




SinoPac Holdings

2005 ANNUAL REPORT

SinoPac Holdings & Its Subsidiaries

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Tel: 886-2-2518-8137
- SinoPac Venture Capital Co., Ltd.
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- SinoPac Marketing Consulting Co., Ltd.
Address: 15F, No. 17, Section 1, Chengde Road, Taipei, Taiwan 103, R.O.C.
Tel: 886-2-2556-6200
- SinoPac Life Insurance Agency Co., Ltd.
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Tel: 886-2-8161-8544
- SinoPac Property Insurance Agency Co., Ltd.
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2005 ANNUAL REPORT

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Letter to Shareholders

On December 26, 2005, SinoPac Financial Holdings Company Ltd. (SinoPac Holdings) completed a merger of equals with International Bank of Taipei. This combination of two excellent management teams now leads a network of 129 branches island-wide, with 102 branches located in Greater Taipei, the most among all banks in this area. Our overseas presence spans the US, Hong Kong, Macau, Vietnam and London with a total of 26 offices. SinoPac Holdings now ranks as the fourth largest private-sector financial holding company in Taiwan with total assets exceeding NT\$1 trillion (US\$32 billion). This merger was the largest of Taiwan's eleven mergers in 2005 and was awarded "Best Taiwan Deal" of the year by the prestigious international publication FinanceAsia.

In such an increasingly globalized environment, financial institutions must build cross-border financial platforms and employ economies of scale in order to be competitive with multinational and area service providers. Foreign ownership in listed Taiwan companies has reached 31%, a very strong indication of the necessity of globalization being an essential market strategy. SinoPac Holdings has always pursued a dynamic growth strategy. International Bank of Taipei is a most reputable bank with a 58-year history. It is renowned both for its top-quality client base in Greater Taipei and for its pursuit of stable growth. In almost 60 years, International Bank of Taipei had never posted an annual loss, even in the face of major economic downturns, and has thus been regarded as a perennial winner in the Taiwan financial market. Similarly, Bank SinoPac has promoted stable growth with top-rated marks for its annual low non-performing loan loss ratio and overall strong asset quality.

In 2005, the world economy came under tremendous inflationary pressure as a result of increasing oil prices. The US Federal Reserve had continuously raised Fed funds rates, generating significant volatilities in the bond and foreign exchange markets. In addition, the Taiwan economy failed to perform as expected due to a decline in the trade surplus, among other factors. In the face of these challenges, SinoPac Holdings still managed to post NT\$5.8 billion net income in 2005, which translates to NT\$0.82 in earnings per share. Total net worth amounted to NT\$90.6 billion, with NT\$12.82 in book value per share.

The performances of our three major subsidiaries, Bank SinoPac, International Bank of Taipei, and SinoPac Securities were in line with expectations. International Bank of Taipei's total outstanding loans reached NT\$301.7 billion, deposits amounted to NT\$335.6 billion, and net income totaled NT\$2.5 billion. This equates to per share earnings of NT\$1.10 and a capital adequacy ratio of 12.18%. For Bank SinoPac, total outstanding loans amounted to NT\$303.9 billion, deposits totaled NT\$398.1 billion and net income reached NT\$2.1 billion. Per share earnings was NT\$1.03, and the capital adequacy ratio was 10.94%. SinoPac Securities posted NT\$1.1 billion in net income with NT\$0.69 earnings per share. SinoPac Securities' net worth amounted to NT\$22.5 billion.

Both banking subsidiaries took special provisions in 2005 to further strengthen their potential loss reserves. While this resulted in profits slightly lower than projected, non-performing loan ratios were reduced to 1.90% for International Bank of Taipei and 1.01% for Bank SinoPac, respectively. With the merger of these two banking subsidiaries, total deposits will reach



Chairman **HO Show Chung**

NT\$733.6 billion, outstanding loans will exceed NT\$605.6 billion, and the combined customer base will exceed 2.5 million. The combined bank will have the largest banking network in the Greater Taipei area. With International Bank of Taipei's perennial strong customer relationships, coupled with Bank SinoPac's regional and cross-Pacific banking platforms, strong product innovation and cross-selling and SinoPac Securities and our An Shin Card Services, SinoPac Holdings is ideally positioned to provide highly efficient regional banking services to our domestic and cross-border customers.

SinoPac Holdings continues to garner awards and recognitions both at home and abroad. Bank SinoPac was named by The Asian Banker Journal as one of "Asia Pacific's Strongest Banks" in September 2005. The Taiwan Academy of Banking and Finance awarded Bank SinoPac "Best Electronic Banking" and "Best Risk Management" in "The Second Taiwan Banking and Finance Best Practice Awards" held at the end of 2004. In August 2005, FinanceAsia named SinoPac Securities as "Best Equity House" in Taiwan for the second consecutive year.

In July 2005, Standard & Poor's upgraded its ratings for both SinoPac Holdings and Bank SinoPac to BBB- and BBB, respectively; indicative of the combined entities'

asset strength and strong credit quality. Short-term credit ratings were also upgraded to A-3 and A-2. Moody's ratings for SinoPac Holdings and Bank SinoPac remain unchanged at Baa3 and Baa2, respectively. Fitch also upgraded SinoPac Holdings and Bank SinoPac's senior unsecured debt ratings to BBB and BBB+, respectively. Locally, Taiwan Rating Corp. gave SinoPac Holdings a long-term issuer credit rating of twA and a short-term issuer credit rating of twA-2.

SinoPac Holdings moved into its new head office building located in Taipei's prime financial district at the intersection of Bade Road and Fushing North Road. The new headquarters points towards the Datun Mountains to the north symbolizing SinoPac Holdings' determination of keeping its root in Taiwan and competing in the Asia Pacific region. The building interior's clean lines and the exterior's strong forms embody SinoPac Holdings' strength and stability in its pursuit of solid stable growth.

In the area of corporate citizenship, SinoPac Holdings has always been mindful of its social responsibilities to the communities in which it serves. It has consistently provided support to disadvantaged members of society and has participated in a wide variety of community services. In 2005, SinoPac Holdings sponsored more than 40 charitable, cultural and academic events. We actively participated in the campaign to aid South Asian tsunami victims in early 2005. We also sponsored the "2005 Taipei Cultural Heritage Conservation Forum" and the Orphans' Welfare Association and Make-A-Wish Foundation of Taiwan.

Every year, Bank SinoPac and Philharmonic Radio Taipei jointly hold the "Young Artists Showcase", which has become a major event on Taiwan's music calendar. In 2005, SinoPac Holdings cooperated with the National Culture and Arts Foundation to provide support in the name of "SinoPac showcase" to 16 domestic groups enabling them to hold performances. On the academic front, SinoPac Holdings sponsored the "Financial Elite Awards" which promotes high-level research from outstanding graduate students in the fields of finance and banking.

Looking forward to 2006, we believe global economic development will remain strong. Despite rising interest rates and energy prices, the U.S. and European economies will maintain stable growth and Asian countries will continue to see strong domestic demand. The world economy is projected to grow by 3.4% in 2006, with international trade growing by 6.6%. Taiwan's economy is projected to grow by 4.25% in 2006. In the face of these fast-changing and growing financial markets, we are confident that we can keep pace through greater advantages provided us through economies of scale, widened business scope, a top-rated professional financial workforce, and resources put into effective financial transaction platforms.

Our overseas operations saw exponential growth in 2005 and successfully established a strong market niche to complement traditional commercial banking. The Hong Kong branches of Bank SinoPac and International Bank of Taipei posted exceptional 90% and 52% earnings growth, respectively, in 2005. The Macau Branch doubled its profits. Our foreign exchange transaction volume in the Hong Kong financial market exceeded NT\$100 billion. Supported by our cross-border competitive advantages and armed with our industry-leading and cutting-edge electronic transaction platforms, our CPA (CrossPacific Account) and MMAB2b (money market bank to business) products enable us to better service our customers' regional and global needs. We are able to build up comprehensive financial platforms spanning the region and to provide customers with integrated seamless financial services.

On the consumer banking and asset management front, SinoPac Holdings emerged unhurt by Taiwan's credit card and cash card failures of 2005. Despite market uncertainty, we will continue to develop and provide innovation to asset management service platforms. While we will continue our prudent lending practices, we will move forward in the consumer banking field by marketing our MMA products through the internet and direct selling of our mortgage loan, auto loan and personal loan products. Wealth management products, with enhanced asset allocation capabilities, will be employed to yield higher returns to investors. With our new combined workforce and exceptional service network in the Greater Taipei area, we aspire to stand out as the exceptional franchise in this dynamic financial market for our 250,000 shareholders and 8,000 employees in servicing our 2.5 million valued customers.



President and CEO **Paul C. LO**

HO Show Chung
Chairman

A handwritten signature in black ink, appearing to read "Ho Show Chung".

Paul C. LO
President and CEO

A handwritten signature in black ink, appearing to read "Paul C. LO".

Corporate Profile

I. Introduction

SinoPac Financial Holdings Company Limited (the “Company” or “SinoPac Holdings”) began trading on the Taiwan Stock Exchange on May 9, 2002 (Stock Code: 2890). SinoPac Holdings' subsidiaries operate in such areas as banking, securities, credit cards, call center services, insurance, marketing consulting, venture capital management, management consulting and securities trust services. Its overseas presence includes Hong Kong, mainland China, the US, UK, Vietnam, and Macau.

SinoPac Holdings was founded as a result of the merger between Bank SinoPac and SinoPac Securities, formerly known as National Securities, marking the first successful cross-business integration between a banking institution and a securities firm in Taiwan's financial sector. SinoPac Holdings adheres tightly to the principle of management through integrity. Through our product innovation and integration of distribution channels, we strive to provide our customers with a one-stop shop for financial services. Our goal is to become one of the best financial institutions in the Asia Pacific region.

SinoPac Holdings approved the 100% share swap merger with International Bank of Taipei at our shareholders' meeting held on August 26, 2005 to comply with the Taiwan government's financial reform policy and to further enhance our international competitiveness and enlarge our scale. The share swap was formally completed on December 26, 2005. After the merger, SinoPac Holdings has become the fourth largest private-sector financial institution, with total assets exceeding NT\$1 trillion. The number of our bank branches has now reached 129, and we now have over 2.5 million customers. The post-merger banking net worth has now risen to 78% from 57% and earnings stability has also greatly improved.

A management committee has been set up under the CEO to be responsible for strategic business decisions and coordination. Under the head office, there are divisions such as Research, Legal & Compliance, Human Resources, Risk Management, Operations, Information & Technology, Corporate Communications, Administration, and Accounting. In addition, a new position of Chief Financial Officer has been created with direct responsibility for accounting, administration, corporate communications and analysis of operations.

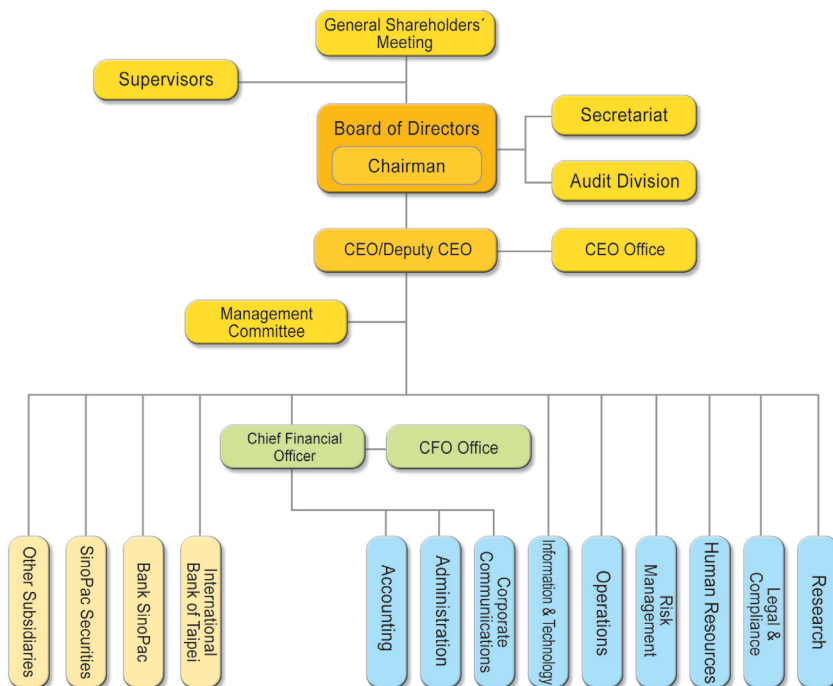
II. Corporate Organization

(I) Organizational Structure

A. Duties and Functions of Major Divisions

1. **CEO Office:** managing corporate affairs of the CEO and Deputy CEO; managing Management Committee meetings; assisting CEO and Deputy CEO in mapping out the financial holding company's business strategies; managing subsidiaries; coordinating and monitoring the planning and execution of important projects and the CEO's special assignments.
2. **CFO Office:** assisting the CFO in planning operating strategies; managing assets and liabilities; and analyzing and evaluating investment and financing.
3. **Research Division:** conducting macro and industry research; providing trustworthy research reports released in Taiwan and abroad; providing advisory opinions on business developments.
4. **Legal & Compliance Division:** managing compliance with laws and regulations; handling legal affairs; reviewing corporate charters and rules; outsourcing legal services.
5. **Human Resources Division:** managing compensation and benefits, recruitment and deployment, training and education, planning and development, and labor relations.
6. **Risk Management Division:** making risk management strategies and principles; establishing risk management systems; monitoring risk management; promoting regulatory guidelines etc.
7. **Operations Division:** managing the review of operational procedures and guidelines; coordinating operational procedures and guidelines of business groups' products, and integrating all operations resources.
8. **Information & Technology Division:** managing the development, planning, and execution of IT strategies, IT security control; coordinating and integrating all IT systems.
9. **Corporate Communications Division:** managing media relations, corporate sponsorships, visual communications, investor relations, and corporate and public affairs.
10. **Administration Division:** handling administrative affairs, building and construction, property management, procurement, security and environmental control, and general affairs.
11. **Accounting Division:** managing accounting principles, accounting operations, profit and loss analysis, and taxation planning.

B. SinoPac Holdings' Organizational and Management Structure



C. SinoPac Holdings and Its Subsidiaries

Unit : NT\$ million



(II) Directors, Supervisors, President and Principal Officers

Board of Directors and Supervisors

Title	Name	Elected Date	Term (Year)	First Elected	Shares Owned When Elected		Shares Owned Currently (Note)		Shares Owned by Spouse & Minors (Note)		Shares Held under Surrogate A/C(Note)		Education & Key Past Positions	Positions Held Concurrently	Related to Directors, Supervisors, and Division Heads								
					No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%			Title	Name	Relationship						
Chairman	Champion Culture Enterprise Co., Ltd./ HO Show Chung	2005/05/10	3	2005/05/10	1,100,000	0.03%	1,100,000	0.02%	67,882,421	0.94%	0	0	Chairman of International Bank of Taipei Master of Wisconsin University	Chairman of Yuen Foong Yu Paper Mfg. Co., Ltd. Chairman of Shin-Yi Enterprise Co., Ltd. Chairman of Fu Hwa Enterprise Co., Ltd. Chairman of Yuen Foong Co., Ltd. Chairman of Yuen Foong Paper Co., Ltd. Chairman of Hsinex International Corp. Chairman of Silkroad Taiwan Inc. Chairman of YFY Biotechnology Co., Ltd. Chairman of YFY Biotechnology Management Co., Ltd. Chairman of TaiGen Biotechnology Co., Ltd. Chairman of Taiwan Global Biofund Chairman of China Color Printing Co., Ltd. Chairman of Shin-Yi Investment Co., Ltd. Chairman of Yuen Shin Yi Enterprise Co., Ltd. Chairman of Chen Yu Co., Ltd. Chairman of Taiwan Genome Sciences Inc. Chairman of International Bank of Taipei Director of SinoPac Securities (Cayman) Holdings Ltd.	Director	LIU Su-Cheng	In-laws	Director	HSIEH Chong-Pi	In-laws			
Managing Director	Shining Investment Co., Ltd. / YIN Yen-Liang	2005/05/10	3	2005/05/10	200,000	0.00%	200,000	0.00%	6,375,999	0.09%	0	0	CEO of Ruentex Group Ph.D. of Business Administration, National Cheng Chi University	Chairman of Ruentex Leasing Co., Ltd. Chairman of AnShin Card Services Co., Ltd. Chairman of Ruen Hua Dyeing & Weaving Co., Ltd. Director of Bank SinoPac Director of RT-MART International Co., Ltd. Director of Acer Inc. Director of Runhom Pretech Engineering Co., Ltd. Director of Ruen Fu Newlife Corp. Director of Trend Laser Technology Co., Ltd. Director of Prudence Venture Investment Corp. Director of Ruentex Resources Integration Co., Ltd.	NA	NA	NA	NA	NA	NA			
Managing Director	National Holding Co., Ltd. / HONG Ai-Hwei	2005/05/10	3	2002/05/09	148,921,887	3.50%	148,921,887	2.06%	20,469,130	0.28%	0	0	Vice Chairman Of SinoPac Securities Corp. Bachelor of National Chung Hsing University	Supervisor of National Holding Co., Ltd. Chairman of Hong Yue Investment Co., Ltd. Director Of SinoPac Securities Corp. Supervisor of National Finance Corp.	NA	NA	NA	NA	NA	NA			
Managing Director / Independent Director	MAO Chi-Kuo	2005/08/26	2.67	2005/08/26	0	0	0	0	0	0	0	0	Vice Minister of Ministry of Transportation and Communications (MOTC) Chairman of Chunghwa Telecom Inc. Advisor of Executive Yuan (the Cabinet), R.O.C. Chair Professor of National Chiao-Tung University Ph. D. of MIT	Director of Silkroad Taiwan Inc. Director of PChome Online Inc.	NA	NA	NA	NA	NA	NA			
Director	FRG Development Co., Ltd. / HSU Cheng-Tsai	2005/05/10	3	2005/05/10	28,863,575	0.68%	28,863,575	0.40%	0	0	0	0	Chairman of Formosan Rubber Group Ltd. Chairman of Hao Ho Construction Ltd. Chairman of Rei Fu Construction Ltd. Chairman of Rei Li International Ltd. Director of Fong Ho International Ltd. Director of Cheng Shi Investment Ltd. Director of Rei Hwa Ltd. Chairman of Rei Fu International Ltd. Director of SinoPac Futures Co., Ltd. Chairman of FRG Development Co., Ltd. Director of Bank SinoPac	Chairman of Formosan Rubber Group Ltd. Chairman of Hao Ho Construction Ltd. Chairman of Rei Jing International Ltd. Chairman of Rei Fu Construction Ltd. Chairman of Rei Li International Ltd. Director of Fong Ho International Ltd. Director of Cheng Shi Investment Ltd. Director of Rei Hwa Ltd. Chairman of Rei Fu International Ltd. Director of SinoPac Futures Co., Ltd. Chairman of FRG Development Co., Ltd. Director of Bank SinoPac	NA	NA	NA	NA	NA	NA	NA	NA	NA
Director	Paul C. LO	2005/05/10	3	2002/05/09	8,589,397	0.20%	8,589,397	0.12%	0	0	0	0	Vice President of Citibank MBA, Indiana State University	President & CEO of SinoPac Holdings Chairman of Bank SinoPac Chairman of Far East National Bank Chairman of SinoPac Bancorp	NA	NA	NA	NA	NA	NA			
Director	National Holding Co., Ltd. / HUANG Horng-Shya	2005/05/10	3	2002/05/09	148,921,887	3.50%	148,921,887	2.06%	0	0	0	0	Arbitrator of Arbitration Association of the R.O.C. BA, Department of Law, National Taiwan University	Partner of Fomosa Transnational	NA	NA	NA	NA	NA	NA			
Director	Da Ching Investment Co., Ltd. / CHEN Pou-Tsang	2005/05/10	3	2005/05/10	535	0.00%	535	0.00%	4,962,839	0.07%	0	0	Vice President, Citibank, Taipei Branch MBA, UCLA	Director & President of Bank SinoPac Director of SinoPac Leasing Corp. Director of SinoPac Call Center Co., Ltd. Chairman of SinoPac Capital Ltd. (H.K.) Director of SinoPac Capital (B.V.I.) Ltd. Director of SinoPac Bancorp Director of Far East National Bank	NA	NA	NA	NA	NA	NA			
Director	Yuen Foong Yu Paper Mfg. Co., Ltd. / LIU Su-Cheng	2005/05/10	3	2005/05/10	158,071,699	3.72%	210,561,258	2.91%	308,023	0.00%	0	0	Chairman of Prime View International Co., Ltd. Ph.D., Computer Science, New York University	Chairman of Prime View International Co., Ltd. Director & VP & CFO of Yuen Foong Yu Paper Mfg. Co., Ltd. Director of YFY Investment Co., Ltd. Director of YFY Venture Capital Investment Co., Ltd. Supervisor of Yuen Foong Paper Co., Ltd. Supervisor of Chung Hwa Pulp Corp. Director of Taiwan Genome Sciences Inc. Director of Data Image Corp. Director of Enttek Co., Ltd. Director of Protech-Link Technology Inc. Chairman of Cupid InfoTech Co., Ltd.	Chairman	HO Show Chung	In-laws						

