful lives.

Computer Software

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

Amortization of Issuance Costs of Euro-convertible Bonds

The direct and necessary costs related to the issuance of Euro-convertible bonds (included in other assets) are amortized using 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.

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 by the equity method, properties, etc., be subject to an impairment review.

SFAS No. 35 requires the impairment review on long-term investments accounted for by the equity method and properties to 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 CGUs directly. After the recognition of an impairment loss, the depreciation (amortization) should be adjusted in future periods by the revised asset/CGUs 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.

Interest Premium

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

Pension

Pension expense is determined based on actuarial calculations.

Euro-Convertible Bonds

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

Treasury Stock

Capital share acquired as treasury stock is carried at cost and presented as a separate deduction from stockholders' equity. When the treasury stock is 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 the shares swap, should continue to be treated as treasury stock in the subsidiary's books after the swap. But if the subsidiary owns shares of another subsidiary under the same financial holding company, and the shares are later exchanged for the financial holding company's shares, these shares should be treated as investments in the subsidiary's books, but as treasury stock in the 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”.

Derivative Financial Instruments

a. Cross-currency swaps

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

b. Currency swaps

Foreign-currency spot-position assets or liabilities arising from currency swaps, which are mainly for managing the Company’s foreign-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.

Revenue Recognition

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

Income Taxes

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

Deferred income tax assets and liabilities are classified as current or noncurrent on the basis of the classification of the related assets or liabilities for financial reporting. A deferred income tax asset or liability that can not be related to an asset or liability for financial reporting is classified according to the expected realization date of the temporary difference.

Tax credits for acquisitions of equipment or technology, research and development expenditures and personnel training expenditures are recognized as reduction of current income tax.

Adjustments of prior years’ tax liabilities are included in the current year’s tax provision.

Income tax (10%) on unappropriated earnings is recorded as income tax in the year when the stockholders resolve the appropriation of the earnings.

The Company and its qualified subsidiaries adopted the linked-tax system with the income tax and unappropriated earnings tax filings. 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.

Contingencies

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

Foreign-currency Transactions

Foreign-currency transactions are recorded in New Taiwan dollars at the rates of exchange in effect when the transactions occurred. Gains or losses resulting from the application of different foreign exchange rates when cash in foreign currency is converted into New Taiwan dollars, or when foreign-currency receivables or payable are settled, are credited or charged to income in the period of conversion or settlement. As of the balance sheet date, the balances of foreign-currency assets and liabilities are restated at the prevailing exchange rate, and the resulting differences are credited or charged to current income.

Gains or losses resulting from restatement of period-end foreign-currency denominated long-term equity investments accounted for by the equity method are credited or charged to "cumulative translation adjustment" under stockholders' equity. The company also recorded the cumulative transaction adjustment from investees by the percentage of ownership.

Reclassifications

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

3. CASH AND CASH EQUIVALENTS

	June 30	
	2005	2004
Time deposits - due in September 2005 and September 2004, with interest rate of 1.00%-1.10% and 0.70%-1.42%, respectively	\$ 810,000	\$ 4,185,553
Demand deposits	182,573	22,340
Checking deposits	<u>160</u>	<u>29,791</u>
	<u>\$ 992,733</u>	<u>\$ 4,237,684</u>

4. SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL

Securities purchased under agreements to resell as of June 30, 2005 and 2004 were sold by July 2005 and July 2004 at \$6,091,253 and \$435,106, respectively.

5. LONG-TERM EQUITY INVESTMENTS

	June 30			
	2005		2004	
	Amount	%	Amount	%
<u>Equity method</u>				
Unlisted companies				
Bank SinoPac	\$ 26,775,226	100.00	\$ 23,277,031	100.00
SinoPac Securities	21,547,524	100.00	22,221,047	100.00
AnShin Card Services	2,166,887	100.00	1,575,996	99.91
SinoPac Venture Capital	985,119	100.00	988,446	100.00
SinoPac Securities Investment Trust	291,636	100.00	-	-
SinoPac Call Center	105,986	100.00	104,446	100.00
SinoPac Asset Management International	101,388	100.00	101,267	100.00
SinoPac Life Insurance Agent	59,466	100.00	35,045	100.00
SinoPac Marketing Consulting	48,183	100.00	44,440	100.00
SinoPac Property Insurance Agent	9,280	100.00	6,761	100.00
	<u>52,090,695</u>		<u>48,354,479</u>	
<u>Other</u>				
Cost method - unlisted company				
Li-Seng Develop Company	125,000	5.00	125,000	5.00
Debt Instruments Depository and Clearing Co., Ltd., Taiwan	20,000	1.00	20,000	1.00
Preferred stock				
AnShin Card Services - A	428,890	89.35	316,450	65.93
AnShin Card Services - B	1,200,000	100.00	1,500,000	100.00
	<u>1,773,890</u>		<u>1,961,450</u>	
Prepaid investments				
	<u>51,110</u>		<u>163,550</u>	
	<u>\$ 53,915,695</u>		<u>\$ 50,479,479</u>	

As of June 30, 2005 and 2004, unrealized loss on long-term equity investments (included in the debit balance of stockholders' equity) resulting from market value decline of listed 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 stockholders' equity) from subsidiaries, and cumulative translation adjustment (under the stockholders' equity) from subsidiaries and investees totaling \$231,253 and \$184,498, respectively.

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

Income (loss) from long-term equity investments under the equity method for the six months ended June 30, 2005 and 2004 were as follows:

	For the Six Months Ended June 30	
	2005	2004
Bank SinoPac	\$ 1,500,626	\$ 1,927,206
SinoPac Securities	207,118	941,310
AnShin Card Services	204,142	171,095
SinoPac Life Insurance Agent	47,610	22,604
SinoPac Property Insurance Agent	5,223	3,293
SinoPac Call Center	5,132	4,173
SinoPac Venture Capital	3,706	(9,269)
SinoPac Marketing Consulting	2,018	460
SinoPac Asset Management International	(1,137)	(857)
SinoPac Securities Investment Trust	<u>(4,783)</u>	<u>-</u>
	<u>\$ 1,969,655</u>	<u>\$ 3,060,015</u>

The aforementioned investment income (loss) accounted for by the equity method for the six months ended June 30, 2005 and 2004 were based on the investees' audited financial statements, respectively, except those of SinoPac Call Center, SinoPac Venture Capital, SinoPac Marketing Consulting, SinoPac Asset Management International and SinoPac Securities Investment Trust which were based on the unaudited financial statements. The carrying amounts of the investments accounted for by the equity method totaling \$1,532,312 and \$1,238,599, respectively, and the related investment income of \$4,936 and loss of \$5,493, respectively, for the six months then ended, were based on the investees' unaudited financial statements. Adjustments may have to be made to these investments and investment income (loss) if such financial statements had been audited.

A qualified audit report was issued to Bank SinoPac due to the carrying amounts of its investments accounted for by the equity method as of June 30, 2005 and 2004 totaling \$1,006,079 and \$3,159,023, respectively, and the related investment income \$17,195 and \$113,415, respectively, for the six months then ended, were based on the investees' unaudited financial statements.

SinoPac Securities was issued a qualified audit report due to the carrying amounts of its investments accounted for by the equity method as of June 30, 2004 totaling \$1,005,241, and the related investment income totaling \$73,130, for the six months then ended, were based on the investees' unaudited financial statements.

As of June 30, 2005 and 2004, the Company acquired 48,000,000 shares of preferred stock A issued by AnShin Card Services. The preferred stock A bears annual interest rate of 4% and will be matured in October 2008. As of June 30, 2005 and 2004, the Company acquired 120,000,000 shares and 150,000,000 shares (the Company transfer 30,000,000 shares of preferred stock B to 30,000,000 shares of common stock in December 2004) of preferred stock B, respectively. The preferred stock B bears annual interest rate of 2% and will be matured in May 2007. The Company had recognized dividend income from preferred stock totaling \$21,600 and \$13,350 for the six months ended June 30, 2005 and 2004, respectively.

As of June 30, 2005 and 2004, prepaid investments amounted to \$51,110 and \$163,550, respectively, were generated from the preferred Stock B issued by AnShin Card Services.

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

The pro forma information on operating revenues and net income were \$3,153,504 and \$2,991,285, respectively, and the pro forma basic earnings per share(after tax) was \$0.761 for the six months ended June 30, 2004, assuming that the shares of SinoPac Securities Investment Trust were acquired as of January 1, 2004.