February 28, 2006

Title	Name	Elected Date	Term (Year)	First Elected	Shares Owned When Elected		Shares Owned Currently (Note)		Shares Owned by Spouse & Minors (Note)		Shares Held under Surrogate A/C(Note)		Education & Key Past Positions	Positions Held Concurrently	Related to Directors, Supervisors, and Division Heads		
					No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%			Title	Name	Relationship
Director	National Holding Co., Ltd. / HWANG Min-Juh	2005/05/10	3	2002/05/09	148,921,887	3.50%	148,921,887	2.06%	3,494,278	0.05%	0	0	Director & President of Taiwan Over-The-counter Securities Exchange President of Securities & Futures Markets Development, Taiwan Ph.D in Administration Of Takushoku University	Chairman of SinoPac Securities Corp. Chairman of Shengtung Venture Capital Corp. Chairman of Hua-VI Venture Capital Corp.	NA	NA	NA
Director	YFY Investment Co., Ltd. / HSIEH Chong-Pi	2005/05/10	3	2005/05/10	26,413,199	0.62%	20,121,199	0.28%	42,869,849	0.59%	0	0	Chairman of Taitung Enterprise Corp. BA, Department of Law, National Taiwan University	Chairman of Taitung Enterprise Corp. Chairman of Synmax Biochemical Co., Ltd. Director of Systex Corp. Supervisor of Yuen Foong Yu Paper Mfg. Co., Ltd. Director of Chu Ching Investment Co., Ltd. Managing Director of International Bank of Taipei	Chairman	HO Show-Chung	In-laws
Director	CHEN Chia-Hsien	2005/08/26	2.67	2005/08/26	50,000	0.00%	498,449	0.01%	840,101	0.01%	0	0	Director of International Bank of Taipei MBA, University of Virginia	Supervisor of Yuen Heng Investment Co., Ltd. Director Of Bardou-Chinese Media Agency Co., Ltd.	NA	NA	NA
Director	Chen Yu Co. Ltd / YU Kuo Chi	2005/05/10	3	2005/05/10	1,800,000	0.04%	19,774,511	0.27%	917,273	0.01%	0	0	SVP & General Manager of Singapore Branch, Manager of Investment Department, Chiao Tung Bank MBA, Central Missouri State University	Deputy CEO of SinoPac Holdings Director & President of International Bank of Taipei Director of Taiwan Incubator Small and Medium Enterprises Development Corporation Director of Boston Life Sciences Venture Corp. Chairman of SinoPac Asset Management International Co., Ltd. Chairman of SinoPac Venture Capital Co., Ltd. Director of SinoPac Leasing Corp.	NA	NA	NA
Supervisor	Fortune Investment Co., Ltd. / SHEU Jong-Ming	2005/05/10	3	2005/05/10	630,963	0.01%	630,963	0.01%	18,352,017	0.25%	0	0	Chairman of Taiwan Feed Industry Association BA, National Cheng Chi University	Chairman of Fortune Electric Co., Ltd. Director & President of Formosa Oilseed Processing Co., Ltd. Director of Eastern Media International Corporation Chairman of Central Union Oil Corp. Director of Kuang Ta Grain Corp. Chairman of Force Engineer Co., Ltd. Director of Hwa Chueng Ltd. Director of Timing Technology Co., Ltd.	NA	NA	NA
Supervisor	Shin Yi Investment Co., Ltd. / Eli C. WANG	2005/05/10	3	2005/05/10	14,268,846	0.34%	21,168,846	0.29%	0	0	0	0	Managing Partner of Eli C Wang & Co CPAs MS, Accountancy, University of Illinois	Supervisor of Asia Cement Supervisor of Prime View International Supervisor of Chung Hwa Pulp Supervisor of Mirle Automation Supervisor of Bank SinoPac etc.	NA	NA	NA
Supervisor	YFY Venture Capital Investment Co., Ltd. / Robert C. T. LIN	2005/08/26	2.67	2005/08/26	18,891,157	0.44%	20,467,952	0.28%	0	0	0	0	Manager of Auditing & Compliance Office, Yuen Foong Yu Paper Mfg. Co., Ltd. MBA, Taitung Technical College	Manager of Auditing & Compliance Office, Yuen Foong Yu Paper Mfg. Co., Ltd. Supervisor of China Color Printing Co., Ltd. Supervisor of Hopax International Co., Ltd. Supervisor of Beatone Co., Ltd. Supervisor of San Ying Enterprises Co., Ltd.	NA	NA	NA
Independent Supervisor	CHENG Ting-Wong	2005/05/10	3	2005/05/10	0	0	0	0	0	0	0	0	Supervisor of Central Bank of China Supervisor of Chang Hwa Bank President of National Cheng Chi University Ph. D., Accounting, University of Missouri	NA	NA	NA	NA

Note: "Shares Owned Currently", "Shares Owned by Spouse & Minors" and "Shares Held under Surrogate A/C" etc. are based on available data as at December 31, 2005.

In the case of being the representative of an institutional investor, the data of "Shares Owned by Spouse & Minors" include that of the representative.

President, Executive Vice Presidents, Senior Vice Presidents and Heads of Divisions

Title	Name	Appointment Date	Shares Owned (Note1)		Shares Owned by Spouse & Minors (Note1)		Shares Held under Surrogate A/C (Note1)		Education & Key Past Positions	Positions Held Concurrently	Related to Division Heads		
			No. of Shares	%	No. of Shares	%	No. of Shares	%			Title	Name	Relationship
President and CEO and Interim CFO (Note2)	Paul C. LO	2002/05/09	8,589,397	0.12%	0	0	0	0	Vice President of New York, Los Angeles, San Francisco and Taipei branches of Citibank MBA, Indiana State University	Chairman of Bank SinoPac Chairman of Far East National Bank Chairman of SinoPac Bancorp	NA	NA	NA
Deputy CEO	YU Kuo-Chi	2006/01/01	917,273	0.01%	0	0	0	0	SVP & General Manager of Singapore Branch & Manager of Investment Department, ChiaoTung Bank MBA, Central Missouri State University	Director & President of International Bank of Taipei Director of Taiwan Incubator Small and Medium Enterprises Development Corp. Director of Boston Life Sciences Venture Corp. Chairman of SinoPac Asset Management International Co., Ltd. Chairman of SinoPac Venture Capital Co., Ltd. Director of SinoPac Leasing Corp.	NA	NA	NA
Chief Auditor	Nancy C. LEE	2006/01/01	814,202	0.01%	92,621	0.00%	0	0	Chief Auditor of Bank SinoPac Assistant Vice President of the International Division & Assistant Vice President of the Information Technology Division, The International Commercial Bank of China MS, Computer Science, Pratt Institute of Technology	Supervisor of Bank SinoPac Supervisor of SinoPac Call Center Co., Ltd.	NA	NA	NA
Chief Secretary	Jenny HUANG	2005/05/24	0	0	2,000	0.00%	0	0	Manager of Legal Department, Yuen Foong Yu Paper Mfg. Co., Ltd. BA, Department of Law, National Taiwan University	Director of Cupid InfoTech Co., Ltd. Director of YFY Biotechnology Management Co., Ltd. Supervisor of BoardTek Electronics Corp.	NA	NA	NA
Head of Operations Division	Joan N. FANG	2006/01/01	763,848	0.01%	0	0	0	0	Executive Vice President of Bank SinoPac Vice President of Citibank Taipei MBA, Tamkang University	Senior Executive Vice President of Bank SinoPac Chairman of SinoPac Call Center Co., Ltd. Director of IntelliSys Corp.	NA	NA	NA
Head of Information & Technology Division	Eugene S. HUANG	2006/01/01	410,067	0.01%	0	0	0	0	GM of IBD/OBU & SVP & CIO of Information Service Department, United World Chinese Commercial Bank (now Cathay United Bank) MIS, University of Dallas	EVP of International Bank of Taipei Director of IBT Life Insurance Agent Co., Ltd. Director of IBT Property Insurance Agent Co., Ltd. Director of AnShin Card Services Co., Ltd. Director of Taipei Fores Inc.	NA	NA	NA
Head of Corporate Communications Division & Spokesperson & Head of CEO Office	Richard CHANG	2006/01/01	2,947,072	0.04%	30,942	0.00%	0	0	Head of Strategic Planning Division, SinoPac Holdings Senior Executive Vice President of SinoPac Securities President of former SinoPac Securities (Subsidiary of Bank SinoPac) MBA, University of Chicago	Director of SinoPac Securities Corporation Director of SinoPac Securities (Cayman) Holdings Ltd. Managing Director of SinoPac Securities (Asia) Ltd. Director of SinoPac Asset Management(Asia) Ltd. Director of SPS Asia Ltd. Director of Shanghai International Asset Management (Hong Kong) Co., Ltd. Director of SinoPac Financial Services (USA) Ltd.	NA	NA	NA
Head of CFO Office	LIAO Ta Te	2006/03/01	270,949	0.00%	1,249	0.00%	0	0	Deputy Executive Vice President of Planning and Research Dept. & Accounting Dept., International Bank of Taipei Bachelor of Public Finance, National Chung Hsing University	Deputy Executive Vice President of Planning and Research Dept., International Bank of Taipei Director of IBT Life Insurance Agent Co., Ltd. Director of SinoPac Leasing Corp.	NA	NA	NA
Head of Administration Division	PAN Kuen-Chyung	2006/01/01	198,759	0.00%	0	0	0	0	Regional Manager & GM of Ching Mei Branch, International Bank of Taipei BA, Tunghai University	GM of Administration Division & Chief Secretary of Board of Directors' office, International Bank of Taipei	NA	NA	NA

March 1, 2006

Title	Name	Appointment Date	Shares Owned (Note1)		Shares Owned by Spouse & Minors (Note1)		Shares Held under Surrogate A/C (Note1)		Education & Key Past Positions	Positions Held Concurrently	Related to Division Heads		
			No. of Shares	%	No. of Shares	%	No. of Shares	%			Title	Name	Relationship
Head of Legal & Compliance Division	HSU Shui-Yuan	2006/01/01	726,237	0.01%	0	0	0	0	Legal Specialist of Taipei Branch Citibank Bachelor, Department of Law, National Taiwan University	Chief Secretary & Head of Legal Division & Executive Vice President, Bank SinoPac Supervisor of AnShin Card Services Co., Ltd. Chairman of SinoPac Leasing Corp. Director of Grand Capital International Ltd. Independent Director of Phytohealth Corp.	NA	NA	NA
Head of Human Resources Division	Amy HAN	2004/01/01	394,107	0.01%	0	0	0	0	Senior Vice President of Bank SinoPac Assistant Vice President of Citibank BA, National Chengchi University	Head of Human Resources Division & Executive Vice President, Bank SinoPac Supervisor of SinoPac Property Insurance Agent Co., Ltd.	NA	NA	NA
Head of Risk Management Division	Walter LIN	2006/01/01	189,334	0.00%	27,292	0.00%	0	0	Vice President of Bank SinoPac COO, Bexco Enterprises (U.S.A.) Vice President of AIA Capital, Taiwan Assistant Manager of Taipei Branch, Citibank MBA, Columbia University	NA	NA	NA	
Head of Accounting Division	PAO Shu-Chun	2004/01/01	225,118	0.00%	0	0	0	0	Specialist of Central Trust of China MBA, State University of New York at Buffalo	Head of Accounting Division & Senior Vice President of Bank SinoPac Corporate Secretary of SinoPac Bancorp	NA	NA	NA
Head of Research Division	Frank TSAI	2006/01/01	0	0	656	0.00%	0	0	First Vice President of Bank SinoPac Executive Senior Vice President of DVB Holdings (Hong Kong) Editor in Chief of Business Today Head of Business News Center, TVBS Coordinator of Financial Section of News Center, The Commercial Times MBA, New York University	Senior Vice President of Bank SinoPac	NA	NA	NA
Deputy Chief Auditor	Albert LYU	2006/02/24	326,621	0.00%	0	0	0	0	Executive Vice President of SinoPac Securities Corp. Chief Executive of International Division, SinoPac Securities Corp. Assistant Vice President of Underwriting Department, SinoPac Securities Corp. Deputy Division Chief of ICBC Ph.D of Finance & Economics, Shanghai University	Supervisor of SinoPac Securities Investment Trust Co., Ltd. Supervisor of SinoPac Marketing Consulting Co., Ltd.	NA	NA	NA
SVP of Information & Technology Division	SHIEH Shang-Bin	2006/03/01	454,677	0.01%	0	0	0	0	Vice President of Information Technology Division, Citibank MBA, Memphis State University	Head of Information Technology Division & Senior Vice President of Bank SinoPac Director of RSP Information Service Company Ltd. Supervisor of IntelliSys Corp.	NA	NA	NA
SVP of Information & Technology Division	TAO Ruey Ching	2006/03/01	222,967	0.00%	0	0	0	0	Regional Information Resources Manager of American President Lines Instructor of Department of Industrial Engineering, National Tsing Hua University MS, Industrial Engineering, University of Wisconsin - Madison	Senior Vice President of AnShin Card Services Co., Ltd.	NA	NA	NA
SVP of Operations Division	Stella LIU	2006/03/01	514,312	0.01%	0	0	0	0	Branch Manager of Bank SinoPac Operations Manager of Taipei Branch, Credit Lyonnais Head of Bills Department, Taipei Branch, First Interstate Bank of California BA, Providence College	Head of Operations Division & Senior Vice President of Bank SinoPac Director of Alexcomp International Co., Ltd.	NA	NA	NA

Note 1: "Shares Owned", "Shares Owned by Spouse & Minors" and "Shares Held under Surrogate A/C" etc. are based on available data as at December 31, 2005.

In the case of being the representative of an institutional investor, the data of "Shares Owned by Spouse & Minors" include that of the representative.

Note 2: Acting as Interim CFO since January 1, 2006.

Directors' Compensations and Remunerations in 2005

Unit : NT\$ thousand

Position	Name	(A) Transportation Allowances		(B) Compensations		(C) Earnings Distributed as Directors' Compensations		(D) Earnings Distributed as Employee Bonuses (Note 1)								(E) Total of (A)-(D)		(E) to 2005 Net Income (%) (Note 1)		Employee Stock Options Received		Other				
		The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company				All Consolidated Entities				The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities					
								Cash Dividends	Stock Dividends			Cash Dividends	Stock Dividends													
									No. of	Market Price	Amount		No. of	Market Price	Amount											
Second-term Directors																										
Chairman	Champion Culture Enterprise Co., Ltd. / HO Show Chung																									
Managing Director	Shining Investment Co., Ltd. / YIN Yen-Liang																									
Managing Director	National Holding Co., Ltd. / HONG Ai-Hwei																									
Managing Independent Director (Note3)	MAO Chi-Kuo																									
Director	FRG Development Co., Ltd. / HSU Cheng-Tsai																									
Director	Paul C. LO																									
Director	National Holding Co., Ltd. / HSU Daw-Yi																									
Director	Da Ching Investment Co., Ltd. / CHEN Pou-Tsang																									
Director	Yuen Foong Yu Paper Mfg. Co., Ltd. / LIU Su-Cheng																									
Director	National Holding Co., Ltd. / HWANG Min-Juh																									
Director	YFY Investment Co., Ltd. / HSIEH Chong-Pi																									
Director (Note3)	CHEN Chia-Hsien																									
Director	Chen Yu Co. / YU Kuo Chi																									
Replaced-representatives of Institutional Directors																										
Chairman (Note4)	Champion Culture Enterprise Co., Ltd. / Edward CHEN	4,338	11,021	2,010	25,890	57,000	61,000	0	0	0	0	0	0	0	0	0	0	63,348	97,911	1.1%	1.7%	0	0	2,218	2,218	
Managing Director (Note5)	Chen Yu Co. / MAO Chi-Kuo																									(Book value of cars provided)
Director (Note5)	Chen Yu Co. / CHEN Chia-Hsien																									
Director (Note5)	Chen Yu Co. / LIN Chih-Chung																									
Director (Note6)	National Holding Co., Ltd. / Richard M. HONG																									
Director (Note6)	National Holding Co., Ltd. / Johnson F.H. HUANG																									
Director (Note7)	National Holding Co., Ltd. / Andy LEE																									
Director (Note8)	YFY Investment Co., Ltd. / Elaine HSIEH																									
First-term Directors (Note2)																										
Chairman	National Holding Co., Ltd. / Richard M. HONG																									
Managing Director	Gin An Investment Ltd. / YIN Yen-Liang																									
Managing Director	Paul C. LO																									
Director	National Holding Co., Ltd. / Eugene HONG																									
Director	Rei-Fu Investment Co., Ltd. / HSU Cheng-Tsai																									
Director	Fortune Investment Co., Ltd. / SHEU Jong-Ming																									
Director	National Holding Co., Ltd. / HSU Daw-Yi																									
Director	CHEN Pou-Tsang																									
Director	Southeast Soda Manufacturing Co., Ltd. / CHEN Kai-Yuan																									
Director	National Holding Co., Ltd. / HWANG Min-Juh																									
Director	Gin An Investment Ltd. / YEH Tien-Cheng																									

Range of Directors' Compensations	Number of Directors	
	Year 2005	
	The Company (Note 9)	All Consolidated Entities (Note 10)
Less than NT\$2,000,000	17	17
NT\$2,000,000~NT\$4,999,999	10	8
NT\$5,000,000~NT\$9,999,999	1	2
NT\$10,000,000~NT\$49,999,999	0	1
In excess of NT\$50,000,000	0	0
Total	28	28

Note 1: Compensations for Directors to be appropriated from 2005 earnings.

Note 2: Tenure of first-term Directors ended on May 10, 2005.

Note 3: Special shareholders' meeting of August 26, 2005 elected two new Directors: MAO Chi-Kuo and CHEN Chia-Hsien.

Note 4: On December 26, 2005, institutional Director, Champion Culture Enterprise Co., Ltd., appointed HO Show Chung to replace Edward CHIEN as its representative to act as Director, Managing Director, and Chairman.

Note 5: On August 3, August 25, December 26, 2005, institutional Director, Chen Yu Co., appointed CHEN Chia-Hsien, LIN Chih-Chung and YU Kuo-Chi to replace MAO Chi-Kuo, CHEN Chia-Hsien, and LIN Chih-Chung as its representative to act as Director respectively.

Note 6: On June 16 and August 15, 2005, institutional Director, National Holding Co., Ltd., appointed Johnson F.H. Huang and HONG Ai-Hwei to replace Richard M. Hong and Johnson F.H. Huang as its representative to act as Director respectively.

Note 7: On June 16 and 30, 2005, institutional Director, National Holding Co., Ltd., appointed Andy Lee and HSU Daw-Yi to replace HSU Daw-Yi and Andy Lee as its representative to act as Director respectively.

Note 8: On December 26, 2005, institutional Director, YFY Investment Co., Ltd., appointed HSIEH Chong-Pi to replace Elaine Hsieh as its representative to act as Director.

Note 9: Number of Directors in each bracket receiving directors' compensations and remunerations (including transportation allowances, compensations, remunerations and employee bonuses) from the Company.

Note 10: Number of Directors of the Company in each bracket receiving compensations and remunerations (including transportation allowances, compensations, remunerations and employee bonuses) from all companies as stated in the consolidated financial statements.

Supervisors' Compensations and Remunerations in 2005

Unit : NT\$ thousand

Position	Name	(A) Transportation Allowances		(B) Compensations		(C) Earnings Distributed as Supervisors' Compensations (Note 1)		(D) Total of (A)-(C)		(D) to 2005 Net Income (Note 1)		Others	
		The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities
Second-term Supervisors													
Supervisor	Fortune Investment Co., Ltd. / SHEU Jong-Ming												
Supervisor	Shin Yi Investment Co., Ltd. / Eli C. WANG												
Supervisor (Note 2)	YFY Venture Capital Investment Co., Ltd. / Robert C. T. LIN	1,070	1,170	690	710	9,000	9,000	10,760	10,880	0.19%	0.19%	0	0
Independent Supervisor	CHENG Ting-Wong												
First-term Supervisors (Note 3)													
Supervisor	Yu Ruen Investment Ltd. / TSENG Ta-Mong												
Supervisor	Hong Yue Investment Corporation Ltd. / HUANG Chuen-Su												

Range of Supervisors' Compensations	Number of Supervisors	
	Year 2005	
	The Company (Note 4)	All Consolidated Entities (Note 5)
Less than NT\$2,000,000	3	3
NT\$2,000,000~NT\$4,999,999	3	3
NT\$5,000,000~NT\$9,999,999	0	0
NT\$10,000,000~NT\$49,999,999	0	0
In Excess of NT\$50,000,000	0	0
Total	6	6

Note 1: Compensations for Supervisors to be appropriated from 2005 earnings.

Note 2: On August 26, 2005, special shareholders' meeting elected one new Supervisor (YFY Venture Capital Investment Co., Ltd.)

Note 3: Tenure of first-term Supervisors ended on May 10, 2005.

Note 4: Number of Supervisors in each bracket receiving Supervisors' compensations and remunerations (including transportation allowances, compensations, remunerations and employee bonuses) from the Company.

Note 5: Number of Supervisors of the Company in each bracket receiving compensations and remunerations (including transportation allowances, compensations, remunerations and employee bonuses) from all companies as stated in the consolidated financial statements.

(III) Changes in Shareholdings of Directors, Supervisors, and Executives

Unit : shares

Title	Name	2005		January 1 to February 28, 2006	
		Net Change in Shareholding	Net Change in Pledged	Net Change in Shareholding	Net Change in Pledged
Chairman (Note1)	Champion Culture Enterprise Co., Ltd./HO Show Chung	-	-	-	-
Managing Director	National Holding Co., Ltd./HONG Ai-Hwei	-	(7,000,000)	-	(1,500,000)
Managing Director (Note1)	Shining Investment Co., Ltd./YIN Yen-Liang	-	-	-	-
Managing Director (Note2)	MAO Chi-Kuo	-	-	-	-
Director (Note1)	Chen Yu Co./YU Kuo-Chi	17,974,511	-	-	-
Director (Note1)	FRG Development Co., Ltd./HSU Cheng-Tsai	-	-	-	-
Director (Note1)	Da Ching Investment Co., Ltd./CHEN Pou-Tsang	-	-	-	-
Director	National Holding Co., Ltd./HWANG Min-Juh	-	(7,000,000)	-	(1,500,000)
Director	National Holding Co., Ltd./HUANG Horng-Shya	-	(7,000,000)	-	(1,500,000)
Director (Note1)	Yuen Foong Yu Paper Mfg. Co., Ltd./LIU Su-Cheng	68,339,559	-	-	-
Director	Paul C. LO	707,065	-	-	-
Director (Note1)	YFY Investment Co., Ltd./HSIEH Chong-Pi	100,000	-	-	-
Director (Note2)	CHENG Chia-Hsien	448,449	-	-	-
Supervisor (Note1)	Shin Yi Investment Co., Ltd./Eli C. WANG	4,000,000	-	-	-
Supervisor (Note1)	Fortune Investment Co., Ltd./SHEU Jong-Ming	-	-	-	-
Supervisor (Note2)	YFY Venture Capital Investment Co., Ltd./Robert C. T. LIN	1,576,795	-	-	-
Supervisor (Note1)	CHENG Ting-Wong	-	-	-	-
President and CEO	Paul C. LO	707,065	-	-	-
Deputy CEO	YU Kuo-Chi	-	-	-	-
Deputy CEO	HWANG Min-Juh *	1,032,826	-	-	-
President of Institutional Financial Services Group	CHEN Pou-Tsang *	1,274,239	(1,026,713)	-	-
President of Securities Group	HSU Daw-Yi *	1,124,239	-	-	-
President of Individual Financial Services Group	CHIA Chen-I *	154,239	-	-	-
Chief Auditor	Nancy C. LEE	-	-	-	-
Chief Secretary	Jenny HUANG	-	-	-	-
Head of Operations Division	Joan N. FANG	-	-	-	-
Head of Information & Technology Division	Eugene S. HUANG	-	-	-	-
Head of Corporate Communications Division & Spokesperson & Head of CEO Office	Richard CHANG	551,768	-	-	-
Head of Administration Division	PAN Kuen-Chyung	-	-	-	-
Head of Administration Division	LIANG Bor-Song *	32,424	-	-	-
Head of Legal & Compliance Division	HSU Shui-Yuan	300,000	-	-	-
Head of Human Resources Division	Amy HAN	-	-	-	-
Head of Risk Management Division	Walter LIN	(49,293)	-	-	-
Head of Accounting Division	PAO Shu-Chun	-	-	-	-
Head of Research Division	Frank TSAI	(197,000)	-	-	-
Deputy Chief Auditor	Albert LYU	142,424	-	-	-
Executive Vice President & Chief of Staff, Individual Financial Services Group	HAN Tao-Wei *	-	-	-	-
Senior Executive, Individual Financial Services Group	YANG Meng-Lai *	117,000	-	-	-
SVP of Information & Technology Division	SHIEH Shang-Bin	220,707	-	-	-
SVP of Information & Technology Division	TAO Ruey Ching	70,707	-	-	-
SVP of Operations Division	Stella LIU	125,000	-	-	-

Note 1: The changes of shareholding and number of pledged shares are differences between the election date (May 11, 2005) and year-end 2005, the rest are differences between beginning 2005 and end 2005 except for Note 2.

Note 2: The changes of shareholdings and numbers of pledged shares are differences between the election date (August 26, 2005) and year-end 2005.

* : Relinquished as of January 1, 2006 due to organization re-structure.

Information on Share Transfer

December 31, 2005

Name	Reason for share transfer	Date	Counterparty	Relationship between counterparty and the Company's Directors, Supervisors and those who should make declaration in accordance with Article 16	Shares	Price/Share (NT\$)
Paul C. LO HWANG Min-Juh CHEN Pou-Tsang HSU Daw-Yi CHIA Chen-I Richard CHANG LIANG Bor-Song Walter LIN Albert LYU TAO Ruey Ching SHIEH Shang-Bin	Acquired	2005.1.3	Bank SinoPac	Subsidiary of SinoPac Holdings	2,736,345	17.1

(IV) Consolidated Shareholdings in Invested Companies

Unit : million shares

Investees	Investment Made by SinoPac Holdings		Investment by the Directors, Supervisors, Managers of SinoPac Holdings		Consolidated Investment	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Bank SinoPac	1,973	100%	0	0%	1,973	100%
International Bank of Taipei	2,223	100%	0	0%	2,223	100%
SinoPac Securities	1,527	100%	0	0%	1,527	100%
AnShin Card Services	193	100%	0	0%	193	100%
SinoPac Call Center	10	100%	0	0%	10	100%
SinoPac Property Insurance Agent	0.3	100%	0	0%	0.3	100%
SinoPac Life Insurance Agent	0.3	100%	0	0%	0.3	100%
SinoPac Asset Management International	10	100%	0	0%	10	100%
SinoPac Venture Capital	180	100%	0	0%	180	100%
SinoPac Marketing Consulting	5	100%	0	0%	5	100%
SinoPac Securities Investment Trust	31	100%	0	0%	31	100%

III. Stocks and Dividends

(I) Source of Capital Stock

Unit : NT\$ million; million shares

Issue Date	Issue Price	Authorized Capital Stock		Issued Capital Stock		Remarks
		Shares	Amount	Shares	Amount	
2002.05	N/A	10,000	100,000	3,538	35,384	Share swap
2002.09	N/A	10,000	100,000	3,748	37,481	Capital reserves
2004.05	N/A	10,000	100,000	3,771	37,710	ECB conversion
2004.08	N/A	10,000	100,000	3,945	39,452	Earnings
2005.02	N/A	10,000	100,000	3,988	39,881	ECB conversion
2005.06	N/A	10,000	100,000	4,251	42,506	ECB conversion
2005.08	N/A	10,000	100,000	4,134	41,340	Treasury stock Cancellation
2005.08	N/A	10,000	100,000	4,150	41,501	ECB conversion
2005.12	N/A	10,000	100,000	7,184	71,841	Share swap
2005.12	N/A	10,000	100,000	7,228	72,282	Employee stock option
2006.02	N/A	10,000	100,000	7,240	72,400	Employee stock option

February 28, 2006

Type of Stock	Authorized Stock Capital (million shares)				Remarks
	No. of Shares Outstanding	Unissued Shares	Treasury stock	Total	
Common Stock	7,049	2,760	191	10,000	Listed Stock

(II) Shareholder Structure

July 28, 2005

Item	Type	Government Entity	Financial Institution	Other Institution	Individual	Foreign Institution & Individual	Total
Number of Shareholders		7	13	285	145,650	309	146,264
Shares		2,869,101	104,112,488	1,473,797,912	1,232,074,024	1,453,842,280	4,266,695,805
Percentage		0.07%	2.44%	34.54%	28.88%	34.07%	100.00%

(III) Shareholding Distribution

July 28, 2005

Size of Shareholding (No. of Shares)	Number of Shareholders	Total No. of Shares (par value: NT\$10)	Percentage
1~ 999	61,340	17,398,137	0.41%
1,000~ 5,000	48,419	111,839,666	2.62%
5,001~ 10,000	14,746	103,516,974	2.43%
10,001~ 15,000	6,860	81,186,572	1.90%
15,001~ 20,000	5,531	97,509,457	2.29%
20,001~ 30,000	3,665	86,703,605	2.03%
30,001~ 50,000	2,435	92,826,935	2.18%
50,001~ 100,000	1,659	112,901,598	2.65%
100,001~ 200,000	698	96,099,164	2.25%
200,001~ 400,000	349	95,739,004	2.24%
400,001~ 600,000	135	67,194,952	1.57%
600,001~ 800,000	70	48,285,399	1.13%
800,001~ 1,000,000	42	38,011,827	0.89%
1,000,001 and above	315	3,217,482,515	75.41%
Total	146,264	4,266,695,805	100.00%

Note: Stocks issued by the Company are all common stocks; no preferred stocks are issued.

(IV) Major Shareholders

July 28, 2005

Major Shareholders	No. of Shares (par value: NT\$10)	Percentage Held
National Holding Co., Ltd.	148,921,887	3.49%
Yuen Foong Yu Paper Mfg. Co., Ltd.	142,221,699	3.33%
International Bank of Taipei	120,031,000	2.81%
Bank SinoPac	116,565,240	2.73%
FINI A	112,934,000	2.65%
Gin An Investment Ltd.	92,073,225	2.16%
Hsin-Yi Enterprise Co., Ltd.	80,176,846	1.88%
Hong Yue Investment Co., Ltd.	73,912,730	1.73%
Yuanta Core Pacific Securities Co., Ltd. Warrants Account	71,302,000	1.67%
Ruentex Industrial Ltd.	70,775,389	1.66%

Note: Names are that of the top 10 shareholders in percentage terms.

(V) Stock Price, Book Value Per Share, EPS, and Dividends

Unit : NT\$

Item	Year	2004	2005	January 1 to February 28, 2006
Stock price	Highest	21.50	19.70	18.00
	Lowest	15.20	13.00	15.10
	Average	18.30	16.71	16.83
Book value per share	Before distribution	13.48	12.82	13.12
	After distribution	12.49	12.09	-
Earnings per share	Weighted average number of shares	3,726 million shares	7,032 million shares	7,059 million shares
	Earnings per share	1.24	0.82	0.24
	Cash dividend (Note)	0.88	0.7053	-
Dividend per share	Stock dividend	Earnings	-	-
		Capital reserves	-	-
	Dividend in arrears	-	-	-
ROI Analysis	Annual average price/Earnings per share (x)	14.76	20.38	11.69
	Annual average price/Cash dividend per share (x)	20.80	23.69	-
	Cash dividend yield (%)	4.81%	4.22%	-

Note : The 2005 cash dividend has yet to be approved by the shareholders' meeting to be held in 2006.

(VI) Dividend Policy

A. Dividend Policy

The Company's Articles of Incorporation stipulate that the current year's earnings should be appropriated only after any accumulated losses are covered, taxes payable pursuant to laws are paid, any legally prescribed capital reserves, special reserves and an employee bonus amounting to not less than 1% of the earnings after deducting the aforementioned items are made. Based on the aggregate amount of the remainder of the above and the initial retained earnings the Board of Directors proposes the dividend policy to the shareholders' meeting for approval. If the employee bonus is paid out in the form of bonus shares, the employees of subsidiaries and affiliated companies may also be included and entitled to any such distribution.

In order to sustain the capability to both expand its operations and grow its earnings, SinoPac Holdings has adopted a residual dividend policy. In principle, the Company first sets the amount of stock dividends in accordance with the funds required according to business plans. The remaining portion will then be paid out in cash dividend. Cash dividend shall amount to at least 10% of total dividends distributed, with the exception of the first three years since the inception of the Company.

The aforesaid cash dividend shall be paid out after the earnings appropriation proposal has been approved by the shareholders' meeting; stock dividend will be issued after the regulators have granted the approval.

The earnings appropriation is to be recognized and approved at the following year's general shareholders' meeting and booked in the following year's financial statements accordingly.

B. Proposed Dividends for Approval at the Forthcoming Shareholders' Meeting

Taking into account various capital expenditures, developments in long-term investments, the Company's cash flow, financial structure and potential dilution of EPS as a result of dividend distribution, it has been proposed that the Company pay out an employee cash bonus of NT\$52 million, compensations for directors and supervisors of NT\$66 million and cash dividend of NT\$5,056 million.

C. Proposed appropriation of employee bonuses passed by the Board of Directors

1. Employee cash and stock bonuses and compensations for directors and supervisors: NT\$52 million in cash bonuses for employees and NT\$66 million in compensations for directors and supervisors.
2. The proposed number of shares of employee stock bonuses as a percentage of total stock dividends:
Not applicable.
3. EPS after adjustment for proposed employee bonuses and compensations for directors and supervisors:
NT\$0.81.
4. EPS after adjustment for proposed employee stock bonuses (based on the market price):
Not applicable.

D. Status of Earnings Appropriation in 2005

With regard to the previous year's earnings appropriation, the actual payout of employee bonuses and compensations for directors and supervisors was in line with the resolution of the Board of Directors. The actual distribution is as follows:

1. Amount paid out as employee cash and stock bonuses and compensations for directors and supervisors:
An employee cash bonus of NT\$38 million and compensations for directors and supervisors of NT\$54 million.
2. The number of shares of employee stock bonus as a percentage of total stock dividends:
Not applicable.
3. EPS after adjustment for employee bonus and compensations for directors and supervisors:
NT\$1.22.
4. EPS after adjustment for employee stock bonus (based on the market price):
Not applicable.

(VII) Impact of Stock Dividend on Operating Results and EPS

No stock dividend is proposed, therefore, there is no impact on operating results and EPS.

(VIII) Buy-back of Company Shares

February 28, 2006

Treasury Stocks (Tranches)	First Tranche	Second Tranche
Purpose of buy-back	Transfer to employees	To protect the Company's credit and shareholder value
Buy-back period	2004/3/25 ~ 2004/5/24	2005/12/27 ~ 2006/2/26
Buy-back price range (per share)	NT\$12.11 ~ NT\$20.00	NT\$12.00 ~ NT\$20.00
Type & number of buy-back shares	20 million shares of common stock	50 million shares of common stock
Value of buy-back shares	NT\$334 million	NT\$810 million
CAR before buy-back	Record Date: 2003/12/31 Ratio: 154%	Record Date: 2005/6/30 Ratio: 136%
CAR after buy-back	Record Date: 2003/12/31 Ratio: 153%	Record Date: 2005/6/30 Ratio: 132%
Number of cancelled and transferred shares	0	0
Number of accumulated buy-back shares	20 million shares of common stock	71 million shares of common stock
Number of accumulated buy-back shares as a percentage of total issued shares	0.27%	0.98%
Progress on transfer of buy-back shares to employees	Not yet transferred	Not applicable
Status of shares not transferred within 3 years after buy-back which are thus subject to certain restrictions	Not applicable	Not applicable

IV. Issuance of Corporate Bonds

(I) Status of Corporate Bond Issuance

February 28, 2006

Type of Bonds	First Issuance of Unsecured Euroconvertible Bonds in 2002
Issue date	2002/7/12
Par value	US\$1,000
Place of issuance and listing	Asia and Europe; the Luxemburg Stock Exchange
Issue price	At par
Total issuing amount	US\$230 million
Coupon	0%
Life	Five years with maturity at 2007/7/12
Priority of repayment	First priority
Guarantor	None
Trustee	Bank of New York
Lead underwriter	UBS Warburg
Legal advisers	Linklaters; Lee & Li Attorney-at-Law / Paul Hsu, Esq.
Independent auditors	Deloitte and Touche / Ryh-yan Chang & Yung-tu Wei
Repayment method	Lump-sum cash repayment at maturity except for conversion or redemption in accordance with the terms and conditions of the issuance
Unpaid principal amount (as of February 28, 2006)	US\$78 million
Repaid Principal	US\$1 million
Conditions on redemption or early repayment	<ol style="list-style-type: none"> 1. After three years from the issuance date, SinoPac Holdings may buy back all or a part of the bonds for the amount equal to the par value plus the interest compensation, if SinoPac Holdings' common stock closing prices are all higher than 130% of the conversion price (based on the exchange rate of NT\$33.513 for US\$1) for 20 consecutive trading days. 2. SinoPac Holdings may redeem all of the outstanding bonds for the amount equal to the par value plus the interest compensation, if over 90% of the bonds issued have already been redeemed, bought back, cancelled or converted. 3. SinoPac Holdings may redeem all of the bonds for the amount equal to the par value plus the interest compensation, if there is any change in or amendment to the ROC tax laws and regulations and interpretations of them on and after the issue date, which will result in an additional tax obligation related to the bond issuance for SinoPac Holdings after reasonable efforts have been made to avoid such additional tax.