The accounts of SinoPac Securities' subsidiaries -SinoPac Asset Management Corp. (B.V.I.) and SinoPac Securities (H.K.) Limited, were not included in the consolidated financial statements for that they were dissolved during the six months ended 2005. And the accounts of the Company's subsidiaries- SinoPac Call Center, SinoPac Marketing Consulting and SinoPac Asset Management International together with Bank SinoPac's subsidiary- SinoPac Financial Consulting Co., Ltd were also not included in the consolidated financial statements because the Company's management consider that those companies were immaterial to the consolidated financial statements.

The Company's two subsidiaries - SinoPac Life Insurance Agent and SinoPac Property Insurance Agent were "Insurance Subsidiaries" as promulgated in the Financial Holding Company Act. Accordingly, the Criteria requires these two subsidiaries to be treated as consolidated entities.

As of June 30, 2005, unamortized difference between the acquisition cost and the equity in the investee was \$911,034 resulting from the purchase of the common shares of AnShin Card Services. In assessing whether the aforesaid unamortized difference was impaired, the Company was viewed as a CGU and estimated the recoverable amount by AnShin Card Service's value in use. The key assumption to evaluate the value in use of AnShin Card Service was based on the net cash flows provided by operating activities in next ten years, which was on the assumption of going concern and the basis by using AnShin Card Service's 2004 net income as the basis of cash flows estimates and the net worth as of December 31, 2004 as the estimate of salvage value to calculate the discounted cash flows by using the Company's weighted average funding cost as the discount rate. After assessing the value in use of AnShin Card Service based on the key assumption, there was no impairment on the unamortized difference between the acquisition cost and the equity in AnShin Card Service on June 30, 2005.

6. PROPERTIES

	June 30	
	2005	2004
Cost	\$ 43,512	\$ 32,117
Accumulated depreciation		
Computer equipment	4,003	1,492
Transportation equipment	1,916	1,219
Office and other equipment	2,993	1,896
Leasehold improvement	<u>11,871</u>	<u>7,506</u>
	<u>20,783</u>	<u>12,113</u>
Advances on acquisitions of equipment	<u>8,359</u>	<u>-</u>
	<u>\$ 31,088</u>	<u>\$ 20,004</u>

7. SHORT-TERM BORROWINGS

As of June 30, 2004, the unsecured short-term borrowings from bank bore interest rates of 1.30%-1.40%, and the last maturity date were in July 2004.

As of June 30, 2005 and 2004, the Company had unutilized credit lines of \$1,750,000 and \$2,600,000, respectively, which were available for short-term borrowings, the Company had unutilized credit lines of \$500,000 and \$2,250,000, which were available for commercial papers.

8. COMMERCIAL PAPER PAYABLE

	Jun 30, 2004
Commercial paper payable	\$ 100,000
Less - unamortized discount	<u>12</u>
	<u>\$ 99,988</u>

The commercial paper, with annual discount rate of 0.73%, will mature in July 2004.

9. PAYABLES

	June 30	
	2005	2004
Cash dividend payable	\$ 3,723,200	\$ 1,874,063
Investment payable	137,535	8,852
Tax payable	73,687	-
Tax payables resulting from linked-tax system - related parties	20,299	-
Salaries payable	20,006	17,495
Bonus to employees payable	-	18,669
Other	<u>23,075</u>	<u>45,978</u>
	<u>\$ 3,997,802</u>	<u>\$ 1,965,057</u>

10. EURO-CONVERTIBLE BONDS

	June 30	
	2005	2004
Euro-convertible bonds	\$ -	\$ 7,470,662
Add - interest premium payable	<u>-</u>	<u>670,059</u>
	-	8,140,721
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>\$ 8,140,721</u>

The Company had issued US\$230,000,000 of Euro-convertible bonds (the "Bonds") at par in Luxembourg on July 12, 2002. The Bonds are zero coupon and in the denomination of US\$1,000 each. Other offering terms were as follows:

a. Redemption terms

Unless previously redeemed, purchased and cancelled or converted, the Bonds will be redeemed on the maturity date at the redemption value. The redemption value of the Bonds will be the principal amount plus yield of 4.45% per annum.

- 1) Early redemption at the option of the Company: The Bonds may be redeemed in whole at their early redemption amount including principal and interest premium, at the option of the Company.
 - a) Provided that after three years of the issue date, the closing prices of the common shares on the TSE, for 20 consecutive trading days, exceed 130% of the conversion price.
 - b) If at least 90% in principal amount of the Bonds have already been redeemed, converted, or purchased and cancelled.
 - c) In the event of certain changes in ROC taxation which oblige the Company to pay such additional amounts of the Bonds.
- 2) Redemption at the option of the bondholders: The Company will, at the option of any bondholder, redeem all or any portion of the Bonds at the accreted value
 - a) At the third year of the issue date (the “put date”) by submitting the Relevant Event Redemption Notice to the Company prior to the put date. The put rights will be expired after the put date.
 - b) If the common shares of the Company cease to be listed or traded on the TSE.
 - c) If there is a change in control (as defined in the Trust Deed) with respect to the Company.

b. Maturity date:

Five years after the issue date. The Bonds were issued on July 12, 2002 and will mature on July 12, 2007.

c. Pledged: Negative

d. Conversion right and conversion period

Except during a closed period or suspension period, the bondholders may convert the Bonds into common shares of the Company, at any time on or after the 30th day after the issuance date and before the date 20 days prior to the conversion date. Closed period means the period being (a) 60 days prior to an annual general shareholders’ meeting, (b) 30 days prior to a special shareholders’ meeting or (c) the day prior to the record date for the distribution of dividends or other distributions. In addition, the Bonds may not be converted (a) during a period of not less than 3 business days prior to the ex-dividend date or the ex-rights date and ending on the record date and (b) during the period commencing on the date a shareholders’ meeting resolves to declare distributions or approve a rights issue and ending on the relevant record date, such period being a “suspension period”. The Company undertakes that it will have sufficient common shares for conversion, following an adjustment to the conversion price.

e. Conversion price

The initial conversion price was set at NT\$17.666 per share, because of employee stock options and distribution of dividends of other distributions, the Company adjust the conversion price occasionally. The conversion price was adjusted to NT\$13.862 on May 11, 2005.

As of 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 the Company.

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

11. STOCKHOLDERS' EQUITY

a. Capital stock

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

As of 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 Euro-convertible bonds, amounting to \$2,786,132, had been converted, resulting in an increase of 278,613,170 common shares of the Company. In June 2005, 263,475,583 shares had changed authorized capital to SFB, the remaining will propose to change authorized capital 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. At proceeding stockholders meetings, the stockholders resolved to capitalize \$2,097,745 and to appropriate \$1,152,573 as cash dividend from this capital surplus.

c. Earnings distribution and dividend policy

The Company's Articles of Incorporation provide that annual net income should be appropriated after deducting any accumulated losses and taxes, providing legal and special reserves, and offering employee bonus which should not be less than 1% of the balance. The board of directors will then propose to the stockholders' meeting for appropriation of the 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 six 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 March 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 - cash	54,000	54,000		
Cash dividends	3,723,200	1,874,063	\$ 0.88	\$ 0.4995
Stock dividends	-	<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 (please see Note 5).

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

d. Employee stock option certificates

On April 7, 2003, the board of directors of the Company resolved to award issuing the employee stock option certificates, in a total consideration of 224,888 units, to attract and retain its professional employees, to centralize and strengthen their affiliation, and to create the 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 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 contract: Issuance of new shares.

8) Adjustment of exercise price:

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

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

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

9) Rights and obligations after exercising options:

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

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.

12. TREASURY STOCK

(Expressed 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				
- SinoPac Financial Holdings Company Limited	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				
- SinoPac Financial Holdings Company Limited	-	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.

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

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

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 the Company, together with stock dividends totaling of 226,495,430 shares. To deal with the Company's shares held by Bank SinoPac, the Board of the Company resolved to sell 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 the Company, with carrying value of \$1,490,918 and \$2,896,922 (included in securities purchased), respectively. Pursuant to the generally accepted accounting principles in the ROC, the Company 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 \$3,478,375, respectively.

Pursuant to the Financial Holding Company Act, the aforementioned treasury stock held by Bank SinoPac (i) may be reissued to the employees of the Company or the Company's subsidiaries within three years, (ii) may be used for equity conversion, or (iii) may be sold on stock exchange market. In the event that such shares are not timely reissued or sold, such shares should be cancelled and decrease the Company's capital stock, in addition, the alteration registration should be completed. Bank SinoPac had held 116,565,240 shares of the Company over three years on May 8, 2005, thus, Bank SinoPac proposed the cancellation of those common shares to the authorities according to regulation of the above Act on July 4, 2005. Since Bank SinoPac did not receive any proceeds from the Company for such cancelled shares, while the Company followed the regulation to cancel and decrease its capital stock, Bank SinoPac had to reduce its capital based on the capital decrease ratio, on which Bank SinoPac decided to decrease its capital stock 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.

13. PENSION

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

Following were summaries of certain pension information:

	For the Six Months Ended	
	June 30	
	2005	2004
a. Change in pension fund		
Balance, January 1	\$ 3,869	\$ 2,142
Contributions	<u>784</u>	<u>849</u>
Balance, June 30	<u>\$ 4,653</u>	<u>\$ 2,991</u>
b. Change in accrued pension cost		
Balance, January 1	\$ 14,365	\$ 8,601
Provision	4,427	3,728
Contributions	(784)	(849)
	<u>(2,276)</u>	<u>-</u>
Balance, June 30	<u>\$ 15,732</u>	<u>\$ 11,480</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.

14. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

	For the Six Months Ended June 30	
	2005	2004
Personnel expenses		
Salaries and wages	\$ 50,402	\$ 52,511
Pension	4,427	3,728
Labor insurance and national health insurance	1,253	1,159
Other	413	241
Depreciation	4,983	3,579
Amortization	814	553

15. INCOME TAX

Under a 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.

The Company adopted the linked-tax system for income tax since 2003 filings and unappropriated earnings tax since 2002 filings with its qualified subsidiaries, including Bank SinoPac, SinoPac Securities and SinoPac Call Center Co., Ltd. (collectively, the Group).

- a. Reconciliation 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 25% statutory rate	453,792	746,760
Add (deduct) tax effects of:		
Tax-exempt income	(5,400)	(3,338)
Permanent difference	(491,807)	(764,485)
Temporary difference	117,225	44,032
Investment tax credit	(18)	-
Loss carryforward	-	(22,969)
	<u>73,792</u>	<u>-</u>
Current income tax payable	<u>\$ 73,792</u>	<u>\$ -</u>

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

Current income tax payable	\$ 73,792	\$ -
Separation taxes on short-term bills interest revenue	25	4
Adjustments for prior year	1,135	-
Changes upon deferred income tax	<u>(97,069)</u>	<u>8,735</u>
	(22,117)	8,739
Effect upon adoption of the linked-tax system	<u>(21,353)</u>	<u>-</u>
	<u>\$ (43,470)</u>	<u>\$ 8,739</u>

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

	June 30	
	2005	2004
Current		
Deferred income tax assets (liabilities)		
Deferred interest premium of Euro-convertible bonds	\$ 227,282	\$ 174,330
Loss carryforward	76,621	53,662
Deferred organization costs	2,265	2,265
Investment tax credit	-	522
Unrealized foreign exchange loss (gain)	<u>68,627</u>	<u>(4,863)</u>
	374,795	225,916
Less allowance for deferred income tax assets	<u>258,873</u>	<u>205,921</u>
	115,922	19,995
Effect upon adoption of the linked-tax system	<u>(45,030)</u>	<u>-</u>
	<u>\$ 70,892</u>	<u>\$ 19,995</u>
Noncurrent		
Deferred income tax assets		
Deferred organization costs	\$ 1,888	\$ 4,153
Deferred pension cost	<u>3,933</u>	<u>2,870</u>
Deferred income tax assets	<u>\$ 5,821</u>	<u>\$ 7,023</u>

The balances of the imputation credit account as of June 30, 2005 and 2004 were \$563 and \$4,846, respectively. The imputed tax credit ratios for the 2004 and 2003 earnings were 15.89% and 8.11%, respectively.

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

The income tax returns of the Company through 2002 had been examined by the tax authorities.

16. EARNINGS PER SHARE

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

	<u>Numerator (Amounts)</u>		Denominator (Shares in Thousands)	<u>EPS (NT\$)</u>	
	Pretax	After Tax		Pretax	After Tax
For the six months ended <u>June 30, 2005</u>					
Basic EPS	\$ 1,815,210	\$ 1,858,680	4,043,843	<u>\$ 0.45</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>\$ 1,905,503</u>	<u>\$ 1,948,973</u>	<u>4,395,244</u>	<u>\$ 0.43</u>	<u>\$ 0.44</u>

(Continued)

	<u>Numerator (Amounts)</u>		<u>Denominator (Shares in Thousands)</u>	<u>EPS (NT\$)</u>	
	<u>Pretax</u>	<u>After Tax</u>		<u>Pretax</u>	<u>After Tax</u>
For the six months ended <u>June 30, 2004</u>					
Basic EPS	\$ 2,987,079	\$ 2,978,340	3,703,455	<u>\$ 0.81</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>\$ 3,181,466</u>	<u>\$ 3,172,727</u>	<u>4,257,240</u>	<u>\$ 0.75</u>	<u>\$ 0.75</u>

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

	<u>Numerator (Amounts)</u>		<u>Denominator (Shares in Thousands)</u>	<u>EPS (NT\$)</u>	
	<u>Pretax</u>	<u>After Tax</u>		<u>Pretax</u>	<u>After Tax</u>
For the six months ended <u>June 30, 2005</u>					
Basic EPS	\$ 1,815,210	\$ 1,858,680	4,160,408	<u>\$ 0.44</u>	<u>\$ 0.45</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>\$ 1,905,503</u>	<u>\$ 1,948,973</u>	<u>4,511,809</u>	<u>\$ 0.42</u>	<u>\$ 0.43</u>

For the six months ended <u>June 30, 2004</u>					
Basic EPS	\$ 2,987,079	\$ 2,978,340	3,929,950	<u>\$ 0.76</u>	<u>\$ 0.76</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>\$ 3,181,466</u>	<u>\$ 3,172,727</u>	<u>4,483,735</u>	<u>\$ 0.71</u>	<u>\$ 0.71</u>

17. RELATED-PARTY TRANSACTIONS

In addition to disclosure in other footnotes, relationships with the Company and significant transactions between the Company and related parties, including transactions of amounts over NT\$100 million with its subsidiaries, were summarized as follows:

a. Related parties

<u>Name</u>	<u>Relationship with the Company</u>
Bank SinoPac	Subsidiary
SinoPac Securities	Subsidiary
AnShin Card Services Co., Ltd. (AnShin Card Services)	Subsidiary

(Continued)

<u>Name</u>	<u>Relationship with the Company</u>
SinoPac Call Center Co., Ltd. (SinoPac Call Center)	Subsidiary
SinoPac Life Insurance Agent Co., Ltd. (SinoPac Life Insurance)	Subsidiary
SinoPac Property Insurance Agent Co., Ltd. (SinoPac Property Insurance)	Subsidiary
National Electric Appliance Co., Ltd. (National Electric Appliance)	Same chairperson (the chairperson resigned on May 2005)
Hong Yue Investment Co. (Hong Yue Investment)	Supervisor of the Company (the supervisor resigned on May 2005)
Far East National Bank (FENB)	Overseas affiliate of Bank SinoPac
Other	Related parties under the control of the Company and with no transactions with the Company, please see Table 6

b. Significant transactions between the Company and related parties

1) Cash and cash equivalents - bank deposits

	<u>June 30</u>			
	<u>2005</u>		<u>2004</u>	
	Amount	% of Account Balance	Amount	% of Account Balance
Bank SinoPac	\$ 292,732	29	\$ 2,405,619	57
FENB	-	-	1,577,745	37

2) Securities transactions under agreements to resell

Type of Transaction	<u>June 30, 2005</u>	
	Face Amount	Cost
SinoPac Securities Bonds purchased under agreements to resell	\$ 586,500	\$ 650,713
Bank SinoPac Bonds purchased under agreements to resell	1,642,700	1,875,933

For the six months ended June 30, 2005 and 2004, interest revenue generated from the aforementioned securities transactions with Bank SinoPac amounted to \$2,742 and \$193, respectively. For the six months ended June 30, 2005 and 2004, interest revenue generated from the aforesaid securities transactions with SinoPac Securities amounted to \$1,482 and \$171, respectively.

3) Receivables from related parties

	June 30			
	2005		2004	
	Amount	% of Account Balance	Amount	% of Account Balance
Interest receivable				
Bank SinoPac	\$ 494	-	\$ 6,442	-
SinoPac Securities	224	-	-	-
FENB	-	-	8,085	-
Receivable on preferred stock dividends				
AnShin Card Services	75,042	45	29,101	1
Receivable on dividends				
Bank SinoPac	-	-	1,870,452	53
SinoPac Securities	-	-	1,462,772	42
SinoPac Life Insurance	-	-	89,000	3
Other				
Bank SinoPac	9,479	6	-	-

4) Receivables from related parties - tax receivables resulting from linked-tax system

The receivable of the Company resulting from the linked-tax system to its subsidiaries were \$75,937 and \$13,449 as of June 30, 2005 and 2004, respectively.