(continued)

Restrictions	None
Treated as eligible capital	No
Credit rating agency, date of rating, rating results	Rated by: Moody's Investors Service Date: 2002/6/14 Credit rating: Baa3
Other rights	As of February 28, 2006, the amount that has been converted into common stocks, global depository receipts, or other marketable securities
	US\$151 million
	Issuance and conversion methods
	Refer to 2005 financial statements for details
Impact of issuance method and conversion terms on possible dilution of shareholdings and existing shareholders' equity	The maximal dilution on shareholders' equity from this convertible bond issuance is 2.55%; the impact is not significant.
Custodian for securities to be exchanged	None

(concluded)

(II) Details of Convertible Bonds

Unit : US\$, NT\$

Type of Bonds		Unsecured Euro Convertible Bonds Issued in 2002				
Item	Year	2002	2003	2004	2005	January 1 to February 28, 2006
		Convertible bonds market price (US\$)	Highest	108.400	126.450	132.946
	Lowest	99.573	107.893	118.374	118.250	124.021
	Average	105.179	113.594	124.635	125.596	127.780
Conversion price (NT\$)		17.666 & 16.651	16.651 & 15.768	15.768 & 14.618	14.618 & 13.862	13.862
Issue date & conversion price on issue date (NT\$)		17.666 on 2002/7/12				
Method of conversion		Into new shares				

V. Issuance of Preferred Shares or Depository Receipts

None.

VI. Employee Stock Options**(I) Issuance of Employee Stock Options**

February 28, 2006

Type of Stock Option	First Tranche	
Regulatory approval date	2003/07/16	
Offering date	2003/07/31	2003/12/30
Units offered	157,422	67,466
Option shares to be issued as a percentage of outstanding shares	2.17%	0.93%
Duration	7 years	7 years
Conversion measures	Issuance of new shares	Issuance of new shares
	50% upon 2 years	50% upon 2 years
Conditional conversion periods and percentages	60% upon 3 years	60% upon 3 years
	80% upon 4 years	80% upon 4 years
	100% upon 5 years	100% upon 5 years
Converted shares	50,290,500 shares	5,685,500 shares
Exercised amount	NT\$533 million	NT\$86 million
No. of shares yet to be converted	107,131,500 shares	61,780,500 shares
Adjusted exercise price for those who have yet to exercise their rights	NT\$ 10.60	NT\$ 15.20
Unexercised shares as a percentage of total issued shares	1.48%	0.85%
Impact on possible dilution of shareholdings	Dilution of 1.46%; no significant impact on shareholders' equity	Dilution of 0.85%; no significant impact on shareholders' equity

(II) List of Executives Receiving Employee Stock Options and the Top 10 Officers with Options Valued in Excess of NT\$30 Million

February 28, 2006

Title	Name	No. of Option Shares	Option Shares as a Percentage of Shares Issued	Exercised				Unexercised				
				No. of Shares Converted	Strike Price (NT\$)	Exercised Amount (NT\$ thousand)	Converted Shares as a Percentage of Shares Issued	No. of Shares Converted	Strike Price (NT\$)	Unexercised Options (NT\$ thousand)	Unconverted Shares as a Percentage of Shares Issued	
President, and CEO and *Interim CFO	Paul C. LO											
Deputy CEO	YU Kuo-Chi											
Chief Auditor	Nancy C. LEE											
Chief Secretary	Jenny HUANG											
Head of Operations Division	Joan N. FANG											
Head of Information & Technology Division	Eugene S. HUANG											
Head of Corporate Communications Division & Spokesperson & Head of CEO Office	Richard CHANG											
Head of CFO Office	LIAO Ta Te											
Head of Administration Division	PAN Kuen-Chyung											
Head of Legal & Compliance Division	HSU Shui-Yuan											
Head of Human Resources Division	Amy HAN											
Head of Risk Management Division	Walter LIN											
Head of Accounting Division	PAO Shu-Chun											
Head of Research Division	Frank TSAI											
Deputy Chief Auditor	Albert LYU											
SVP of Information & Technology Division	SHIEH Shang-Bin											
SVP of Information & Technology Division	TAO Ruey Ching	23,311,000	0.32%	3,975,000	10.60 & 15.20	44,545	0.055%	19,336,000	10.60 & 15.20	238,243	0.27%	
SVP of Operations Division	Stella LIU											
Deputy CEO	HWANG Min-Juh *											
President of Institutional Financial Services Group	CHEN Pou-Tsang *											
President of Wealth Management	HSU Daw-Yi *											
President of Individual Financial Services Group	CHIA Chen-I *											
Chief of Staff & Spokesperson	Kevin H. PENG (former)											
Head of Administration Division	LIANG Bor-Song *											
Executive Vice President & Chief of Staff, Individual Financial Services Group	HAN Tao-Wei *											
Executive Vice President of Financial Market Group	Lily TU *											
Senior Executive, Individual Financial Services Group	YANG Meng-Lai *											
Senior Executive, Research Division	Bruce CHEN (former)											

Note: There was no employee receiving stock options in excess of the equivalent of over NT\$30 million.

* : Relinquished as of January 1, 2006 due to organization re-structure.

VII. Mergers with or Acquisitions of Other Financial Institutions

To further grow its asset size and expand its banking business to increase profitability and shareholder value, SinoPac Holdings merged International Bank of Taipei this year. The transaction price of this investment was reviewed by PriceWaterhouseCoopers and was considered reasonable.

(I) Profile of Merged Financial Institution

December 31, 2005

Name of Financial Institution		International Bank of Taipei
Address of financial institution		No. 36, Section 3, Nanking East Road, Taipei, Taiwan 104, R.O.C.
Chairman		Mr. HO, Show-Chung
Paid-in capital		NT\$22,233 million
Main businesses		Commercial banking activities including deposits, lending, foreign exchange, trust, bills and bonds, credit cards, etc.
Major products		Corporate banking, retail banking, financial services, financial markets etc.
Financial data of the latest year	Total assets	NT\$434,640 million
	Total liabilities	NT\$398,100 million
	Total shareholders' equity	NT\$36,540 million
	Operating revenue	NT\$16,730 million
	Gross profit	NT\$8,169 million
	Operating income (loss)	NT\$2,888 million
	Net income (loss)	NT\$2,451 million
	Earnings per share	NT\$1.10

(II) Share Swap Ratio Review Report

SinoPac Financial Holdings Company Limited and International Bank of Taipei Co., Ltd.
Share Swap Ratio Review Report

(Translation)

(This is a translated version of the review report originally prepared in Chinese. The Chinese version should prevail if there are inconsistencies/discrepancies between the English and Chinese versions.)

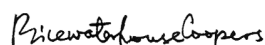
The merger of SinoPac Financial Holdings Company Limited (hereafter "SinoPac Holdings") and International Bank of Taipei Co., Ltd. (hereafter "IBT") will be structured as a "merger of equals". After the merger, IBT will become a subsidiary of SinoPac Holdings. The management of SinoPac Holdings proposes swapping 1.36 shares of SinoPac Holdings for 1 share of IBT (IBT ex-dividend), or 1.42 shares of SinoPac Holdings for 1 share of IBT (IBT cum-dividend).

The proposed share swap ratio of SinoPac Holdings and IBT is based on the valuation of the two companies carried out by UBS Investment Bank. According to the valuation report, the share swap ratio is calculated and analyzed based on widely used methodologies in order to set a reasonable range for the share swap ratio, and further determined with consideration of the companies' operating conditions, competitive advantages, analysis of synergies and other key factors.

According to the five valuation methods listed in the UBS Investment Bank valuation report, the share swap ratio range of SinoPac Holdings and IBT is 1.24 - 1.54 shares of SinoPac Holdings common stock to 1 share of IBT common stock. Following is summary:

Valuation Methodology	Historical exchange ratio analysis	Contribution analysis	Precedent transactions – US MOEs	DDM	DDM (market forecasts)
Share Swap Ratio (IBT ex-dividend)	1.30 – 1.37	1.24 – 1.33	1.35 – 1.50	1.27 – 1.41	1.47 – 1.54

Based on the above, we consider the adopted valuation methodologies of the above share swap ratio range are commonly adopted, and no inconsistency exists between the calculation results and their respective valuation methodologies. Therefore, based on the information obtained as of June 30, 2005, we consider the share swap ratio of 1.36 (IBT ex-dividend) proposed by the management is situated within the valuation range above and is reasonable.



PricewaterhouseCoopers

June 30, 2005

Operating Report

I. Business Overview

(I) Scope of Business

A. SinoPac Holdings

In accordance with the Financial Holding Company Act, SinoPac Holdings may invest in a range of industries including banking, bills financing, credit cards, trust, insurance, securities, futures, venture capital, overseas financial institutions as approved by the regulators, and non-financial industries as permitted by law, and engage in the management of its invested companies.

For 2005, the Company's main businesses and revenue breakdown are as follows:

Banking: 74.4%

Securities: 16.4%

Credit Cards: 4.2%

Others: 5.0%

SinoPac Holdings will continue to strengthen its Pan-Pacific financial service platform and actively develop client-oriented and demand-driven corporate banking, retail banking and wealth management businesses to broaden its customer base and improve its profitability.

B. Bank SinoPac

1. Business Profile

Bank SinoPac operates in accordance with the Banking Law, related regulations, what is stated in the business licenses of its head office, trust and international business divisions, its resources and conditions, individual and corporate customer needs. The bank's primary business comprises of general loans and deposits, trust and investment and foreign exchange.

2. Business Composition

Deposit Breakdown			Unit : NT\$ million	
Type of Deposit	2004/12/31		2005/12/31	
	Amount	%	Amount	%
Demand Deposits	133,078	40.44%	148,938	37.41%
Time Deposits	196,012	59.56%	249,142	62.59%
Total	329,090	100.00%	398,080	100.00%
Number of Accounts	1,208,169		1,321,304	

Credit Breakdown			Unit : NT\$ million	
Type of Credit	2004/12/31		2005/12/31	
Corporate Banking				
Total Credit Facilities	386,208		353,555	
Credit Extended	142,237		146,635	
Outstanding Loans	90,999		101,831	
Retail Banking				
Total Credit Facilities	227,401		262,933	
Credit Extended	170,894		202,049	
Outstanding Loans	170,894		202,049	
Total Credit Extended	313,131		348,684	
Total Outstanding Loans	261,893		303,880	

Summary of Foreign Exchange Transactions

Unit : US\$ million

Type of Transaction	2004	2005
Outward Remittances	30,627	39,534
Inward Remittances	29,913	40,542
Other	3,939	2,796
Total	64,479	82,872

Summary of Securities Dealing

Unit : NT\$ million

Type of Transaction	2004	2005
Trading Volume of Bills and Bonds	2,208,001	3,686,654
Average Balance of Bills and Bonds	114,283	74,463
Average Balance of Listed/OTC Stocks	3,095	1,069
Average Balance of Beneficiary Receipts	851	1,133
Amount of Short-term Bills Certification and Underwriting	30,256	54,566

C. International Bank of Taipei

1. Business Profile

In 2003, IBT set its new customer-oriented organizational structure in place. In 2004, the bank retained a professional consultant to further plan and execute the reorganization work to boost its market competitiveness. Based on its extensive branch network in Greater Taipei and thanks to the joint efforts of all employees, IBT has achieved strong performance. Following the share-swap merger of equals of December 26, 2005, IBT has formally become a subsidiary of SinoPac Holdings. Going forward, IBT will operate in line with the holding company's new organizational structure. Thus, three business units, Corporate Financial Services Group, Individual Financial Services Group and Financial Market Group, have been set up to deepen market penetration and broaden distribution channels in order to not only enhance organizational stability, but also realize merger synergies and quickly generate high returns.

Our goal is to become the leading bank in Greater Taipei specialized in both SME and retail banking and a uniquely positioned financial institution in Greater China. With regard to key customer services, we will deepen our relations with retail customers with high net worth and medium-to-high income, while further developing relations with medium-to-small accounts and those with specific wealth management needs. In terms of product offering, we will not only provide a full range of financial services to retail customers and SMEs, but also deliver niche financial products to medium-and large-sized corporations. We will maintain our sound sales culture to continue deepening our relations with key customers and provide our key customers with world-class and top-quality products and services through our performance-driven leadership management style to achieve our goals of cultivating deeply in Taiwan and becoming a leader in the Asia Pacific.

2. Business Scope

- (1) Corporate Banking: general lending, foreign exchange, and other corporate finance related transactions for both large corporations and SMEs. Following IBT's merger with SinoPac Holdings, our overseas network which has now crossed over Asia, the US and Europe will enable us to provide more comprehensive cross-border services to meet our customers' global sales and logistical needs. In addition, our online transaction platform will also enable our customers in mainland China to meet their cross-border cash management needs.
- (2) Retail Banking: individual lending, wealth management, trust, credit card, deposit, remittance etc. In response to the increasing needs for wealth management, IBT has launched a range of customized products to provide a one-stop shopping service to customers of different age groups so that IBT can establish itself as a top brand name in wealth management.
- (3) Treasury: investment, bills and bonds, foreign exchange, treasury and other derivative products. IBT's broad range of

financial products not only offers retail customers such products as options and derivatives, but also provides corporate customers with channels for hedging and financial management.

3. 2005 Revenue and Performance and Summary of Major Products of the Last Two Years

In 2005, net operating income increased by 18% and overall earnings momentum continued to move up steadily.

Deposit Business		Unit: NT\$ million	
Year	2004/12/31	2005/12/31	
Total Deposits	316,542	335,554	

Lending Business		Unit: NT\$ million	
Year	2004/12/31	2005/12/31	
Total Loans	268,843	301,706	

Trust Business		Unit: NT\$ million	
Year	2004/12/31	2005/12/31	
Balance of Trust Assets	44,395	65,698	

Credit Card Business		Unit: thousand cards	
Year	2004/12/31	2005/12/31	
Cards Issued	740	790	

Foreign Exchange Business		Unit: US\$ million	
Year	2004	2005	
Total Volume of Foreign Exchange Transactions	22,436	25,725	

Bills Business		Unit: NT\$ million	
Year	2004	2005	
Trading Volume	926,151	1,622,896	

Bond Business		Unit: NT\$ million	
Year	2004	2005	
Trading Volume	1,349,356	1,354,246	

D. SinoPac Securities

1. Business Profile

SinoPac Securities is an integrated securities firm. Its main businesses are as follows:

- (1) Securities Brokerage: purchase and sale of TSE listed or OTC market securities on clients' behalf.

- (2) Margin Financing: provision of margin loans and stock lending to investors.
- (3) Electronic Trading: provision of e-trading services including internet and telephone services, the cell phone trading service “688” and cell phone trading through WAP. We also provide real-time stock quotations and news, investment research publications and investment information on futures and funds.
- (4) Futures Introducing Broker: trading services in futures and options. In 2004, the company developed the e-Leader trading system platform, designed specifically to suit the needs of our investors in the Taiwan market.
- (5) International Business: FINI brokerage and sub-brokerage services for Hong Kong, USA, and Japanese shares to Taiwan private investors.
- (6) Securities Underwriting: advisory services to publicly issued companies seeking a TSE/OTC listing or quotation in the emerging stock; assistance to companies in raising funds in both domestic and international capital markets.
- (7) Stock Registration and Transfer Services: agency and advisory services to publicly issued companies with regard to stock affairs.
- (8) Securities Proprietary Trading: trading in marketable securities for own account to also help provide liquidity and stabilize market prices.
- (9) Futures Dealing: purchase, sale and market-making of futures and options contracts on domestic securities; conducting research on and implementation of the structured and hedging-driven trading strategy.
- (10) Fixed Income: purchase and sale of government bonds, corporate bonds, financial debentures, convertible bonds and bills, either for own accounts or on behalf of clients; underwriting of corporate bond issues and asset securitization products.
- (11) Equity Derivatives: issuance of TSE-traded stock warrants and related hedging, market-making and arbitrage for options, interest rate swaps, convertible bond-related asset swaps and structured financial instruments.

2. Revenue Breakdown

Revenues and Revenue Breakdown Over the Last Two Years

Unit : NT\$ million

Type of Business	2004		2005	
	Amount	Percentage	Amount	Percentage
Brokerage	3,893	63.50%	2,850	58.50%
Proprietary Dealing	1,741	28.40%	1,170	24.00%
Underwriting	497	8.10%	852	17.50%
Total	6,131	100.00%	4,872	100.00%

Main Businesses and Market Shares

Unit : NT\$ million

Type of Business		2004	2005
Brokerage	Trading Turnover (NT\$ million)	2,275,084	1,951,765
	Market Share (%)	4.80	4.38
Underwriting	No. of Deals as Lead Manager	44	25
	No. of Deals as Lead Manager and Co-Manager	95	46
Fixed-income	No. of Deals as Lead Underwriter	4	1
	Amount of Deals as Lead Underwriter (NT\$ million)	1,760	12,250
Stock Registration and Transfer Services	Registrar (No. of companies)	225	225
	Total no. of Shareholder Accounts Served	2,335,000	2,130,000

3. New Products Under Development

SinoPac Securities plans to apply for approval to provide wealth management services in early 2006, so as to build stable long-term client relationships through the provision of asset management and financial planning services to high net worth individuals. In addition, to move in line with the trend towards providing a broader range of financial products, SinoPac Securities has actively researched and developed new products to meet market needs. SinoPac Securities has also actively

researched and developed relevant financial products in order to capitalize on any new business opportunity to be created by any forthcoming deregulation.