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

The payables of the Company resulting form the linked-tax system to its subsidiaries were \$20,299 on June 30, 2005.

6) Interest revenue from bank deposits

	For the Six Months Ended June 30			
	2005		2004	
	Amount	% of Account Balance	Amount	% of Account Balance
Bank SinoPac	\$ 11,433	19	\$ 16,671	29
FENB	6,004	10	10,829	19

7) Dividend income

	For the Six Months Ended June 30			
	2005		2004	
	Amount	% of Account Balance	Amount	% of Account Balance
AnShin Card Services	\$ 21,600	100	\$ 13,350	100

8) Professional service charges

Professional service charges paid to SinoPac Securities amounted to \$2,378 and \$2,484 for the six months ended June 30, 2005 and 2004, respectively.

Professional service charges paid to Bank SinoPac amounted to \$509 for the six months ended June 30, 2005.

9) Lease

The Company leased certain office premises from National Electric Appliance Co., Ltd. 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 rentals as of June 30, 2004 was \$1,919.

The Company leased certain apartments as employees' dormitory from Hong Yue Investment Co., Ltd. for a period from May 2002 to May 2005 with monthly rental payments. Rental expense for the six months ended June 30, 2005 and 2004 were \$1,469 and \$1,762, respectively.

The Company leased certain office premises from SinoPac Leasing for a period from January 2005 to December 2019 with monthly rental payments. Rental expense for the six months ended June 30, 2005 was \$5,397 and rental deposits as of June 30, 2005 was \$27,980.

The Company leased certain office premises from SinoPac Securities for a period from February 2004 to March 2004. Rental paid for the six months ended June 30, 2004 was \$82.

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

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

1) Bank SinoPac

<u>Name</u>	<u>Relationship with Bank SinoPac</u>
SinoPac Financial Holdings Company Limited	Parent company
SinoPac Securities	Subsidiary of SinoPac Financial Holdings Company Limited
SinoPac Leasing Corporation (SPL)	Subsidiary of Bank SinoPac
Grand Capital International Limited (Grand Capital)	Subsidiary of SPL
Wal Tech International Corporation (Wal Tech International)	Affiliate of Bank SinoPac
Far East National Bank (FENB)	Overseas affiliate of Bank SinoPac
Other	Bank SinoPac's directors, supervisors, managers and their relatives, department chiefs, the investees accounted for by the equity method and subsidiaries of Bank SinoPac, etc.
Other	Related parties under the control of Bank SinoPac and with no transactions with Bank SinoPac.

a) Loans

Period	Ending Balance	% of Total	Interest Rate	Interest Revenue	% of Total
For the six months ended June 30, 2005	\$ 2,025,010	0.74	1.30%-12.60%	\$ 27,173	0.38
For the six months ended June 30, 2004	1,730,092	0.63	1.31%-12.30%	25,275	0.52

b) Deposits

Period	Ending Balance	% of Total	Interest Rate	Interest Expense	% of Total
For the six months ended June 30, 2005					
SinoPac Financial Holdings Company Limited	\$ 292,732	0.08	0%-1.50%	\$ 11,433	0.27
Other	4,060,124	1.10	0%-6.675%	27,091	0.64
For the six months ended June 30, 2004					
SinoPac Financial Holdings Company Limited	2,405,619	0.71	0%-1.17%	16,671	0.63
Other	7,466,121	2.20	0%-6.475%	26,659	1.01

c) Due from banks and other receivables

	Ending Balance		% of Total	
	June 30		For the Six Months Ended June 30	
	2005	2004	2005	2004
Due from banks - FENB	\$ 73,585	\$ 47,247	0.18	0.28
Other receivables	219,390	314,970	0.80	0.90

d) Securities purchased

	Ending Balance	% of Total
Structured instruments - SinoPac Securities	\$ 146,600	100

e) Guarantees and securities purchased

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

	Jun 30, 2004
Wal Tech International	\$ 146,000
SinoPac Securities	<u>35,000</u>
	<u>\$ 181,000</u>

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

	June 30	
	2005	2004
Properties - carrying amount	<u>\$ 1,109,364</u>	<u>\$ 1,532,430</u>

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

	<u>June 30</u>	
	<u>2005</u>	<u>2004</u>
Properties and properties held for lease - carrying amount	\$ 1,178,716	\$ 1,189,109
Certificates of deposit	<u>830,000</u>	<u>1,260,000</u>
	<u>\$ 2,008,716</u>	<u>\$ 2,449,109</u>

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

	<u>Face Amount</u>		<u>Cost</u>	
	<u>June 30</u>		<u>June 30</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
SinoPac Financial Holdings				
Company Limited				
Short-term bills and bonds sold				
under agreements to				
repurchase	\$ 1,642,700	\$ -	\$ 1,875,933	-
Others				
Short-term bills and bonds sold				
under agreements to				
repurchase	4,000	151,000	4,013	150,510

g) Professional 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 \$64,566 and \$122,181, respectively.

h) Due from affiliates

As of June 30, 2005 and 2004, Bank SinoPac's estimated receivable resulting from the adoption of linked-tax system amounted to \$97,082 and \$175,060.

i) Asset transactions

For the six months ended June 30, 2004, Bank SinoPac purchased convertible bonds amounting to \$247,900, which had been paid before June 30, 2004, from SinoPac Securities.

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

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

2) SinoPac Securities

<u>Name</u>	<u>Relationship with SinoPac Securities</u>
SinoPac Financial Holdings Company Limited	Parent company
Bank SinoPac	Subsidiary of SinoPac Financial Holdings Company Limited
SinoPac Futures Corporation (SinoPac Futures)	Subsidiary of SinoPac Securities

a) Bonds sold under agreements to repurchase

	<u>June 30, 2005</u>	
	<u>Face Amount</u>	<u>Cost</u>
SinoPac Financial Holdings Company Limited	\$ 586,500	\$ 650,713
	<u>June 30</u>	
	<u>2005</u>	<u>2004</u>

b) Bank deposits (including exchange clearing receivables)

Bank SinoPac	\$ 162,079	\$ 1,752,630
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c) Short-term borrowings and pledged assets

As of June 30, 2005 and 2004, SinoPac Securities had short-term borrowings from Bank SinoPac amounted to \$745,000 and \$180,000, respectively. Properties, properties held for lease and time deposits amounted to \$1,089,458, \$89,258 and \$855,000 as of June 30, 2005, respectively; and properties, properties held for lease and time deposits amounted to \$1,118,988, \$70,121 and \$1,260,000 as of June 30, 2004, respectively, were pledged as collateral of credit lines for issuance of commercial papers, borrowings, overdrafts and for meeting the requirements by the tax authorities for appeals for tax reassessment.

d) Futures trading margins

As of June 30, 2005 and 2004, SinoPac Securities provided \$460,850 and \$396,956 as futures trading margins to SinoPac Futures to engage in futures dealing business. As of June 30, 2005 and 2004, the futures trading brokerage fees from SinoPac Securities to SinoPac Futures amounted to \$102,855 and \$103,029, respectively.

e) For the six months ended June 30, 2004, SinoPac Securities had sold its convertible bonds at cost to Bank SinoPac for a total consideration of \$247,900, which had been received before June 30, 2004.

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

3) AnShin Card Services

<u>Name</u>	<u>Relationship with AnShin Card Services</u>
Bank SinoPac	Subsidiary of SinoPac Financial Holdings Company Limited

Deposits

As of June 30, 2005, AnShin Card service's deposits in Bank SinoPac was as follows:

	<u>For the Six Months Ended June 30, 2005</u>		
	<u>Maximum Balance</u>	<u>Ending Balance</u>	<u>Interest Rate</u>
Demand deposits	<u>\$ 1,003,237</u>	<u>\$ 59,431</u>	<u>0.3%-1.525%</u>

4) FENB

<u>Name</u>	<u>Relationship with FENB</u>		
SinoPac Financial Holdings Company Limited Bank SinoPac	Parent company of Bank SinoPac Subsidiary of SinoPac Financial Holdings Company Limited		
		<u>June 30</u>	
		<u>2005</u>	<u>2004</u>
Due to Banks - Bank SinoPac		<u>\$ 73,585</u>	<u>\$ 47,247</u>
Deposits - SinoPac Financial Holdings Company Limited		<u>\$ -</u>	<u>\$ 1,577,745</u>

5) SPL

<u>Name</u>	<u>Relationship with SPL</u>		
Bank SinoPac	Parent company		
		<u>June 30</u>	
		<u>2005</u>	<u>2004</u>
Borrowings from Bank SinoPac		<u>\$ 543,500</u>	<u>\$ 532,000</u>

6) Grand Capital

<u>Name</u>	<u>Relationship with Grand Capital</u>		
Bank SinoPac	Parent company of SPL (parent company of Grand Capital)		
		<u>June 30</u>	
		<u>2005</u>	<u>2004</u>
Borrowings from Bank SinoPac		<u>\$ 234,639</u>	<u>\$ 378,691</u>

7) Wal Tech International

<u>Name</u>	<u>Relationship with Wal Tech International</u>		
Bank SinoPac	Affiliate		
		<u>June 30</u>	
		<u>2005</u>	<u>2004</u>
Borrowings from Bank SinoPac		<u>\$ 328,500</u>	<u>\$ 210,500</u>

As of June 30, 2004, commercial papers guaranteed by Bank SinoPac amounted to \$146,000.