E. AnShin Card Services

1. Main Businesses

- (1) Credit Card Issuance and Related Services
- (2) Revolving Credit and Cash Advances on Credit Cards

2. Revenue Breakdown

- (1) Interest Revenues - 73%
- (2) Service Fee Revenues - 27%

3. Analysis of 2005 Business Performance

(1) Geographical Distribution and Age Group Profile of AnShin Credit Card Holders

Geographical Distribution of Credit Card Holders							December 31, 2005
Item \ Area	Taipei City	Northern Taiwan	Central Taiwan	Southern Taiwan	Kaohsiung City	Eastern Taiwan & Other	Total
Cards in Force	312,010	607,367	304,465	178,285	127,522	106,205	1,635,854
% of Total Cards in Force	(19%)	(37%)	(19%)	(11%)	(8%)	(6%)	(100%)
Spending (NT\$ million)	13,191	21,959	9,894	5,209	4,080	3,382	57,715
% of Total Spending	(23%)	(38%)	(17%)	(9%)	(7%)	(6%)	(100%)

Breakdown of Credit Card Holders by Age Group							December 31, 2005
Item \ Age group	Under 20	21~30	31~40	41~50	Over 51	Total	
Cards in Force	0	315,708	675,034	437,941	207,171	1,635,854	
% of Total Cards in Force	(0%)	(19%)	(41%)	(27%)	(13%)	(100%)	
Spending (NT\$ million)	0	9,999	24,574	16,544	6,598	57,715	
% of Total Spending	(0%)	(17%)	(43%)	(29%)	(11%)	(100%)	

(2) Market Shares

Market Shares				December 31, 2005
Item	Total Market	AnShin	Market Share	
Cards in Force (thousands)	45,494	1,636	3.6%	
Spending (NT\$ million)	1,420,984	57,715	4.1%	
Balance of Cash Advances (NT\$ million)	215,570	10,671	5.0%	

F. SinoPac Call Center

SinoPac Call Center is a wholly owned subsidiary of SinoPac Holdings and a dedicated customer service provider. Its principal business is to provide customers of SinoPac Holdings' banking, securities and credit card subsidiaries with 24-hour telephone service throughout the whole year, online customer service and telemarketing services. The Center has been in operation for three years and business has steadily grown. In 2005, the company upgraded service quality, expanded the range of services and developed and introduced the new IVR system for credit cards. A total of 175 service agents were in operation as of end 2005, with 19% focused on banking services, 9% on securities, and 72% on credit card business. In 2005, call center revenues reached NT\$162 million with a net income of NT\$4.8 million and NT\$ 0.48 in earnings per share.

In 2006, the Call Center will actively integrate new business from IBT.

G. SinoPac Property Insurance Agent

SinoPac Property Insurance Agent Co., Ltd. provides vehicle and motorcycle insurance, residential fire and accident and injury insurance. The company's flagship products comprise “basic residential fire and earthquake insurance” and “accident and injury insurance”, accounting for 86% of total revenues.

In 2006, SinoPac Property Insurance Agent will launch a range of brand new insurance products which combine both life and property insurance coverage in line with the government's moves to further deregulate the insurance market. It will also provide the loss prevention service, to reduce the possibility of loss occurrence and hence the insurance premium of clients.

H. SinoPac Life Insurance Agent

SinoPac Life Insurance Agent Co., Ltd. is an agent specializing in selling life insurance products (including life, health and travel insurance, annuity programs, and investment-type insurance) to SinoPac Holdings' customers to assist them in their personal risk management and medium- and long-term investment and financial planning. Total assets as of end 2005 reached NT\$185 million. 2005 revenues totaled NT\$374 million, operating expenses stood at NT\$220 million and operating profits reached NT\$154 million, non-operating income amounted to NT\$3 million, with pre-tax profits reaching NT\$158 million.

For 2006, in addition to expanding its existing business, SinoPac Life Insurance Agent will promote sales of investment-type insurance products, bonus-sharing insurance products, mortgage-linked insurance products, savings insurance and guarantee-type insurance products. The company aims to establish new distribution channels in order to improve operational efficiency, while further improving procedures for processing application submissions and after-sales services.

I. SinoPac Marketing Consulting

SinoPac Marketing Consulting Co., Ltd. undertakes direct marketing services which are mostly outsourced by various SinoPac Holdings' subsidiaries. Its sales and distribution network is supported mostly by agents remunerated on a commission-only basis. Its former main business of selling automobile loans was transferred to IBT's automobile loan team on December 1, 2005 in order to maximize synergy. Its original business focus of selling unsecured personal loans is increased to the extent that unsecured personal loans now account for 60% of total revenues, with housing loans making up 35% and the remaining 5% derived from sales of non-financial products.

J. SinoPac Asset Management International

SinoPac Asset Management International Co., Ltd. manages venture capital funds and charges management fees and shares investment gains. Its two venture capital funds under management are National Venture Capital and SinoPac Venture Capital. As of the end of 2005, National Venture Capital's portfolio was valued at NT\$541 million, comprising 25 investments. SinoPac Venture Capital's portfolio was valued at NT\$1,800 million, with some 55 investments.

K. SinoPac Venture Capital

SinoPac Venture Capital takes equity stakes in both local and overseas companies. Its principal revenues are derived from investment gains. As at end 2005, SinoPac Venture Capital's portfolio totaled 55 investments. Investment by sector is summarized below:

Sector	Outstanding Investment Amount (NT\$million)
Semiconductors	137
Displays	69
LEDs	38
Communications	52
Computers	69
PCBs	81
Other VCs	478
Others	456

L. SinoPac Securities Investment Trust

1. Main Businesses

- (1) Issuance of beneficiary receipts for securities investment trust funds through public offering or private placement.

- (2) To engage in securities and related financial product investment for the securities investment trust funds.
- (3) To take discretionary investment businesses from clients.
- (4) To engage in any other related business as permitted and approved by the regulators.

2. Major Products and Revenue Breakdown

(1) Major Products

- Domestic open-ended equity funds: Genesis Fund, Pilot Technology Fund, Columbus Fund
- Foreign open-ended equity fund: New Century Fund
- Domestic open-ended balanced fund: Strategic Balanced Fund (set up on September 7, 2005)

(2) Revenue Breakdown

			Unit : %
Type of Fund	% of Management Fees	% of Commissions	% of Total Fees
Equity Funds	67.52%	39.32%	66.83%
Balanced Funds	24.87%	54.17%	25.58%

3. New Products and Services in Development

SinoPac Securities Investment Trust has a strong commitment to product innovation. In addition to cooperating with SinoPac Holdings' dedicated research team, SinoPac Securities Investment Trust also plans to partner with foreign asset management firms to establish itself as a niche player in offshore investment products to provide an ever broader range of attractive financial products to investors.

(II) 2006 Business Plans

A. Bank SinoPac

1. Corporate Banking

- (1) To integrate corporate banking businesses of Bank SinoPac and other subsidiaries of SinoPac Holdings to broaden customer base and to provide high value-added financial services to medium-and large-sized corporations.
- (2) To provide offshore financing and factoring services to Taiwanese SMEs thru the CrossPacific Account ("CPA") to broaden their financial means to meet their export-related working capital needs.
- (3) To assist SMEs in obtaining medium-term funding with guarantee provided by the "Small and Medium Business Credit Guarantee Fund".
- (4) To maintain good asset quality based on the principle of sound and prudent credit extension.

2. Retail Banking

- (1) To strengthen the dialogue with managers of IBT and other business groups various managers to jointly develop business.
- (2) To use data mining and analysis, credit scoring, and products with controlled low-to-medium risks to strengthen the established structure for the offering of higher-yield and higher-risk unsecured personal loans.
- (3) To further boost the penetration rate of AnShin credit cards.

3. Foreign Exchange and International Finance

- (1) To integrate offshore branches' foreign exchange businesses to provide foreign currency products and financing to customers in the five markets across the Pacific Ocean.
- (2) To introduce appropriate investment products and enhance the returns of these products thru interdepartmental teamwork or appropriate arrangements.
- (3) To develop products that meet customer needs so as to enhance revenues.

4. Wealth Management

- (1) To expand on the banking subsidiaries' extensive branch network in Greater Taipei and effective management capabilities to develop top-tier clients to create economies of scale and increase market share in wealth management.
- (2) To actively promote custodian and trustee services and grow our market shares in these businesses.
- (3) To launch new trust services including securities trusts, real estate trusts and escrow services; to raise common trust funds; to grow the trust business through innovation in products and offering of integrated trust services.

5. Treasury

- (1) To establish a top-tier treasury team to coordinate subsidiaries' treasury operations and advance operational integration.
- (2) To establish a global financial management network to enhance group treasury performance.
- (3) To achieve optimal allocation and utilization of the group's capital and resources through a complete implementation of the concept of a concerted evaluation of risk/return to maximize returns for relevant business units and the group as a whole.
- (4) To actively develop new financial products, strengthen competitiveness through offering a more comprehensive range of products, and generate high value added transactions.
- (5) To introduce an integrated marketing strategy to provide customized financial planning services to create a win-win situation.

B. International Bank of Taipei

1. Corporate Banking

- (1) To further cultivate our niche markets and offer services tailored to the specific needs of various large and medium enterprises; to offer financial derivative and investment trust products tailored to meet customers' fund management needs.
- (2) IBT's lending to SMEs backed by the Small and Medium Business Credit Guarantee Fund was ranked No. 2 in 2005. For 2006, SME guaranteed loans will remain a major business.
- (3) To further innovate e-trading platforms, including B2B e-commerce and foreign currency products, and standardize operational procedures to enhance brand name.

2. Retail Banking

- (1) To adopt a prudent lending policy in 2006 to deal with the fallout of a potential consumer credit crunch. To launch integrated housing loan products in response to fierce competition.
- (2) To conduct joint-marketing to strengthen customer relationships based on the resources of the holding company and building a more complete customer data bank and analyzing customer data.
- (3) To enhance the brand name in the wealth management business and strengthen trust between our customers and our financial planners.
- (4) To continue to link our existing wealth management services with sports, recreations and cultural events to increase added-value to the business.
- (5) To actively pursue custodian business with securities investment trust companies' discretionary trust funds.
- (6) To form partnerships with well-known brand names to boost the expansion of our credit card issuance; to set up a card membership club and payment by installment plans with partner retailers so as to provide greater choices to card holders and strengthen their loyalty.
- (7) To integrate and streamline credit card application, credit check, and review procedures and overdue payment collection scheme and to improve the credit extension quality to facilitate a smooth subsequent collection operation.
- (8) To actively promote digital financial services through the e-banking system.

3. Treasury

- (1) To strengthen the development of new customers for the bills and bonds business; to take bigger positions in RP transactions; to adopt an active trading strategy for fixed-income products' proprietary dealing; to be an active player and market maker in the inter-bank call loan market.
- (2) In interest rate derivatives transactions, to be more active in IRS and launch options on creditors' claims and related products.
- (3) To increase the limits on overnight foreign currency positions, build positions for range trading, and increase spot market transaction volumes.
- (4) To encourage teamwork between treasury marketing staff and corporate banking managers to jointly develop customers with potential so as to increase sales and earnings from financial derivative products.
- (5) To build positions in NT dollar and foreign currency denominated bonds with a view to increasing earnings when the balance sheet is under adjustment.
- (6) To use interest rate management instruments to effectively manage interest rate risks in hedging assets and liabilities.

C. SinoPac Securities

1. Business Plans

- (1) To create distribution channel added value and develop wealth management business.
- (2) To develop new financial products and become a provider of both local and foreign products.
- (3) To promote IPO and SPO business in the International Board in accordance with government policy.
- (4) To integrate trading platform and increase earnings from proprietary dealing.
- (5) To develop a stable, secure, and multi-function e-trading platform.
- (6) To actively promote futures and options business.
- (7) To consolidate branch network so as to improve operational efficiency and reduce costs.
- (8) To implement sound risk management.

2. Business Goals

The business goals for 2006 are summarized as follows:

Type of Business	Goals
Brokerage	Business days: 250 days TSE average daily turnover: NT\$81 billion OTC average daily turnover: NT\$15 billion TSE market share: 4.61% OTC market share: 4.95%
Underwriting	No. of deals as Lead Manager: 35 No. of deals as Co-Manager: 29
Stock Registration and Transfer Services	No. of companies: 241 No. of shareholder accounts: 2.35 million
Proprietary Dealing	Outperform the TAIEX by 5%
Bonds	Government bond position: NT\$3 billion Corporate bond position: NT\$3 billion
Derivatives	No. of issues: 200

D. AnShin Card Services

1. Business Plans

- (1) To use the expertise of Bank SinoPac's channel and incorporate IBT's platform to develop new customers.
- (2) To expand joint-marketing with co-branding companies to penetrate targeted sectors and develop relations with existing large customer bases.
- (3) To apply the behavioral scoring model to differentiate customers so that different pricing can be given accordingly; to integrate marketing and packaging to encourage customers with good credit to increase the use of revolving credit.
- (4) To improve the packaging of the installment payment business and strengthen risk pricing power to offer customers flexibility in choosing their installment periods or in planning their own repayment schedules.

2. Business Goals

Credit Card Issuance Targets				Unit : cards
Year	2004	2005	2006E	
Item				
Cards in Force	1,509,488	1,635,854	1,900,000	
Growth Rate	40%	8%	16%	

Spending Amount Targets (excluding cash advances)				Unit : NT\$ million
Year	2004	2005	2006E	
Item				
Spending Amount	42,618	57,715	75,224	
Growth Rate	40%	35%	30%	

Balance of Account Receivables Under Management			Unit : NT\$ million	
Item	Year	2004	2005	2006E
Year-end Balance		21,306	24,517	32,093
Growth Rate		78%	15%	35%

Revenue Targets			Unit : NT\$ million	
Item	Year	2004	2005	2006E
Total Revenue		2,944	3,549	4,829
Growth Rate		64%	21%	36%

E. SinoPac Call Center

In 2006, SinoPac Call Center will further streamline staff allocation, improve operational procedures, step up value-added telemarketing services, implement risk controls, upgrade the voice system and develop human resources to continue to support the business development of SinoPac Holdings' various business units and the additional customer service as required by IBT. SinoPac Call Center aims to improve the quality of its telephone service and expand service contents to become the best customer service provider in SinoPac Holdings' development of business throughout the Asia Pacific region.

F. SinoPac Property Insurance Agent

1. To conduct research on the property insurance market and define customer needs so as to provide most suitable products.
2. In addition to expanding existing distribution channels, the company aims to seek out both new distribution channels and strategic partners, so as to widen its earnings base and boost profitability.
3. To step up the renewal rate for 1-year life property insurance products, so as to maintain these earnings streams and reduce the turnover rate on policies.
4. To strengthen employees' education and training in all aspects of the property insurance industry to enhance their knowledge and professionalism; to improve internal operational procedures and upgrade the skills of administrative staff.
5. To exploit the existing distribution channels of SinoPac Holdings' subsidiaries so as to improve our customer relationship management system ("CRM"); to provide customers with tailored insurance products and adopt an integrated marketing approach to offer the very best in both customer service and protection.

G. SinoPac Life Insurance Agent

For 2006, the total insurance premium from new policies is set to reach NT\$3,800 million, with commission revenue expected to reach NT\$366 million and pre-tax profit set to reach NT\$184 million.

1. To continue to promote the life insurance business at SinoPac Holdings' banking, securities, and credit card subsidiaries so as to actively generate policy sales from the whole group.
2. To innovate product differentiation and introduce customized products exclusive to banking customers; to continue to develop new distribution channels.
3. To enhance the e-platform and set up a dedicated customer service department; to develop appropriate human resources training and development programs for upgrading the expertise and selling skills of employees.

H. SinoPac Marketing Consulting

To continue to focus on unsecured personal loans, further strengthen recruitment of direct marketing staff, improve the quality of our service and training; to enhance both customer satisfaction and our market competitiveness. SinoPac Marketing Consulting will also conduct dynamic overhaul and improvement of our internal procedures and compensation schemes to become a major player in the consumer banking market.

I. SinoPac Asset Management International

In 2006, SinoPac Asset Management International's primary goal is to put together a strong management team which is able to develop a long-term investment strategy with a clear strategic vision for SinoPac Venture Capital and to steadily increase both funds under management and returns.

J. SinoPac Venture Capital

SinoPac Venture Capital will focus on investment in primarily growth industries. With regard to target investments, the company will favor the electronics sector, followed by traditional industries. Income will come primarily from capital gains and dividends.

K. SinoPac Securities Investment Trust

In 2006, SinoPac Securities Investment Trust will attempt to reach its target of growing to NT\$25 billion in funds under management. For new funds, we submitted an application to launch the "SinoPac Magellan Umbrella Fund" at end-2005. In the second half of 2006, we will apply to issue new funds which complement our existing product range. In addition, given increasing investor interest in private placement funds, we will develop private placement funds to meet such investor needs to complete our product offering.

In addition, in order to deal with increasingly fierce competition in the domestic securities investment trust market, we introduced at end-2005 a superior investment approach - the improved "Efficiency Investment Program" and will provide investors with a wider choice of products. This approach has helped improve investment returns and efficiency of the fixed-amount installment investments and should enable SinoPac Securities Investment Trust to grow its assets under management and enhance the stability of its AUM. Another focus in 2006 is to launch customized discretionary management services for domestic institutions and high net-worth individuals.

(III) Financial Industry

A. Financial Holding Companies

In Taiwan, financial holding companies have been established for three years. Financial institutions have continued to move towards the direction of larger scales, diversification and internationalization. The government's second-stage financial reform also aims to promote industry consolidation. In 2005, a number of successful mergers and acquisitions took place: Shinkong Financial Holding acquired Makoto Bank, Taishin Financial Holding acquired a major stake in Chang Hwa Bank, and SinoPac Financial Holdings merged with International Bank of Taipei. This industry consolidation is expected to further improve financial holding companies' overall competitiveness. Yet, this second-stage financial reform has also met obstacles and coupled with an increase in overdue consumer loans, has dampened financial holding companies' earnings and consolidation outlooks.

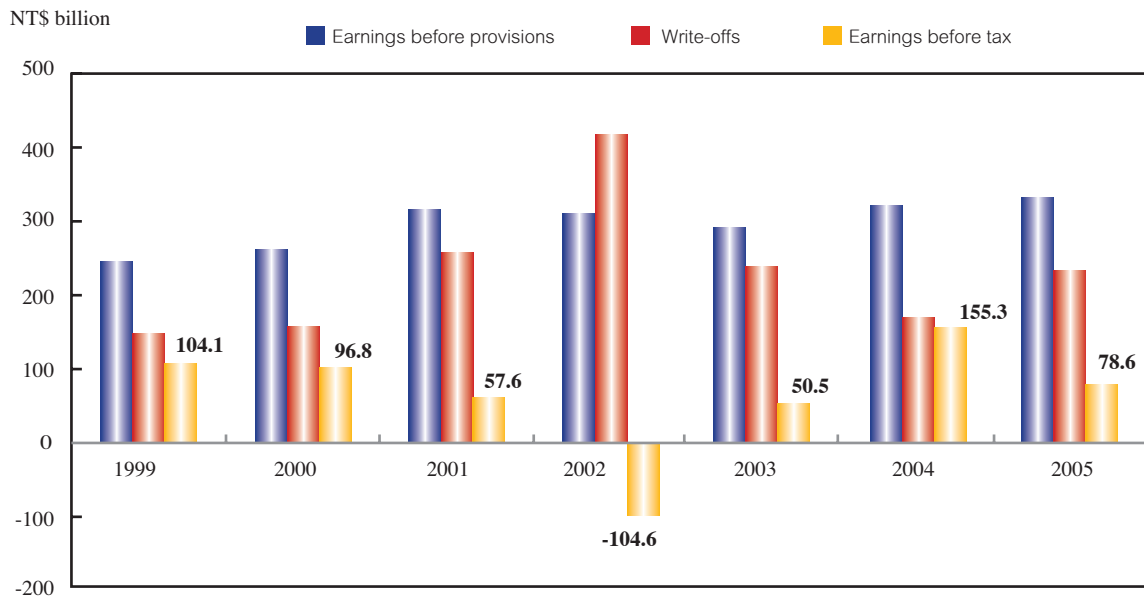
1. The Second-stage Financial Reform

As a result of the failed auction of Taiwan Business Bank, the government has switched the focus of its second-stage financial reform away from reducing the number of state-owned banks to six and having the top three banks each achieve a 10% market share to pushing for mergers among state-owned banks. The government announced that Cooperative Bank shall merge with Farmers' Bank and Bank of Taiwan shall merge with Central Trust of China. It was also reported that Taiwan Business Bank might be acquired by Mega Holdings. In 2006, the policy to halve the number of financial holding companies remains unchanged. Stronger government-controlled financial holding companies such as Hua Nan Financial Holdings, First Financial Holding and Mega Holdings may enter merger activities and the domestic financial market should become healthier.

2. Credit and Cash Card Debts Set to Adversely Affect Earnings

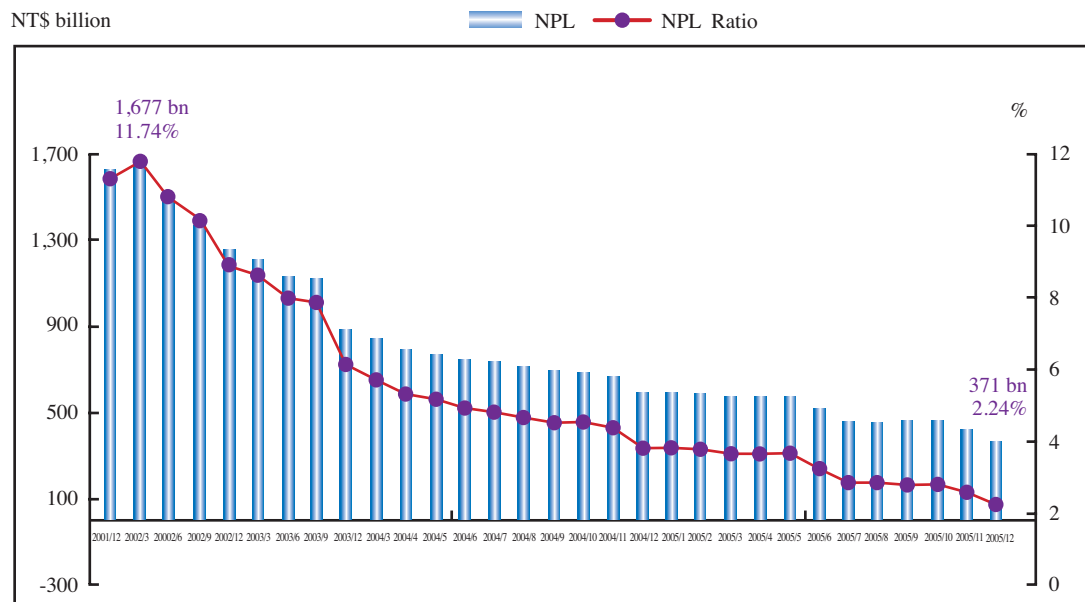
In 2005, overall repayments by cardholders deteriorated. In addition, in July 2005, a new method of treating overdue loans was introduced. As a result of a combination of these factors, a delinquency problem has emerged. To date, only principles for bad debt relief have been put in place. Once detailed programs are mapped out, banks are likely to experience more negative impact on their earnings albeit by different degrees.

Write-offs and Earnings of Domestic Banks



Source: The Banking Bureau

Non-performing Loans Ratios of Domestic Banks



Source: The Banking Bureau

B. Banking industry

1. Corporate Banking

In 2005, oil and commodities prices surged as a result of a supply/demand imbalance, abnormal weather conditions, market speculation and geopolitical uncertainties to affect the European, American and Japanese economies and make corporates concerned about production costs and inflation. This, coupled with the US Federal Reserve's interest rate hikes, have rendered the global economy to grow at a slower pace than 2004. In this fast-changing market environment, corporates require intensified support from their banks. In addition, corporates now require a broader range of financial products to better manage their interest rate and foreign currency risks and strengthen their fund-raising capabilities. In the face of fierce competition amid the internationalization and industry consolidation trends, the corporate banking team needs to provide clients with innovative cross-sector integrated financial services in order to sustain steady growth.

2. Retail Banking

The cash card, credit card and unsecured loans market bubble is going to adversely affect all banks - good and bad. This situation has prompted government intervention: a lending cap has now been imposed on unsecured loans. All this will have a significant impact on interest income for 2006. Even though the Directorate-General of Budget, Accounting and Statistics forecast that economic growth will rise to 4.25% in 2006, political instability and industry relocation will continue to make it difficult for banks to sustain earnings growth unless they double their efforts to generate fee income.

3. Treasury

Adversely affected by the SFAS No. 34, both listed and OTC companies have become more cautious with regard to engaging in interest rate and foreign currency derivative transactions. Related fee revenues saw a significant decline as a result. To improve revenue stability, financial holding companies have set up wealth management centers in order to develop in full force the wealth management market. To meet this changing trend, banks have begun to develop structured notes on top of such traditional products as foreign exchange forward contracts, interest rate swaps, fixed-income trading and foreign currency margin accounts in order to not only increase fee revenues but also satisfy customers' asset allocation needs.

C. Securities Industry

The government has continued to deregulate the securities industry. The regulator has relaxed the business scope while retaining its tight regulations on the financials of securities firms. In July 2005, the regulator allowed securities firms to offer wealth management services. In December 2005, the Legislative Yuan passed amendments to the Securities and Exchange Law enabling securities firms to invest in other securities firms on regulatory approval. The regulator may grant approval to securities firms to set up new businesses such as discretionary investment services and the provision of cash management accounts. These moves will help securities firms diversify their operations and reduce the impact of stock market fluctuations on their earnings. Long term, securities firms will be able to grow their operations and move towards becoming investment banks.

D. Credit Card Industry

Taiwan's credit card market underwent a major shift in 2005. The high growth rates seen in recent years ceased this year. Total cards in force even showed its first ever decline in October 2005, while the growth rate of cash advances reversed in July 2005. As of end 2005, Taiwan's 53 card issuers had a total of 45.49 million cards in force (Figure 1) for 10 million customers, with an average of 4.5 credit cards per cardholder.

In 2005, total cash advances amounted to NT\$215.4 billion (Figure 3), yet growth slowed to 5%. The revolving credit balance totaled NT\$494.7 billion (Figure 4) with growth slowing to 8%. The consumer debt crisis resulting from financial institutions' aggressive promotion of both unsecured loans and cash cards and consumers' over-borrowing in recent years has in turn slowed down the growth rates of these readings this year, and may even send them into a decline in 2006.

Figure 1 1990-2005 Credit Cards in Force

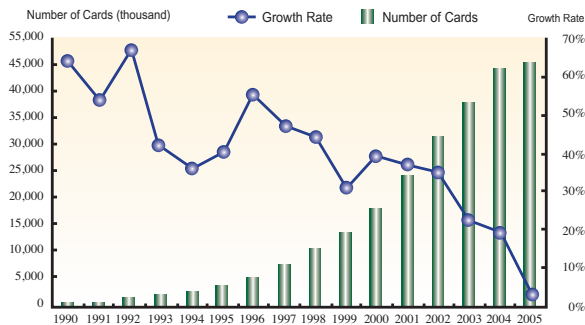


Figure 3 1996-2005 Credit Card Cash Advances

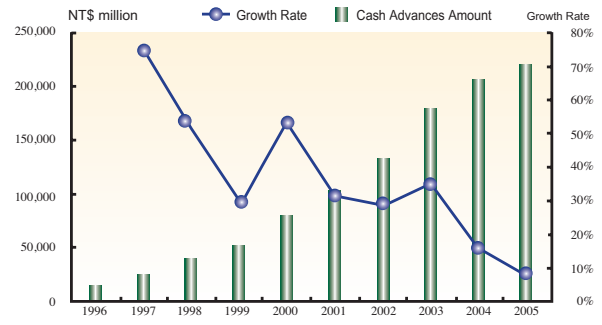


Figure 2 1990-2005 Credit Card Consumption

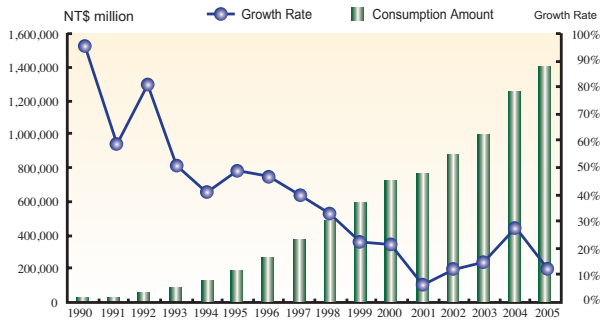
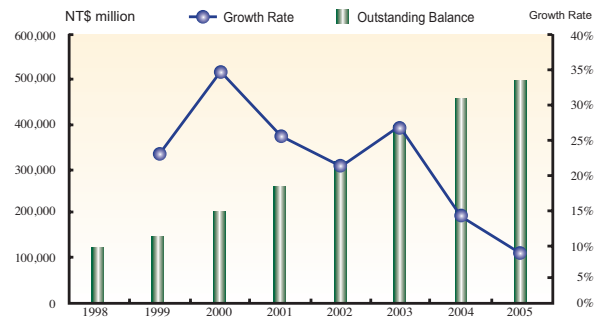


Figure 4 1998-2005 Outstanding Balance of Revolving Credit



E. Call Center Industry

In recent years, large-scale call centers in Asia, Europe and the US have been booming in defiance of a slow global economy. According to the market research institute OVUM, the global telephone customer service market will grow to US\$45.3 billion in 2006. The global outsourcing market will also grow to US\$22 billion on a CAGR of 39.1%. North America is the main market and Asia Pacific will see the strongest growth. OVUM forecasts that the number of outsourced service agents in Taiwan will reach 7,000 in 2006, with projected total output valued at NT\$4 billion. Services are primarily provided to such industries as banking, life insurance, securities, telecommunications, e-commerce and consumer products.

F. Insurance Agency Industry

In the first half of 2005, short-term savings-type insurance products became the main products as they offered higher returns than time deposits amid the rising interest rate environment. Supported by the banking distribution channel, sales of these products outperformed in the traditional insurance market. In the second half of 2005, however, sales of these structured products have been stopped under the intervention of the Financial Supervisory Commission. In the future, with product differentiation diminished, differentiation in marketing and services will be strengthened in order to stay competitive and meet customer needs.

As a result of increasing deregulation, property insurance companies may now sell a broader range of insurance products. In addition, consumers are becoming increasingly demanding in terms of the professionalism and responsibility of their service and product providers. As such, innovation in property insurance products has to continue and more products have to be introduced to meet customer demands to ensure that the property insurance market will continue to perform well.

G. Marketing Consulting Industry

In order to meet the general public's demands for financial planning and financing, the key products promoted by marketing consulting companies have primarily been unsecured personal loans. However, given an overexpansion of consumer credit, the bad debt ratios of some banks have been on the rise. With high-yield products losing popularity, certain banks have begun to employ risk-pricing methods to repackage their products to meet different demands from different segments.

H. Venture Capital and Asset Management Industries

In 2004, 19 new venture capital funds were set up, with a total asset size of NT\$12.79 billion, a slight decline from the 23 new funds raised with a total asset size of NT\$20.42 billion in 2003. Since 2001, Taiwan's venture capital industry has had difficulties in raising funds. However, the number of new funds set up by financial holding companies has been growing.

In 2004, the total number of venture capital investments reached 1,063 totaling NT\$15.27 billion, marking a decline from 1,159 investments totaling NT\$16.54 billion in 2003. Although investment activities were not as active as in 2003, they showed improvement as compared with 2002, indicating that venture capital investment has broken the bottleneck created by the internet bubble. Therefore, an industry recovery can be expected.

I. Investment Trust Industry

1. Multiple choice in products: following the deregulation of the industry, investment trust companies launched various new types of funds, which are different from traditional general equity or balanced funds such as principal guaranteed funds, umbrella funds, funds of funds, asset securitization funds and fixed-income funds.
2. Sharp decline in the size of bond funds as a result of the problems associated with structured notes: due to global interest rate hikes, the total size of bond funds fell to NT\$1,302.9 billion as at end 2005; a fall of NT\$580.4 billion since end 2004.
3. Continued growth of discretionary investment services: as at end 2005, the assets under discretionary investment management totaled NT\$459.4 billion, an increase of NT\$42.4 billion since end 2004.
4. Popularity of private placement funds: private placement funds were deregulated in 2005 to provide institutions and certain individual investors with more choices in investment to generate rapid growth in this area with total fund size reaching NT\$43.71 billion as at end 2005. This type of funds thus looks set to become a major area of business for investment trust companies.
5. Implementation of the offshore fund lead agency system: on the back of strong performance in global stock markets and globalization of investment, local investors have extended their investments to overseas markets. The implementation of the offshore fund lead agency system will become a milestone to local investment trust companies in their globalization efforts.

(IV) Research and Development

A. Corporate Banking

1. CrossPacific Account (“CPA”): cross-border cash management account.
2. Collateralized Loan Obligations (“CLO”): beneficiary certificates of entrusted corporate loan credits.
3. Securitization: financial asset securitization and real estate securitization.
4. IBT's credit scoring system: utilizing data mining techniques and analyzing data on bad debts to set up a credit scoring system as the criteria for credit evaluation on, and credit extension to, customers.

■ Future Research & Development Plans:

- (1) To build a regional factoring platform.
- (2) To horizontally develop cross-border corporate asset management services.
- (3) To vertically integrate group corporate banking services.

B. Retail Banking

1. Bank SinoPac has built up its unsecured personal loan business since early 2004. The Bank offered small loans to customers with higher credit ratings and charged annual interest rates of between 4.5% and 7.5%. At the same time, the Bank further enhanced its quantitative risk management and analytical capabilities through the score card approach, market segmentation and integrated marketing.
2. In response to the recovery in the real estate market, Real Estate Trust Business is launched. By transferring ownership of land to the Bank, which will then set up a specific account to manage all funds related to the development of the real estate, in order to quarantine risks and ensure smooth completion of work. Approval for providing the “Real Estate Development Consulting” services has been granted by the regulator to provide clients with more professional real estate trust services.
3. In March 2005, IBT was granted a license to engage in discretionary trust investment services. A number of pooled trust funds have since been approved including the “Global Combination”, “Diversified Investment” and “Selective ETF” Funds.

4. SinoPac Securities Investment Trust utilizes quantitative analysis tools to assist fund managers in creating their investment strategies. The stock selection quantitative analysis system is employed in stock evaluation. The APT Model, which incorporates various macroeconomic statistics and correlates these with stock market movements, is used to assist fund managers in the top-down approach to controlling weightings of their portfolios.

■ Future Research & Development Plans:

- (1) Bank SinoPac: to launch a new product platform employing the score card system and risk control capabilities to assist in the development of the bank's unsecured loan business.
- (2) International Bank of Taipei: to utilize data analysis tools to develop segmentation-marketing strategies to focus on target credit card customers; to strengthen risk management at line units and back offices and select customers with good credit ratings to improve the overall asset quality.
- (3) AnShin Card Services: to continue to develop new types of niche credit cards and effective marketing strategies.
- (4) SinoPac Life Insurance Agent: to introduce full-time dedicated telephone customer service agents to handle enquiries from both employees and customers; to provide standard settlement procedures in order to speed up the processing of policyholders' claims.
- (5) SinoPac Securities Investment Trust: to implement a risk management system which is developed from quantitative analysis of individual stock volatility in order to assist fund managers in building their optimal portfolio risk profile; to continue to improve our value-added hedging strategy module aiming to achieve the highest absolute investment returns.

C. Securities Business

1. Integrated the EZ Trade platform to provide investors with a more comprehensive e-trading platform.
2. Launched the mobile trading service through combining the online quotation and order placing functions for securities, futures and options, aiming to provide investors with a more convenient trading interface.
3. Developed the e-Leader futures and options trading platform to suit the needs of the Taiwan market and local investors' preference.
4. Built the FIX e-trading platform for institutional investors.
5. Launched the PDA trading service through combining the online quotation and order placing functions for securities, futures and options, aiming to provide investors with a more convenient trading interface.
6. Development of New Financial Services.
 - (1) Planned and installed the interest rate futures trading system.
 - (2) Awarded licenses for bills dealing, market-making for stock options and bond options dealing.
 - (3) Integrated the financial derivative trading platforms and risk management modules.
 - (4) Developed government bond splitting business and NT dollar bond options.
 - (5) Took part in building the corporate bond yield curve quotations.
 - (6) Built a trading platform for bonds and interest rate derivative products.

■ Future Research & Development Plans:

- (1) To develop trading of structured products linked to offshore financial products, foreign currency bonds and interest rate derivatives.
- (2) To develop customized contract-based warrants.
- (3) To apply for a license to deal in international bonds.
- (4) To apply for a prime dealer license for government bonds.
- (5) To build valuation models for high-yield convertible bonds and exotic options and the hedging of these instruments.
- (6) To develop the convertible bond portfolio arbitrage business and build a price/volatility forecast model for convertible bonds.
- (7) To develop screening model to select outperforming stocks through combining investment research and tracking of target stocks.
- (8) To explore new investment areas and acquire skills to trade in overseas securities.

D. Treasury

1. To obtain a license to deal in credit-related derivative products.
2. To build an interest rate derivatives trading platform and a related risk management platform.
3. To engage in proprietary dealing in foreign securities.
4. To launch structured products linked to NT dollar or foreign currency assets; to build a valuation model for exotic and compound options and related hedging mechanisms.

(V) Short-term & Long-term Business Development Plans

A. SinoPac Holdings

In December 2005, SinoPac Holdings completed its merger with International Bank of Taipei, the largest in Taiwan's financial industry in the year. Following the merger, SinoPac Holdings now ranks as Taiwan's fourth largest private-sector financial institution with assets exceeding NT\$1 trillion. Based on the existing strategies and core strengths of both institutions, we aim to achieve whatever synergy the most powerful banking network in Greater Taipei has to offer and to become a leading regional financial holding company in Greater China to provide customers with the best financial services. SinoPac Holdings' long-term business development plan is to "Cultivate in Taiwan, Compete in the Asia Pacific, Provide world-class financial services". We will focus on geographic locations, customers, products and professionalism and provide target customers with tailored products and services to achieve merger synergies and establish SinoPac Holdings' leading positions in target markets.

1. Geographic Focus

- (1) To become the top retail and SME bank in Greater Taipei.
- (2) To become a niche player in Greater China.

2. Customer Focus

- (1) Mass affluent and affluent customers with a particular focus on personal and branch-based services.
- (2) SMEs with service needs in Greater China.
- (3) Selected medium and large companies with sophisticated cross-border financial needs.

3. Product Focus

- (1) A full range of financial products and services especially for retail and SME customers.
- (2) Niche products for medium and large companies.

4. Professionalism

- (1) Based on solid sales culture, develop and manage core customers of IBT and SinoPac.
- (2) Through well-established performance-driven management and leadership style, provide customers with excellent services.