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

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

As of June 30, 2005 and 2004, SinoPac Capital Limited had short-term borrowings from its subsidiary, SinoPac Capital (B.V.I.) Ltd. amounting to \$170,842 and \$195,642, respectively.

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

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

As of June 30, 2005 and 2004, SinoPac Asia Limited engaged in the transaction of bonds sold under agreements to repurchase amounted to \$207,637, with its parent company, SinoPac Asset Management Corp. (B.V.I.). In addition, SinoPac Asia Limited engaged in the transaction of bonds sold under agreements to repurchase amounted to \$70,282, with its affiliate company, SinoPac Securities (Asia) Ltd. on June 30, 2004.

18. SIGNIFICANT CONTINGENCIES AND COMMITMENTS

- a. Significant contingencies and commitments of the Company, in addition to financial instruments disclosed in Note 23, are summarized as follows:

1) Lease contract

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

Year	Amount
July 1 to December 31, 2005	\$ 7,179
2006	14,359
2007	14,359
2008	14,359
2009	14,359

Rentals for the years beyond 2010 amount to \$143,586, the present value of which is about \$124,008 as discounted at Bank SinoPac's one-year time deposit rate of 1.69% on July 1, 2005.

2) Interior decoration contract

The Company had entered into contracts to do interior decoration of its premises for \$33,728, of which \$7,860 had already been paid as of June 30, 2005.

b. Significant contingencies and commitments of subsidiaries

Bank SinoPac

1) Lease contract

Bank SinoPac leased certain office premises under several contracts for various periods ranging from one to 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	\$ 120,847
2006	218,867
2007	176,103
2008	125,207
2009	94,062

Rentals for the years beyond 2010 amount to \$660,901, the present value of which is about \$564,286 as discounted at Bank SinoPac's one-year time deposit rate of 1.69% on July 1, 2005.

2) Equipment purchase contract

Bank SinoPac had entered into contracts to purchase computer hardware and software for \$153,298, of which \$70,002 has been paid as of June 30, 2005.

3) Interior decoration contract

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

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

Short-term bills and bonds with a total face amount of \$17,201,282, were sold under agreements to repurchase at \$18,154,481 between July 2005 and January 2006.

5) Short-term bills and bonds purchased under agreements to resell

Short-term bills and bonds with a total face amount of \$22,691,500 were purchased under agreements to resell at \$23,233,359 between July 2005 and January 2006.

6) The Securities and Futures Investors Protection Center (SFIPC) is believed by investors to be filing a lawsuit against Bank SinoPac for helping Procomp Informatics Ltd. to window dress its financial statements. 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.

SinoPac Securities

- 1) On behalf of the investors of Cheng-Yi Food Co. (CYF) with respect to its initial public offering (IPO), the Securities and Futures Institute (SFI) filed a civil case against CYF and the major and sub-underwriters (SinoPac Securities being a sub-underwriter in the IPO) of CYF. The damages claimed by SFI amounted to \$71,018 plus 5% interest. SinoPac Securities' legal counsel believes that SinoPac Securities cannot be held liable for damages incurred by the investors since its role as sub-underwriter to the CYF IPO is limited only to the distribution of CYF shares and it did not advise CYF on matters related to the IPO.
- 2) Mr. Chang sued SinoPac Securities and its two former employees, Mr. Lin and Mr. Huang, for embezzlement. Mr. Chang claimed from SinoPac Securities damages of \$32,215 plus 5% interest. After the trial at the high court of second instance on June 30, 2004, the high court determined that SinoPac Securities should assume the related liability of \$28,828 plus 5% interest and pay compensation. After the trial at the supreme court on November 30, 2004, the supreme court determined that the case be returned to the high court to rejudge the case. In the opinion of SinoPac Securities' management and legal counsel, clarification should be made that the damage claimed by Mr. Chang was not connected to SinoPac Securities' brokerage affairs because Mr. Chang had authorized Mr. Lin to deal with money remittance for stock payment for a long time. In addition, SinoPac Securities claimed that Mr. Chang also committed an unpremeditated crime. Nevertheless, on the basis of the conservative principle, SinoPac Securities estimated a loss of \$29,000, recorded as other payables in the financial statements.
- 3) A plaintiff, Mr. Chen, sued Mr. Chen, a former employee of SinoPac Securities' Yuan Lin branch, for fraud. Plaintiff Mr. Chen also sued SinoPac Securities as a codefendant and demanded that SinoPac Securities pay damages of \$12,999 plus 5% interest. After the trial at the district court of second instance on December 31, 2003, the district court concluded that SinoPac Securities should assume the related compensation of \$7,799 plus 5% interest. In the opinion of SinoPac Securities' management, since plaintiff Mr. Chen was not SinoPac Securities' client and the defendant Mr. Chen did not have brokerage transactions with the plaintiff, SinoPac Securities could claim miscarriage of justice and thus filed an appeal with the supreme court. Nevertheless, on the basis of the conservative principle, SinoPac Securities estimated a loss of \$8,500, recorded as other payables in the financial statements.
- 4) The one-to-fifteen-year agreements on the lease of the head office and branch premises can be renewed within six months before expiry. The deposits for these leases amounted to \$67,743, recognized as refundable guarantee deposits, will be refunded without interest when the leases expire. Rentals for the next five years are as follows:

Year	Amount	Payment Frequency
July 1 to December 31, 2005	\$ 95,098	Monthly or quarterly
2006	156,409	Monthly or quarterly
2007	113,978	Monthly or quarterly
2008	56,856	Monthly or quarterly
2009	35,678	Monthly or quarterly
The years beyond 2010	189,543	Monthly or quarterly

Rentals for the six months ended June 30, 2005 and 2004 were \$113,288 and \$86,388, respectively.

AnShin Card Services

As of June 30, 2005, AnShin Card Services leased certain office premises and parking spaces. The lease term partaken of the Company's office premises will end on January 20, 2020 and rentals for the future payments under the lease contracts amount to \$65,292. Other lease term will end on November 15, 2006 and rentals for the future payments under the lease contracts amount to \$33,351.

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

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

SinoPac Venture Capital

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

Year	Amount
July 1 to December 31, 2005	\$ 10,000
2006	20,000
2007	20,000
2008	20,000
2009	20,000
2010	20,000

SinoPac Call Center

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

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.

SinoPac Securities Investment Trust

SinoPac Securities Investment Trust leased certain office premises for the period until January 31, 2020, with rentals paid monthly. Rentals for the future are as follows:

Year	Amount
July 1 to December 31, 2005	\$ 7,967
2006	12,236
2007	9,564
2008	9,534
2009	9,534
The years beyond 2010	98,516

SinoPac Securities Investment Trust had entered into contracts to purchase computer hardware and software for \$6,000, of which \$1,500 has not been paid as June 30, 2005.

19. CAPITAL ADEQUACY RATIO

Under the Financial Holding Company Act and related regulations, a financial holding company should maintain a consolidated capital adequacy ratio (CAR) of at least 100%. Thus, if a financial holding company's consolidated CAR falls below 100%, the authorities may prohibit it from declaring cash dividends or distributing other properties. In certain conditions, the authorities may impose other penalties on the company. As of June 30, 2005 and 2004, consolidated CARs of the Company 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 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, 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.

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

SinoPac Securities pays margin deposits when entering into futures contracts. SinoPac Securities also pays the margin deposits for short options contracts. The margin account of SinoPac Securities is 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 should either deposit additional margin or make a presettlement to recognize the loss.

For SinoPac Securities Dealing department, there were 181 and 56 futures contracts outstanding as of June 30, 2005 and 2004, respectively; and 10,444 and 418 options contracts outstanding as of June 30, 2005 and 2004, respectively. Guarantee deposits paid amounted to \$460,850 and \$396,956 as of June 30, 2005 and 2004, respectively.