B. Bank SinoPac

1. Corporate Banking

- (1) To build the cross-Pacific factoring platform -- Through our cooperation with a number of global credit insurance institutions and the international factoring corporation F.C.I., we will provide more timely, price competitive, and flexible factoring services to Taiwan companies operating across the Pacific region. In 2006, on top of expanding these services in the Asian, European, and US markets, we will further upgrade our information processing procedures for accounts receivables. We expect to be able to provide our customers with better services once these services are fully integrated worldwide.
- (2) To horizontally develop our cross-border corporate asset management business -- We will further integrate the investment and asset management services offered by Bank SinoPac's offshore branches and Far East National Bank and develop financial products flexible enough to enable corporate customers to improve their returns in the face of a fast-changing environment in the interest rate and foreign exchange markets.
- (3) To vertically integrate corporate banking services -- Under our customer-oriented organizational structure, we aim to vertically integrate our corporate banking business with the holding company's investment banking business to offer corporate customers one-stop shopping and customized solutions to meet all of their financial needs from fund-raising, plant construction to operations.

2. Retail Banking

- (1) To develop and manage relations with post-merger core customers by employing solid sales culture and customer segmentation and sales force segmentation.
- (2) To continue to recruit top talents and provide on-job education and training to bring up professional trust and financial planning staff.
- (3) To make growing our market shares our top priority and enhance the economies of scale to sharpen our price competitiveness through integrating group customers.
- (4) To maintain the principle of prudently selecting customers with low to medium risks by enforcing our core competence in risk control while launching unsecured personal loans yielding low to medium spreads to target existing customers, aiming to achieve rapid market penetration and boost earnings.
- (5) To focus on developing new niche products; to form strategic alliances with international financial institutions; to provide customerized and integrated wealth management solutions, trust services and products to individuals with different lifecycle needs.

3. Treasury

- (1) To recruit experienced specialists, send staff to training courses held in Taiwan and abroad, and retain trainers to transfer their skills in order to upgrade the quality of our team and product development capability.
- (2) To establish valuation models and risk control systems for interest rates, foreign currencies and credit derivatives; to actively develop new products and create high-value-added transactions and earnings.
- (3) To focus on medium and large corporations, other financial institutions and medium to high net worth individuals.
- (4) To strengthen our control of the quality of our dealing-related operations and standardize our procedures; and to streamline our dealing procedures in order to achieve higher efficiency and competitiveness.

C. International Bank of Taipei

1. To continue to streamline our procedures and standardize procedures for operations center to reduce operational risks and improve efficiency.
2. To actively develop our investment banking business, engage in corporate finance, and develop our offshore trust and asset management businesses.
3. To exploit the advantages of our wide distribution network and build successful business models so as to increase the number of VIP clients with business potential.
4. To enforce management of products which have been launched and activate cross-selling mechanisms; to offer products tailored to meet customer needs in line with seasonality and economic cycles through cooperation with specific securities investment trust companies and securities consulting companies; to develop our product range according to prevailing market conditions.
5. To plan basic and advanced on-job education and training programs; to establish procedures for implementing knowledge-based management, set up task forces and project management to enable sales staff to become familiar with product risks to reduce the number of customer complaints arising from such risks; to bring in such financial engineering techniques as OBPI (“Option-based Portfolio Insurance”), CPPI (“Constant Proportion Portfolio Insurance”) and TIPP (“Time-Invariant Portfolio Protection”) to assist clients in controlling product risks while maximizing investment returns.
6. To cross-sell those products whose contents are easy to understand by utilizing group resources.
7. To strengthen the IBT brand through our outstanding marketing staff, advertising and media promotion; to increase our customer reach and broaden our distribution network by utilizing the branch network, ATMs and online banking services; to form alliances with agents to develop new distribution channels and create new earnings sources.

D. SinoPac Securities

SinoPac Securities is an integrated securities firm engaging in securities brokerage, proprietary dealing, underwriting and other securities-related services. In order to become a leading player in a variety of businesses and realize our corporate vision of becoming a leading Chinese securities firm in the Pan-Pacific region, we have adopted an “innovative and well-balanced” management strategy to reach our goals of becoming a top full-service brokerage house, a top investment bank, a leading e-broker, and a top three house in Taiwan in terms of both earnings and asset size. To achieve the above strategic goals and mission, our long- and short-term business development plans are as follows:

1. Short-term Business Development Plans

- (1) To continue to strengthen core businesses and improve profitability.
- (2) To create the value of distribution channels and develop wealth management services.
- (3) To integrate trading platforms and boost earnings from proprietary dealing.
- (4) To consolidate branch network, improve operational efficiency and reduce costs.
- (5) To promote new financial products.
- (6) To develop secure, stable and efficient e-trading platforms.

2. Long-term Business Development Plans

- (1) To become a top full-service securities firm.
- (2) To become Asia Pacific's most competitive investment bank.
- (3) To become a top e-broker.

E. AnShin Card Services

1. To Strengthen Risk Management

In order to avoid earnings erosion as consumer bad debts continue to increase, we will closely assess the repayment capability of credit revolvers and closely monitor cardholders' external debts. If these clients' debt situations worsen, we will reduce their credit limits or suspend their cards to minimize the negative impact on our business.

2. To Exploit Merger Synergies

AnShin Card Services will integrate its operations with IBT's credit card business unit. Our initial action plan has five steps:

- (1) To cross-sell to existing customer bases.
- (2) To consolidate distribution networks and share experiences.
- (3) In growing risk assets, data analysis and joint-marketing will be employed.
- (4) To share existing networks of partner retailers who offer installment payment plans.
- (5) To encourage existing partner retailers to offer both AnShin and IBT cardholders the same benefits to give them incentive to use our cards.

As to the scale of our operations following the merger, in addition to IBT's existing 400,000 cardholders, joint-marketing through IBT's branches is expected to bring in new earnings to rank AnShin as a top-five market player.

F. SinoPac Call Center

1. Short-term Business Development Plans

- (1) To integrate new service requirements from IBT.
- (2) To continue to implement cost and risk control measures; to improve operational efficiency and service quality.
- (3) To develop staff skills and introduce skill-based staff organization and interdepartmental support system.
- (4) To develop outbound telemarketing service and improve operating performance.
- (5) To increase the proportion of voice answering services.

2. Long-term Business Development Plans

- (1) To cultivate the mid-level management team and develop their capabilities to set up an independently operate call centers in order to support the group's regional expansion plans.
- (2) To closely monitor the development of call center related technology so as to develop better and more efficient call center technology.

G. SinoPac Property Insurance Agent

1. Short-term Business Development Plans

Our goal is to provide group clients with customized property insurance products and achieve maximum customer satisfaction through our extensive sales network and segmentation marketing.

2. Long-term Business Development Plans

With an in-depth understanding of customer profiles, customer needs and market trends, we will work together with our insurance partners to design new insurance products or packages tailored to customer needs to create a win-win situation.

H. SinoPac Life Insurance Agent

1. Short-term Business Development Plans

We will offer different distribution channels, different products, employing mass or segmentation marketing. We will also develop insurance products designed to meet various customer needs for investment, retirement or tax saving in order to increase earnings.

2. Long-term Business Development Plans

We will continue to deepen and broaden our partnerships with insurance companies to enter the retirement pensions market in a timely manner and also switch to guaranteed and health insurance products in order to improve our sales performance.

I. SinoPac Marketing Consulting

1. Short-term Business Development Plans

We will continue to focus on product differentiation in line with customer needs and take all risks into consideration and adopt an active, and yet prudent, approach in order to maintain stable growth while retaining quality.

2. Long-term Business Development Plans

- (1) To offer consumer banking products most suitable for existing customers selected from our database in order to boost revenues.
- (2) To develop a sales platform that can sell all new products.

J. SinoPac Asset Management International

1. Short-term Business Development Plans

We will play a front-end role in the value chain of the financial services industry to have a firm grasp of the development of newly emerging industries and work closely with the corporate banking and securities underwriting divisions of the holding company to realize synergies and boost earnings.

2. Long-term Business Development Plans

- (1) We aim to gradually increase investment in start-ups and transform our role from being a pure financial investor to an active participant in the management of the start-ups' initial growth phase to enhance the industry knowledge and investment expertise of our management team.
- (2) In order to increase the scale of our operations, we will launch new venture capital funds and we will assist the government in developing new emerging industries to become a leading venture capital management firm in Greater China.

K. SinoPac Venture Capital

1. Short-term Business Development Plans

- (1) To raise the stakes in investments and reduce the number of investments so as to improve the efficiency of our investment evaluation, review process, our ongoing monitoring and investment management.
- (2) To invest primarily in companies at their expansion stage or their mature stage, followed by investment in start-ups; to set annual target ratios for investment returns in order to maintain continuity in earnings stream.
- (3) To invest primarily in domestic industries and secondarily in companies abroad.

2. Long-term Business Development Plans

- (1) To gradually increase investment in start-ups and improve earnings and control risks by investing in stages.
- (2) To reduce weighting in the electronics industry and increase exposure to traditional industries, biotech firms, specialty materials manufacturers and the services industry.
- (3) To invest in overseas markets, in particular Silicon Valley and emerging markets across the Pacific Rim region, with a view to reducing the risks associated with overconcentration in one market.

L. SinoPac Securities Investment Trust

1. Short-term Business Development Plans

- (1) 2006 fund size targets: total assets under management as of end 2006: NT\$25 billion.
 - Equity funds: NT\$8 billion

- Balanced funds: NT\$6 billion
 - Umbrella funds: an increase of NT\$10 billion
 - Private placements/Discretionary investments: an increase of NT\$1 billion
- (2) To focus on institutions and high net-worth individuals and actively promote our discretionary investment services and private placement funds.
- (3) To provide the electronic account statement functions and e-messages on real-time investment news.

2. Long-term Business Development Plans

- (1) To grow assets under management to NT\$50 billion within three years to become a medium-sized investment trust company offering a comprehensive range of products.
- (2) To strengthen our direct marketing team's and sales agents' selling capability; to exploit cross-selling synergies offered by the group's distribution network.
- (3) To continue to improve our customer service quality and develop an e-trading platform.

II. Benefits of Cross-selling and Joint-marketing

In 2005, total revenues from subsidiaries as a result of cross-selling and joint-marketing amounted to NT\$1,425 million, with interest revenues reaching NT\$639 million, accounting for 1.79% of total interest revenues, fee revenues reaching NT\$786 million, accounting for 9.08% of total fees received. Looking forward to 2006, the new customer-oriented organizational structure will better provide higher quality and more convenient services to customers and also boost cross-selling performance between subsidiaries.

III. Markets and Business Analyses

(I) State of Major Markets

SinoPac Holdings' primary markets are Taiwan, China, Hong Kong, USA, and Vietnam. The economic performance of these markets is described below:

A. Taiwan

In 2005, as exports picked up in the second half, the Taiwan economy showed gradual recovery. In Q1, growth reached 2.49%; in Q2, it accelerated to 2.97%; in Q3, it reached 4.38%; in Q4, it rose to 6.40%. The annual growth rate is expected to come in at 4.09%. Given that domestic demand only grew by 3%, the Taiwan economy will remain export driven. The Directorate-General of Budget, Accounting and Statistics of the Executive Yuan has forecast that the 2006 growth rate will further accelerate to 4.25%, while SinoPac Holdings forecasts 4.12%.

B. China and Hong Kong

On July 21, 2005, without prior warning, the People's Bank of China raised the Renminbi / US dollar exchange rate by 2.1% and widened the exchange rate fluctuation band by 0.3%. As of end 2005, the Renminbi had risen to 8.0702 to US\$1 and it is expected to further rise to 7.8 by end 2006 to converge at par with the HK dollar. In 2005, China also saw strong exports, an investment boom and robust private consumption to push the economic growth rate to 9.9%. For 2006, outlooks for the China economy are as follows: (1) maintains its high growth of 9%; (2) inflation remains moderate, with the CPI forecast to grow by 1.5~2.0%; (3) policy priorities aim at boosting private consumption and the economy will be fine-tuned to become domestic demand driven. As such, the 2006 economic outlook remains bright.

C. USA

In 2005, in the face of interest rate and oil price hikes and the hurricane disaster, the US was still able to achieve a moderate growth rate of 3.6% due to good investment and private consumption, a stronger job market, and demand generated by reconstruction efforts in the wake of the hurricane. In 2006, interest rates and oil prices are expected to continue to stay at high levels although the Federal Reserve may call a halt to its rate hikes in 2006. In addition, given that companies are now more able to absorb the effects of high oil prices, the US economy is expected to continue to show stable growth. However, it is noteworthy that the trend for the property market to cool down has become clear which in turn will have an adverse effect on private consumption. Therefore, growth in 2006 may be slightly slower than 2005 to reach 3.4%, continuing to stay above the long-term trend of 3%.

D. Vietnam

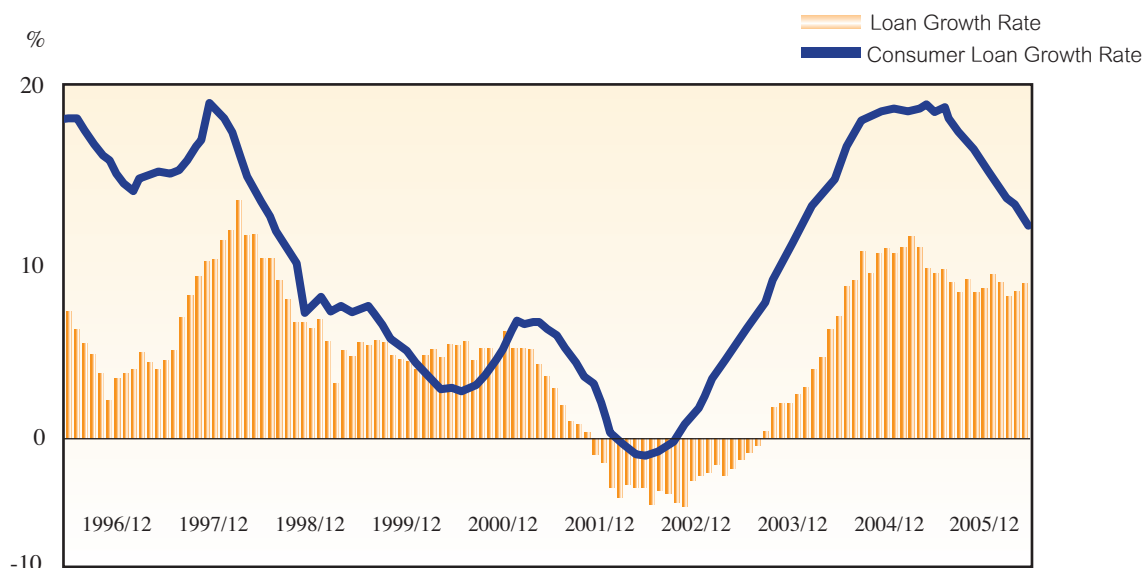
Vietnam has seen strong economic growth in recent years. Even faced with the threat of a bird flu epidemic, Vietnam achieved an outstanding growth rate of 8.4% in 2005 versus 7.8% in 2004, the strongest growth seen since 1996. This rise stemmed from strong industrial growth including growth in manufacturing, construction, tourism and telecommunications. As a result, Vietnam is now regarded as South East Asia's most promising emerging economy. The structure of the Vietnam economy is also changing, with the industrial and construction sectors set to continue to rise as a proportion of GDP. Foreign direct investment has seen a significant rise, with inflation well under control showing only a modest increase. On the back of strong economic growth, income per capita has doubled over the last ten years, which has helped boost domestic demand. The service sector has played an important role in the growth of the Vietnam economy, accounting for 38% of total GDP. In 2005, the number of foreign tourists saw a significant 25% increase, doubling the value of the tourism sector within one year. Looking forward to 2006, the economy is expected to continue to post growth of over 8%. The government has forecast an average annual growth rate of 7.5~8.0% over the next five years, with exports set to grow 16%, per capita income set to increase to US\$1,050~1,100 and the service sector accounting for 40% of the GDP.

(II) Future Market Supply and Demand

A. Slower Loan Growth Rate in 2006

Cash card lending has been the fastest growing loan type over the last five years. But its growth rate has slowed from 114% in 2003 to 30% in 2005 as the annual base for comparison has expanded. The two major issuing banks originally forecast that cash card lending would still grow by 17% in 2006. However, due to the emerging consumer credit crunch, issuing banks are tightening credit. Therefore, growth rate has been revised sharply down to flat in 2006 but should slowly pick up again in 2007. Loan growth will be lower than the 5% rate originally estimated even if the economic growth for 2006 matches that of 2005, as continued offshoring, increasing consumer bad debts, credit tightening, lower interest rates for the restructured consumer debts will likely weigh on the financial industry's total lending capability.

Growth Rates for Domestic Bank Lending

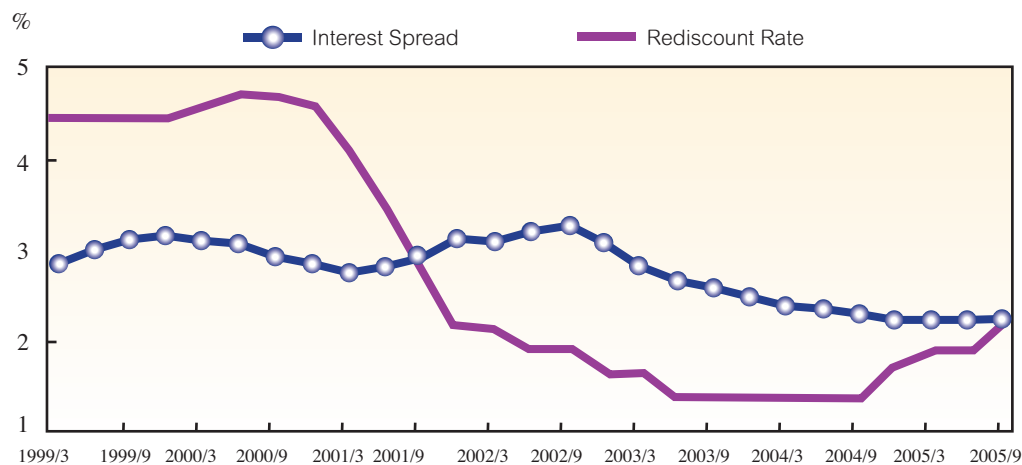


Source: TEJ

B. Interest Spreads to Narrow Due to Tightening Consumer Credit

In 2005, price competition due to excess liquidity was more severe than expected. Interest spreads only managed to stabilize. Taking into account lower interest rates imposed for consumer debt restructuring in 2006, interest spreads may narrow further from the current 2.2% to 2.0% or even lower.

Interest Rates vs. Interest Spreads



Source: TEJ

(III) Positive and Negative Factors for Development

A. Positive factors

1. Rising Interest Rates

In the financial industry, the major beneficiaries of rising interest rates are life insurers, followed by banks. Around 80% of life insurers' disposable funds are sensitive to interest rate movements. Thus, rising interest rates boost life insurers' earnings. Banks' interest spreads show a positive correlation with interest rate movements. In addition, banks can pre-adjust their deposit and lending rates and, in the case of a sharp interest rate hike or cut, these timing differences will temporarily improve the banks' spreads, thus boosting bank earnings.