For SinoPac Futures Dealing department, there were 275 and 19 futures contracts outstanding as of June 30, 2005 and 2004, respectively; and 1,661 and 515 options contracts outstanding as of June 30, 2005 and 2004, respectively. Margin deposits paid and received for futures and options contracts amounted to \$153,359 and \$122,255 as of June 30, 2005, respectively; and margin deposits paid and received for options contracts amounted to \$13,954 and \$1,801 as of June 30, 2004, respectively.

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
a. $\frac{\text{Equities}}{\text{Total liabilities deducted futures client equity, futures trading loss reserve and default reserve}}$	≥ 1	11.18	13.58
b. $\frac{\text{Current assets}}{\text{Current liabilities}}$	≥ 1	1.15	1.18
c. $\frac{\text{Equities}}{\text{Capital stock}}$	$\geq 60\%$ $\geq 40\%$	207%	207%
d. $\frac{\text{Adjusted net capital}}{\text{Client and proprietary account}}$	$\geq 20\%$ $\geq 15\%$	74%	147%

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

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

(Continued)

Name	June 30, 2005	
	Aggregate Amount of Credit Extensions, Guarantees or Other Transactions	% of Financial Holding Company's Net Worth
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%
Da Yu Internation Corporation 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.

22. DISCLOSURE OF FINANCIAL INSTRUMENTS

a. Derivative financial instruments

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

The Company is exposed to credit risk in the event of default on contracts by counter-parties. Since the Company enters into transactions only with financial institutions with good worldwide rankings, accordingly, insignificant 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 purpose:						
Cross-currency swap contracts	\$ 2,086,030	\$ -	\$ (178,845)	\$ 2,260,530	\$ -	\$ (62,845)
For the purpose of managing the Company'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 the Company's exposures:			
Currency swap contracts			
Realized	Interest expense	446	-
Unrealized	Foreign exchange loss	1,087	-

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				
	\$ 1,178,791	\$ 1,178,791	\$ 7,745,121	\$ 7,745,121
Securities purchased under agreements to resell				
	6,087,535	6,087,535	435,000	435,000
Long-term equity investments	53,915,695	53,915,695	50,479,479	50,479,479
Refundable guarantee deposits	32,007	32,007	3,338	3,338
<u>Liabilities</u>				
Financial liabilities - with fair values approximating carrying amounts				
	3,916,805	3,916,805	2,576,808	2,576,808
Euro-convertible bonds (Euro- convertible bonds redeemable within one year)				
	3,050,300	3,129,988	8,140,721	9,112,476
Guarantee deposits and margins received				
	-	-	2,126	2,126

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

- 1) The carrying amounts of cash and cash equivalents, receivables (exclude tax receivable), receivables - related party, securities purchased under agreements to resell, short-term borrowings, commercial paper payables, payables (exclude tax payable) and investments payable, approximate their fair values because of the short maturities of these instruments.

- 2) The fair values of long-term equity investments for unlisted stocks are estimated at the carrying amounts since there is no market value for unlisted stocks.
- 3) The fair values of refundable guarantee deposits and guarantee deposits and margins received are estimated at their carrying amounts since such deposits do not have specific due dates.
- 4) The fair value of Euro-convertible bonds and Euro-convertible bonds redeemable within one year are estimated at their market prices listed in Luxembourg.

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

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

a. Condensed balance sheets

Bank SinoPac					
Condensed Balance Sheets					
June 30, 2005 and 2004					
(In Thousands of New Taiwan Dollars)					
Assets	2005	2004	Liabilities	2005	2004
Cash and cash equivalents	\$ 6,666,644	\$ 7,053,582	Call loans and due to banks	\$ 28,113,028	\$ 41,756,298
Due from the Central Bank and other banks	56,239,916	24,389,790	Securities sold under agreements to repurchase	18,138,548	12,123,883
Securities purchased, net	82,283,202	129,035,558	Accounts, interest and other payables	11,606,186	19,707,112
Accounts, interest and other receivables, net	27,394,668	35,000,895	Acceptances payable	2,318,196	3,305,042
Acceptances	2,318,196	3,305,042	Deposits and remittances	367,638,559	338,855,120
Securities purchased under agreements to resell	23,215,845	8,174,713	Bank debentures	32,800,000	29,800,000
Prepayments	300,554	252,787	Other liabilities	<u>2,760,455</u>	<u>3,213,776</u>
Loans, discounts and bills purchased, net	274,069,097	248,381,709	Total liabilities	<u>463,374,972</u>	<u>448,761,231</u>
Long-term investments, net	10,261,175	9,267,730	Stockholders' equity		
Properties, net	4,956,748	4,875,830	Capital stock	20,863,392	19,443,976
Other assets	<u>3,935,071</u>	<u>5,328,315</u>	Capital surplus	126,974	125,208
			Retained earnings	7,613,274	6,859,538
			Equity adjustments	<u>(337,496)</u>	<u>(124,002)</u>
			Total stockholders' equity	<u>28,266,144</u>	<u>26,304,720</u>
Total	<u>\$ 491,641,116</u>	<u>\$ 475,065,951</u>	Total	<u>\$ 491,641,116</u>	<u>\$ 475,065,951</u>

SinoPac Securities Corporation

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

Assets	2005	2004	Liabilities	2005	2004
Current assets	\$ 33,687,167	\$ 41,273,542	Current liabilities	\$ 20,465,747	\$ 27,715,328
Long-term investments	5,530,753	5,303,629	Long-term interest bearing liabilities	2,000,000	2,000,000
Properties, net	2,635,856	2,658,370	Other liabilities	498,966	617,479
Other assets	2,630,837	2,853,480	Total liabilities	<u>22,964,713</u>	<u>30,332,807</u>
Securities brokerage debit account, net	<u>27,623</u>	<u>464,834</u>	Stockholders' equity		
			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	<u>(173,581)</u>	<u>29,314</u>
			Total stockholders' equity	<u>21,547,523</u>	<u>22,221,048</u>
Total	<u>\$ 44,512,236</u>	<u>\$ 52,553,855</u>	Total	<u>\$ 44,512,236</u>	<u>\$ 52,553,855</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	Stockholders' equity		
Other assets	<u>2,224</u>	<u>2,649</u>	Capital stock	3,000	3,000
			Retained earnings	56,466	32,045
			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	6,280	3,761
			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 cost	16,957	13,122
Other assets	<u>537,860</u>	<u>589,268</u>	Other liabilities	14,749	17,566
			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	(14,749)	(17,566)
			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

**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	\$ 9,837,231	\$ 10,021,080
Operating costs and expenses	<u>8,055,397</u>	<u>7,868,431</u>
Operating income	1,781,834	2,152,649
Nonoperating income and gains	98,970	198,633
Nonoperating expenses and losses	<u>50,013</u>	<u>22,963</u>
Income before income tax	<u>1,830,791</u>	<u>2,328,319</u>
Net income	<u>\$ 1,547,376</u>	<u>\$ 2,079,084</u>
Pretax earnings per share	<u>\$ 0.88</u>	<u>\$ 1.12</u>
After tax earnings per share	<u>\$ 0.74</u>	<u>\$ 1.00</u>

SinoPac Securities Corporation

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	\$ 2,180,764	\$ 4,053,904
Operating costs and expenses	<u>1,758,993</u>	<u>2,769,069</u>
Operating income	421,771	1,284,835
Nonoperating income and gains	227,196	345,659
Nonoperating expenses and losses	<u>62,945</u>	<u>106,397</u>
Income before income tax	<u>586,022</u>	<u>1,524,097</u>
Net income	<u>\$ 243,563</u>	<u>\$ 989,996</u>
Pretax earnings per share	<u>\$ 0.38</u>	<u>\$ 1.00</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
Nonoperating 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>\$104.43</u>
After tax earnings per share	<u>\$160.87</u>	<u>\$ 78.36</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>\$ 14.66</u>
After tax earnings per share	<u>\$ 17.57</u>	<u>\$ 11.03</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>

24. CROSS SELLING INFORMATION

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

Item	Bank SinoPac	SinoPac Securities	Total	Terms of Allocation
For the six months ended <u>June 30, 2005</u>				
Rental	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	On discussion

(Continued)

Item	Bank SinoPac	SinoPac Securities	Total	Terms of Allocation
For the six months ended <u>June 30, 2004</u>				
Rentals	\$ 815	\$ 94	\$ 909	On the basis of actual square measures used.
Utilities	60	177	237	On the basis of actual measures used.
Other	119	164	283	Expenses are allocated on the basis of actual measures used except for administrative expenses.
	<u>\$ 994</u>	<u>\$ 435</u>	<u>\$ 1,429</u>	

In February 2003, SinoPac Life Insurance Agent and SinoPac Property Insurance Agent contracted with Bank SinoPac to regulate the rules of their cross selling activities and promotions as well as the allocation of expenses and the sharing of operating equipment and premises. For the six months ended June 30, 2005, SinoPac Property Insurance Agent paid Bank SinoPac \$1,520 as incentive bonuses. As of June 30, the related payables amounted to \$992. For the six months ended June 30, 2005, SinoPac Life Insurance Agent paid Bank SinoPac \$17,466 as incentive bonuses. As of June 30, 2005, the related payables amounted to \$11,313.

In March 2003, SinoPac Life Insurance Agent contracted with AnShin Card Services to regulate the rules of their cross selling activities and promotions as well as the allocation of expenses. For the six months ended June 30, 2005 and 2004, SinoPac Life Insurance Agent accrued related expenses amounting to \$32,965 and \$24,530, respectively, from AnShin Card Services as service charges, and related payable amounting to \$15,592 as of June 30, 2004.

25. 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: $\text{Overdue loans ratio} = \frac{\text{Overdue loans (including nonperforming loans)}}{\text{Outstanding loan balance} + \text{Nonperforming loans}}$. 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 had, 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: $\text{Write-off amounts of credits} = \text{Accumulated write-off amounts of credits for the six months ended June 30, 2005 and 2004.}$

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 three 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: $\text{Ratio of credit extensions to interested parties} = \frac{\text{Credit extensions to interested parties}}{\text{Total credit extensions}}$.

Note 3: $\text{Ratio of credit extensions secured by pledged stocks} = \frac{\text{Credit extensions secured by pledged stocks}}{\text{Total credit extensions}}$.

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) GreTai Securities Market (the GTSM) stocks - average daily closing prices for the last month of the accounting period, published by the GTSM; and (d) bonds - period-end reference prices published by the GTSM.

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

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	\$ 5,113,621	2.48	\$ 4,019,372	0.68
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	78,217,858	1.45	149,658,501	1.41
Securities purchased under agreement to resell	18,184,786	1.16	4,891,485	1.10
Loans, discounts and bills purchased	271,861,210	3.30	225,187,262	3.27
Accounts receivable from factoring	11,982,011	4.09	11,663,586	4.03
Other long-term investments	1,080,967	2.91	-	-
<u>Interest-bearing liabilities</u>				
Due to other banks	86,518	4.01	70,467	0.48
Call loans (taken)	29,444,902	2.16	45,452,641	1.14
Demand deposits	91,339,907	0.63	69,018,406	0.42
Savings - demand deposits	73,234,742	0.48	68,849,430	0.50
Time deposits	101,165,419	1.82	135,234,826	0.84
Savings - time deposits	67,996,528	1.55	61,404,319	1.54
Negotiable certificates of deposit	29,991,856	1.19	28,375,387	1.01
Bank debentures	32,800,000	2.05	24,520,330	2.74
Securities sold under agreements to repurchase	16,489,085	1.15	12,455,173	0.96

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

**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.

26. ADDITIONAL DISCLOSURES

- a. Followings are the additional disclosures required by the SFC for the Company and investees:
- 1) Financing provided: Table 1;
 - 2) Endorsement/guarantee provided: Table 2;
 - 3) Marketable securities held: Table 3 (the related disclosures for SinoPac Securities are excluded from disclosure requirement under the Criteria Governing the Preparation of Financial Reports by Securities Firms);
 - 4) Acquisition of individual real estate at costs of at least NT\$100 million or 20% of the issued capital: Table 4 (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);
 - 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 requirement under the Criteria Governing the Preparation of Financial Reports by Public Banks);
 - 6) Receivables from related parties amounting to at least NT\$100 million or 20% of the issued capital: Table 6;
 - 7) Names, locations, and other information of investees on which the Company exercises significant influences: Table 7;
 - 8) Derivative financial transactions: Note 22. The derivative financial instruments of investees are summarized as follows:

Bank SinoPac

Bank SinoPac engages in foreign exchange and interest derivative transactions mainly for accommodating customers' needs and managing its exposure positions. It also enters into cross-currency swaps, interest rate swaps, futures, foreign currency options and asset swaps to hedge the effects of foreign exchange or interest rate fluctuations on its foreign-currency assets and liabilities. Bank SinoPac's strategy is to hedge most of the market risk exposures using hedging instruments with market value changes that have a highly negative correlation with the changes in the market of the exposures being hedged. Bank SinoPac also evaluates the hedge effectiveness periodically.

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

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

Financial Instruments	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	\$ 13,587,150	\$ 177,572	\$ 59,955
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's exposures:						
Forward contracts						
- Buy	95,875,761	1,102,150	626,741	122,174,755	1,028,150	991,733
- Sell	86,622,122	382,219	(567,065)	179,136,770	48,508	(796,564)
Currency swap contracts	223,249,630	388,074	63,323	159,460,449	678,004	(223,775)
Interest rate swap contracts	109,996,046	489,349	(18,137)	33,637,223	227,326	(21,816)
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
For the purposes of accommodating customers' needs or managing Bank SinoPac's exposures:						
Foreign currency options contracts						
- Long position	\$ 89,331,957	\$ 608,488	\$ 1,328,446	\$ 165,538,652	\$ 653,016	\$ 2,484,847
- Short position	85,829,532	-	1,190,383	155,524,196	-	1,600,005

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

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

As of June 30, 2005 and 2004, Bank SinoPac 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 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 counter-parties. Thus, the notional amounts do not represent the actual cash inflows or outflows nor the need for cash of Bank SinoPac. The possibility that derivative financial instruments held or issued by Bank SinoPac cannot be sold at reasonable prices is remote; thus, no significant cash demand is expected.

The gains (losses) on derivative financial instruments for the six months ended June 30, 2005 and 2004 were as follows:

	Account	For the Six Months Ended	
		June 30	
		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 instruments transactions	12,177	-
	Foreign exchange gain	22,054	-
Interest rate futures contracts	Loss on derivative financial instruments transactions	-	(7,590)
Options contracts	Income from derivative financial instruments transactions	-	17,123
For the purposes of accommodating customers' needs or managing Bank SinoPac's exposures:			
Forward contracts			
- Realized	Interest revenue	126,932	-
	Interest expense	(26,642)	-
- Unrealized	Loss on derivative financial instruments transactions	(3,659)	-
- Realized	Foreign exchange loss	(771,295)	(50,284)
- Unrealized	Foreign exchange gain (loss)	351,432	(27,026)
Forward rate agreements			
- Realized	Loss on derivative financial instruments transactions	(487)	(3,504)
- Unrealized	Income from derivative financial instruments transactions	486	3,525
Currency swap contracts			
- Realized	Interest revenue	917,102	272,359
	Interest expense	(798,608)	(240,937)
- Unrealized	Income from derivative financial instruments transactions	53,050	-
Interest rate swap contracts			
- Realized	Interest revenue	241,550	138,288
	Interest expense	(268,918)	(163,652)
	Income from derivative financial instruments transactions	27,359	1,419
- Unrealized	Income from derivative financial instruments transactions	1,857	20,508

(Continued)

		For the Six Months Ended	
		June 30	
Account		2005	2004
Options contracts			
- Realized	Loss on derivative financial instruments transactions	\$ (420,786)	\$ (1,713,789)
	Foreign exchange gain (loss)	(530,681)	346,812
- Unrealized	Loss on derivative financial instruments transactions	(500,571)	(209,204)
Interest rate futures contracts			
- Realized	Loss on derivative financial instruments transactions	(6,726)	(40,156)
- Unrealized	Income from (loss on) derivative financial instruments 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 instruments transactions	(1,743)	(2,844)
Credit default swap contracts			
- Realized	Income from derivative financial instruments transactions	2,531	2,675

SinoPac Securities

a) Warrants

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

SinoPac Securities issues warrants for trading purposes.

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

- ii. Credit risk

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

- iii. Market risk

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

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

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

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

v. Leverage of warrants

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
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

(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 - 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	Systex 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

(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 - 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	Systex 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
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 Corps.	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>		

b) Interest rate swap

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

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

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

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

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

The fair values of outstanding IRS contracts as 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.

- iii. Market risk

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

- iv. Cash flows and demands

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

- v. For the six months ended June 30, 2005 and 2004, losses of \$8,093 and income of \$16,552 from IRS valuation were recognized, respectively (presented as gain/loss from derivative financial instruments transactions - GTSM).

c) Stock index futures and options

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

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

ii. Carrying values, fair values and credit risks

		June 30, 2005			
Item	Transaction Type	Unsettlement Positions		Carrying Value/ Premium Paid (Received)	Fair Value
		Long/ Short	Volume		
Futures	TAIEX Futures	Long	40	\$ 49,669	\$ 49,592
	Banking and Insurance Sector Index Futures	Long	31	30,076	29,791
	Electronic Sector Index Futures	Short	110	111,440	111,188
Options	TAIEX options - call and put	Short	10,443	(18,985)	(18,519)
	Compal Electronics, Inc. stock option	Short	1	(9)	(8)
		June 30, 2004			
Item	Transaction Type	Unsettlement Positions		Carrying Value/ Premium Paid (Received)	Fair Value
		Long/ Short	Volume		
Futures	TAIEX Futures	Long	33	\$ 38,042	\$ 37,900
	Electronic Sector Index Futures	Long	16	14,538	14,634
	Government Bond Futures	Long	2	11,222	11,225
	Mini-TAIEX Futures	Long	1	289	288
	Interest Rate Futures	Short	4	32,372	32,370
Options	TAIEX Options - call and put	Long	106	813	438
	TAIEX Options - call and put	Short	312	(2,129)	(3,263)

The fair value as of balance sheet dates was based on the closing price published by the Taiwan Futures Exchange (TAIFEX). SinoPac Securities expects insignificant exposure to credit risks since the counterparty is TAIFEX.

As of June 30, 2005 and 2004, the premiums received from short option amounted to \$18,527 and \$3,263. As of June 30, 2004, the premiums paid for long option amounted to \$438.

iii. Market risk

Market risk pertains to the fluctuation of market prices of stock index futures and options. SinoPac Securities has appropriate risk control management and has set up stop-loss points to monitor price fluctuations and holding positions. When the balance of the trading margin account is lower than the maintenance margin, SinoPac Securities will recognize a loss by either settling the deal or putting in more deposits to the initial margin.

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

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

- v. Gains (losses) from futures and options transactions

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

	For the Six Months Ended June 30, 2005	
	Gains	
	(Losses) from Futures Transactions	Gains from Options Transactions
Non-hedging and realized	\$ 14,883	\$ 16,767
Non-hedging and unrealized	<u>(110)</u>	<u>467</u>
	<u>\$ 14,773</u>	<u>\$ 17,234</u>
	For the Six Months Ended June 30, 2004	
	Gain (Losses) from Futures Transactions	Gain (Losses) from Options Transactions
Non-hedging and realized	\$ (105,658)	\$ 138,699
Non-hedging and unrealized	<u>(42)</u>	<u>(1,509)</u>
	<u>\$ (105,700)</u>	<u>\$ 137,190</u>

- d) Asset swap transactions - convertible bonds

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

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

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

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

June 30, 2005				
	Nominal	Premiums		Credit
	Amount	Paid	Fair	Risk
		(Received)	Value	
i) Fixed income transactions				
Interest rate swaps	\$ 552,500	\$ -	\$ (1,321)	\$ 4,039
Long call options on convertible bonds	-	15,362	13,771	29,031
ii) Short call options on convertible bonds	599,500	(19,516)	(14,148)	-
June 30, 2004				
	Nominal	Premiums		Credit
	Amount	Paid	Fair	Risk
		(Received)	Value	
i) Fixed income transactions				
Interest rate swaps	\$ 651,000	\$ -	\$ (18,517)	\$ 3,870
Long call options on convertible bonds	-	56,847	56,610	114,417
ii) Short call options on convertible bonds	478,000	(38,184)	(41,162)	-

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 established 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 \$6,677, respectively, and derivative financial liabilities - GTSM at \$5,360 and \$25,194, respectively.

iii. Market risk

SinoPac Securities uses Value-at-Risks (VAR), based on statistical analysis of market data (including interest rate, convertible bond market prices and theoretical value of options) and foreign industrial standards in evaluating market risks of convertible bond swap transactions. As of June 30, 2005 and 2004, the VAR were \$484 and \$2,734, respectively.

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

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

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

For the six months ended June 30, 2005 and 2004, marking to market of convertible bonds swap transactions resulted in losses of \$22,039 and gains of \$1,412 (recognized as gains and losses from derivative financial transactions - GTSM), respectively.

- e) Structured note transactions

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

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

SinoPac Securities has entered into structured note transactions to diversify its financial instruments, to increase profits, to enhance its hedging methods, and to raise profitability.

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

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

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

The fair value is computed based upon 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 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 premiums from short options transactions have been collected in advance. Thus, SinoPac Securities expects insignificant exposure to credit risks.

iii. Market risk

The market risk of structured note transactions is mainly from adverse fluctuations of the underlying assets market price. Thus, option hedging models are used to hedge market risk. As of June 30, 2005 and 2004, the market risk were \$25,031 and \$1,880, respectively.

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

SinoPac Securities engages in structured note transactions, to enable investors to execute the contract prior to maturity, SinoPac Securities takes the liquidity risk of the fixed income instruments into consideration when selecting the target instruments. If the liquidity risk of the fixed income instruments is minor, there is no material risk of cash flows and no uncertainty on the amount and timing of future cash demand.

v. Gains (losses) from structured note transactions

For the six months ended June 30, 2005 and 2004, gains (losses) from structured note transactions were as follows: Losses of \$3,385 and \$291 from structured note transactions, respectively (presented as gains and losses from derivative financial instruments transactions - GTSM).

f) Bond option transactions

i. The objective of bond option transactions and strategies to achieve this objective:

SinoPac Securities 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 Securities engage in bond options for trading purpose, specifically to diversify their financial instruments, and to manage their bond positions.

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

- iii. 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 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.

- iv. 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 dealt are monitored by the risk control mechanism. SinoPac Securities' working capital can cope with the expected cash requirements. Thus, no significant cash demand is expected.

- v. Gain (loss) from bond option transactions

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

AnShin Card Services

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

- a) As of 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	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 contracts with those banks with good credit rankings; thus, exposed to credit risks is insignificant.

The fair value of derivative financial instruments is the amount AnShin Card Services would receive or pay to when the contracts terminate at the balance sheet date, including unrealized gains or losses for outstanding contracts. The fair value of AnShin Card Services' derivative financial instrument is based on the quotations from financial institutions which evaluate the future interest payment stream within the contractual period discounted at the market interest rate.

- b) Market risk

The purpose of the IRS contracts is to hedge the interest risk of liabilities. Therefore, gains or losses resulting from changes in interest rates will be offset by those of the item being hedged. Therefore, market risk is insignificant.

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

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

Under the IRS contracts, there is no exchange of the notional principals as, the contracts signed and as the contracts matured. The net interest at each 90 days or 180 days for settlement, which is calculated basing on the difference between the contractual rate and the market floating rate multiplied by the nominal principal, is usually insignificant.

- d) For the 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. Information related to investment in Mainland China: None.

SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEES

**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%	26,372	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
	Skahex 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 INVESTEES

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

JUNE 30, 2005

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance (Note)	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
SinoPac Financial Holdings Company Limited	Anshin Card Services`	Subsidiary of SinoPac Financial Holdings Company Limited	\$ 75,042	-	\$ -	-	\$ -	\$ -
	SinoPac Securities	Subsidiary of SinoPac Financial Holdings Company Limited	74,851	-	-	-	-	-
	Bank SinoPac	Subsidiary of SinoPac Financial Holdings Company Limited	9,417	-	-	-	-	-
	SinoPac Venture Capital	Subsidiary of SinoPac Financial Holdings Company Limited	933	-	-	-	-	-
	SinoPac Asset Management International	Subsidiary of SinoPac Financial Holdings Company Limited	411	-	-	-	-	-
	SinoPac Call Center	Subsidiary of SinoPac Financial Holdings Company Limited	393	-	-	-	-	-
	Far East National Bank	Subsidiary of Bank SinoPac	130	-	-	-	-	-

Note: The receivable comes from the adoption of the linked-tax system for 2004 tax filing and preferred stock dividends.

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 Bancorp	SinoPac Financial Consulting Co., Ltd.	Taipei	Investment advisory and business management advisory	\$ 1,940	\$ 1,940	194	97.00	2,464	17	16	Affiliate
	Far East National Bank	California	Commercial bank	US\$ 112,714	US\$ 112,714	175	100.00	5,448,870	257,800	-	Affiliate
Far East National Bank	SinoPac Financial Service (USA) Ltd.	California	Securities brokerage	US\$ 25	US\$ 25	2.5	100.00	34,138	6,078	-	Affiliate
	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
SinoPac Leasing Corporation	Film Service Management Corp.	California	Film management and advisory	US\$ 0.1	US\$ 0.1	0.1	100.00	1,047	1,038	-	Affiliate
	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 Asset Management (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
	SPS Asset Management Limited	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.