B. Negative Factors

1. The Bankers Association has now set in place debt negotiation criteria to replace the interest spread cap rule. However, this move could (1) result in ethics risk as those who are capable of repaying their borrowings may want to enter into negotiations; (2) the cut in interest rates will have a significant impact on bank earnings; (3) growth in consumer banking will slow in 2006; (4) the negotiated repayment period can extend up to 80 months, resulting in a longer processing cycle for overdue consumer loans.
2. Corporate funding needs are strong, especially those Taiwan enterprises operating in China. However, the delay in the announcement of listing rules for Taiwan companies operating in China will lead to a loss of business opportunities.
3. No breakthrough in cross-Straits relations has meant that local banks are still not permitted to upgrade their representative offices in China to branches. This has affected negatively the business development in China.

IV. Workforce

Data of Employees

Year		2004	2005	As of 2006/2/28
No. of employees by age group	Age 20-29	2,009	2,399	2,239
	Age 30-39	2,694	4,147	4,079
	Age 40-49	884	1,405	1,465
	Age Over 50	233	364	361
	Total	5,820	8,315	8,144
Average age		33.41	33.51	33.64
Average no. of years employed		4.33	7.11	7.16
Breakdown by education	PhD	17	13	12
	Master	904	1,058	1,050
	Bachelor	2,842	3,728	3,703
	Professional college	1,418	2,223	2,147
	High school	613	1,275	1,214
	Below high school	26	18	18
Professional licenses held by employees	Life insurance sales agent	-	3,063	3,062
	Sales agent for SITE/SICE	-	446	454
	Investment-type insurance sales agent	-	1,157	1,351
	Trust sales agent	-	3,084	3,014
	Financial planner	-	1,367	1,379
	Property insurance sales agent	-	3,130	3,240
	Futures broker	-	923	1,008
	Bank internal controller	-	2,848	2,697
	Internal auditor training	-	1,331	1,285
	Equity analyst	-	19	20
	Senior stock broker	-	755	779
Stock broker	-	1,002	1,008	

Capital Utilization Plans and Execution Status

I. Capital Utilization Plans

In July 2002, SinoPac Holdings issued its first 5-year unsecured Euroconvertible bonds, with a total issuing amount of US\$230 million. The proceeds have been allocated as follows (1) group restructuring; (2) investment in banking, securities and insurance-related businesses; and (3) improving the financial structure of group subsidiaries.

The expected benefits are as follows:

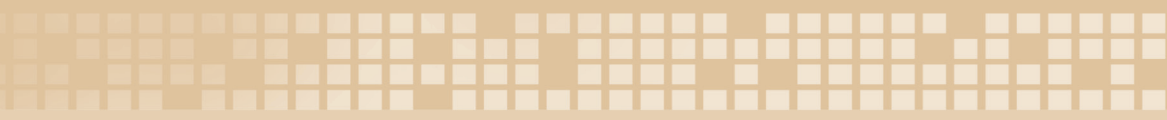
- (I) To increase earnings and shareholder value through realization of cross-selling synergies as a result of restructuring affiliated companies to become subsidiaries as stipulated by the Financial Holding Company Law.
- (II) To increase investment income through the establishment of new subsidiaries, mergers and acquisitions and consequently offering a more comprehensive range of financial services and extraction of synergies.
- (III) To provide subsidiaries with the funds needed for their business development and to strengthen their financial structure.

II. Execution Status

Capital Utilization Plans and Execution Status							Unit : US\$ million	
Investment Item	Total Funds Required	Actual Utilization				Planned Utilization		
		2002	2003	2004	2005	2006		
						Q1	Q2	
Group restructuring	74,043	5,178	30,452	-	19,167	-	19,246	
Investment in banking, securities and insurance-related businesses	83,815	-	17,143	22,815	-	-	43,857	
Improving financial structure of subsidiaries	72,142	-	-	42,857	714	28,571	-	
Total	230,000	5,178	47,595	65,672	19,881	28,571	63,103	

III. Plans for Disposal and Acquisition of Long-term Investments

In an attempt to improve the financial structures of subsidiaries, the Company already invested NT\$1 billion in SinoPac Leasing's preferred shares in the first quarter of 2006 and plans to invest NT\$1.5 billion in AnShin's common shares during the second quarter of 2006.



FINANCIAL REPORTS

Readers are advised that the original version of these financial statements is in Chinese. This English translation is solely for the readers' convenience and these financial statements do not include additional disclosures that are required for Chinese-language reports under the Criteria Governing the Preparation of Financial Reports of Financial Holding Companies, Criteria Governing the Preparation of Financial Reports of Securities Issuers, Criteria Governing the Preparation of Financial Reports by Securities Firms, Criteria Governing the Preparation of Financial Reports by Futures Commission Merchants promulgated by the Securities and Futures Commission of the Republic of China. If there is any conflict between these financial statements and the Chinese version or any difference in the interpretation of the two versions, the Chinese-language financial statements shall prevail.



Financial Reports

I. Consolidated Financial Statements and Notes

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheets of SinoPac Financial Holdings Company Limited and its subsidiaries as of December 31, 2005 and 2004, and the related consolidated statements of income, changes in stockholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. The financial statements as of and for the year ended December 31, 2004 of AnShin Card Services Co., Ltd., a consolidated subsidiary, were audited by the other auditors, and our opinion, insofar as it relates to the amounts included for AnShin Card Services Co., Ltd., is based solely on the reports of the other auditors. The total assets of AnShin Card Services Co., Ltd. were 1.61% (NT\$16,428,931 thousand) of the restated consolidated total assets as of December 31, 2004. The operating revenues of AnShin Card Services Co., Ltd. were 6.42% (NT\$2,943,847 thousand) of the restated consolidated operating revenues for the year ended December 31, 2004.

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

In our opinion, based on the results of our audits and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of SinoPac Financial Holdings Company Limited and subsidiaries as of December 31, 2005 and 2004, and the results of its operations and its cash flows for the years then ended, compiled in conformity with Criteria Governing the Preparation of Financial Reports by Financial Holding Companies, Criteria Governing the Preparation of Financial Reports by Public Banks, Criteria Governing the Preparation of Financial Reports by Securities Issuers, Criteria Governing the Preparation of Financial Reports by Securities Firms, Criteria Governing the Preparation of Financial Reports by Futures Commission Merchants and accounting principles generally accepted in the Republic of China.

As stated in Note 2 to the consolidated financial statements, SinoPac Financial Holdings Company Limited acquired International Bank of Taipei through a share swap on December 26, 2005. Under an explanation issued by the Accounting Research and Development Foundation of the Republic of China, SinoPac Financial Holdings Company Limited adopted the pooling of interest method and retroactively restated the consolidated financial statements as of December 31, 2004 and for the year then ended.

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



February 22, 2006

Notice to Readers

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

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

SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2005 AND 2004 (In Thousands of New Taiwan Dollars, Except Par Value)

ASSETS	2005		2004 (Restated - Note 2)	
	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Notes 2 and 5)	\$ 25,031,018	2	\$ 19,391,269	2
DUE FROM THE CENTRAL BANK AND OTHER BANKS (Note 6)	100,700,249	9	56,232,265	6
SECURITIES PURCHASED, NET (Notes 2 and 7)	154,067,305	14	185,936,861	18
PREMIUMS PAID FOR LONG OPTIONS - NONHEDGING (Notes 2)	1,977	-	157	-
ACCOUNTS, INTERESTS AND OTHER RECEIVABLES, NET (Notes 2 and 8)	69,236,901	6	74,704,392	7
ACCEPTANCES	3,581,451	-	4,604,931	1
OPERATING SECURITIES, NET (Notes 2 and 9)	25,794,447	3	20,324,709	2
SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL (Notes 2 and 10)	15,904,660	2	24,879,532	2
PREPAYMENTS AND OTHERS	1,933,930	-	1,773,759	-
LOANS, DISCOUNTS AND BILLS PURCHASED, NET (Notes 2 and 11)	647,239,858	59	575,727,569	56
LONG-TERM INVESTMENTS (Notes 2 and 12)				
Long-term equity investment - equity method	483,240	-	568,370	-
Long-term equity investment - cost method	<u>3,561,284</u>	-	<u>4,581,844</u>	-
	4,044,524	-	5,150,214	-
Less: Unrealized loss	(26,334)	-	(279,844)	-
Prepaid investment	-	-	8,300	-
Long-term equity investments	<u>4,018,190</u>	-	<u>4,878,670</u>	-
Other long-term investments	<u>10,377,240</u>	1	<u>8,570,293</u>	1
Long-term investments, net	<u>14,395,430</u>	1	<u>13,448,963</u>	1
PROPERTIES (Notes 2 and 14)				
Cost				
Land	6,382,795	1	6,608,977	1
Buildings	5,210,405	-	5,215,817	1
Computer equipment	2,400,082	-	2,147,816	-
Transportation equipment	98,030	-	108,130	-
Office and other equipment	<u>5,295,620</u>	1	<u>4,646,285</u>	-
Total cost	19,386,932	2	18,727,025	2
Less: Accumulated depreciation	<u>(6,653,530)</u>	(1)	<u>(5,798,698)</u>	-
	12,733,402	1	12,928,327	2
Advances for acquisitions of equipment and construction in progress	<u>219,139</u>	-	<u>2,004,819</u>	-
Net properties	<u>12,952,541</u>	1	<u>14,933,146</u>	2
OTHER ASSETS (Notes 2 and 15)	<u>27,966,535</u>	3	<u>28,654,824</u>	3
TOTAL	<u>\$ 1,098,806,302</u>	100	<u>\$1,020,612,377</u>	100

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

(With Deloitte & Touche audit report dated February 22, 2006)

LIABILITIES AND STOCKHOLDERS' EQUITY	2005		2004 (Restated - Note 2)	
	Amount	%	Amount	%
LIABILITIES				
Short-term borrowings (Note 16)	\$ 14,715,293	1	\$ 15,146,576	2
Commercial paper payable (Note 17)	10,162,000	1	12,902,896	1
Securities sold under agreements to repurchase (Notes 2 and 18)	45,382,483	4	50,227,849	5
Euro-convertible bonds redeemable within one year (Notes 2 and 23)	-	-	7,322,065	1
Warrant liabilities, net (Notes 2 and 19)	286,425	-	90,617	-
Premiums received on short options - futures	10,051	-	334	-
Call loans and due to banks	59,136,935	5	52,713,148	5
Accounts, interests and other payables (Notes 2 and 20)	33,592,421	3	34,059,308	3
Acceptances payable	3,601,312	-	4,616,557	-
Deposits and remittances (Note 21)	770,889,737	70	682,016,830	67
Bank debentures (Note 22)	36,242,750	3	33,228,755	3
Due to the Central Bank and other banks	4,588,454	1	13,376,884	1
Euro-convertible bonds (Notes 2 and 23)	8,849,797	1	5,718,240	1
Bonds payable (Notes 2, 23 and 24)	-	-	2,000,000	-
Long-term borrowings (Note 25)	4,450,425	1	4,931,669	1
Land value increment tax reserve	623,423	-	1,046,677	-
Other liabilities				
Deferred income tax liabilities (Notes 2 and 33)	764,291	-	956,812	-
Other liabilities (Note 2)	14,802,833	2	12,212,256	1
	<u>15,567,124</u>	<u>2</u>	<u>13,169,068</u>	<u>1</u>
Total liabilities	<u>1,008,098,630</u>	<u>92</u>	<u>932,567,473</u>	<u>91</u>
STOCKHOLDERS' EQUITY OF PARENT COMPANY				
Capital stock, \$10 par value				
Authorized (shares in thousands) - 10,000,000				
Issued (shares in thousands) - 7,230,038 and 7,022,012 as of December 31, 2005 and 2004, respectively (Note 26)	72,300,383	6	70,220,128	7
Capital surplus (Notes 2 and 26)				
Additional paid-in capital	1,427,784	-	213,831	-
Treasury stock transactions	855,052	-	705,137	-
Revaluation increment on land	1,033,595	-	610,341	-
Other	3,609	-	3,609	-
Retained earnings	18,237,550	2	18,588,406	2
Unrealized loss on long-term equity investments (Notes 2 and 12)	(26,334)	-	(279,805)	-
Unrealized revaluation loss on long-term equity investments (Notes 2 and 12)	(8,431)	-	(15,163)	-
Cumulative translation adjustment (Notes 2 and 12)	(5,115)	-	(193,388)	-
Net loss not recognized as pension cost	(227,902)	-	(100,139)	-
Treasury stock - at cost (shares in thousands): 162,010 and 136,214 as of December 31, 2005 and 2004, respectively (Notes 2 and 27)	(2,981,246)	-	(1,824,890)	-
Total stockholders' equity of parent company	90,608,945	8	87,928,067	9
MINORITY INTEREST				
	98,727	-	116,837	-
Total stockholder's equity	<u>90,707,672</u>	<u>8</u>	<u>88,044,904</u>	<u>9</u>
CONTINGENCIES AND COMMITMENTS (Notes 37 and 44)				
TOTAL	<u>\$ 1,098,806,302</u>	<u>100</u>	<u>\$ 1,020,612,377</u>	<u>100</u>

SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2005 AND 2004
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Capital Stock		Capital Surplus				Total
	Shares in Thousands	Amount	Additional Paid-in Capital	Treasury Stock	Revaluation Increment on Land	Other	
BALANCE, JANUARY 1, 2004	3,748,127	\$ 37,481,270	\$ 7,913,381	\$ 172,111	\$ -	\$ 2,410	\$ 8,087,902
Retroactive adjustments for shares swap	3,033,930	30,339,302	(8,106,192)	-	610,341	1,321	(7,494,530)
Appropriation of 2003 earnings							
Legal reserve	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-
Remuneration to directors and supervisors	-	-	-	-	-	-	-
Bonus to employees - stock	1,867	18,669	-	-	-	-	-
Bonus to employees - cash	-	-	-	-	-	-	-
Stock dividends - \$0.4596 per share	172,414	1,724,138	-	-	-	-	-
Cash dividends - \$0.4995 per share	-	-	-	-	-	-	-
Net income for the year ended December 31, 2004 (restated)	-	-	-	-	-	-	-
Adjustment of cash dividends from treasury stock received by the subsidiary	-	-	-	108,163	-	-	108,163
Euro-convertible bonds converted into common stock	65,674	656,749	406,642	-	-	-	406,642
Reversal of unrealized loss on long-term equity investments recognized from subsidiaries	-	-	-	-	-	-	-
Reversal of unrealized revaluation loss on long-term equity investments recognized from subsidiaries	-	-	-	-	-	-	-
Change in cumulative translation adjustment on long-term equity investments recognized from subsidiaries	-	-	-	-	-	-	-
Net loss not recognized as pension cost recognized from subsidiaries	-	-	-	-	-	-	-
Preferred stocks from subsidiaries converted into common stocks	-	-	-	-	-	(122)	(122)
Treasury stock transactions	-	-	-	-	-	-	-
Treasury stock transactions recognized from subsidiaries	-	-	-	424,863	-	-	424,863
Change in minority interest	-	-	-	-	-	-	-
BALANCE, DECEMBER 31, 2004	<u>7,022,012</u>	<u>\$ 70,220,128</u>	<u>\$ 213,831</u>	<u>\$ 705,137</u>	<u>\$ 610,341</u>	<u>\$ 3,609</u>	<u>\$ 1,532,918</u>
BALANCE, JANUARY 1, 2005	3,988,082	\$ 39,880,826	\$ 8,320,023	\$ 705,137	\$ -	\$ 2,288	\$ 9,027,448
Retroactive adjustments for shares swap	3,033,930	30,339,302	(8,106,192)	105,627	1,033,595	1,321	(6,965,649)
Appropriation of 2004 earnings							
Legal reserve	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-
Remuneration to directors and supervisors	-	-	-	-	-	-	-
Bonus to employees - stock	-	-	-	-	-	-	-
Bonus to employees - cash	-	-	-	-	-	-	-
Cash dividends - \$0.88 per share	-	-	(11,337)	-	-	-	(11,337)
Net income for the year ended December 31, 2005	-	-	-	-	-	-	-
Realized deferred loss on upstream transaction of long-term equity investments	-	-	-	-	-	-	-
Adjustment of cash dividends from treasury stock received by the subsidiary	-	-	-	102,577	-	-	102,577
Euro-convertible bonds converted into common stock	278,613	2,786,132	1,463,564	-	-	-	1,463,564
Reversal of unrealized loss on long-term equity investments recognized from subsidiaries	-	-	-	-	-	-	-
Reversal of unrealized revaluation loss on long-term equity investments recognized from subsidiaries	-	-	-	-	-	-	-
Change in cumulative translation adjustment on long-term equity investments recognized from subsidiaries	-	-	-	-	-	-	-
Net loss not recognized as pension cost recognized from subsidiaries	-	-	-	-	-	-	-
Stock warrants converted into common stocks	45,978	459,775	28,702	-	-	-	28,702
Treasury stock transactions	-	-	-	-	-	-	-
Capital decrease and cancellation resulting from write-off treasury stock	(116,565)	(1,165,652)	(266,976)	(58,289)	-	-	(325,265)
Change in minority interest	-	-	-	-	-	-	-
BALANCE, DECEMBER 31, 2005	<u>7,230,038</u>	<u>\$ 72,300,383</u>	<u>\$ 1,427,784</u>	<u>\$ 855,052</u>	<u>\$ 1,033,595</u>	<u>\$ 3,609</u>	<u>\$ 3,320,040</u>

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

(With Deloitte & Touche audit report dated February 22, 2006)

Retained Earnings (Note 11)				Unrealized Loss on Long-term Equity Investments (Notes 2 and 5)	Unrealized Revaluation Loss on Long-term Equity Investments (Notes 2 and 5)	Cumulative Translation Adjustment (Notes 2 and 5)	Net Loss Not Recognized as Pension Cost (Notes 2 and 5)	Treasury Stock (Notes 2 and 12)	Minority Interest	Total Stockholders' Equity
Legal Reserve	Special Reserve	Unappropriated	Total							
\$ 153,127	\$ 37,573	\$ 4,210,527	\$4,401,227	\$ (300,801)	\$ (17,016)	\$ 224,739	\$ (220)	\$ (2,896,922)	\$ 147,244	\$ 47,127,423
9,879,938	39,098	53,383	9,972,419	-	-	18	(97,090)	-	-	32,720,119
421,053	-	(421,053)	-	-	-	-	-	-	-	-
-	55,726	(55,726)	-	-	-	-	-	-	-	-
-	-	(54,000)	(54,000)	-	-	-	-	-	-	(54,000)
-	-	(18,669)	(18,669)	-	-	-	-	-	-	-
-	-	(18,669)	(18,669)	-	-	-	-	-	-	(18,669)
-	-	(1,724,138)	(1,724,138)	-	-	-	-	-	-	-
-	-	(1,874,063)	(1,874,063)	-	-	-	-	-	-	(1,874,063)
-	-	7,904,299	7,904,299	-	-	-	-	-	46,796	7,951,095
-	-	-	-	-	-	-	-	-	-	108,163
-	-	-	-	-	-	-	-	-	-	1,063,391
-	-	-	-	20,996	-	-	-	-	-	20,996
-	-	-	-	-	1,853	-	-	-	-	1,853
-	-	-	-	-	-	(418,145)	-	-	-	(418,145)
-	-	-	-	-	-	-	(2,829)	-	-	(2,829)
-	-	-	-	-	-	-	-	-	-	(122)
-	-	-	-	-	-	-	-	(333,972)	-	(333,972)
-	-	-	-	-	-	-	-	1,406,004	-	1,830,867
-	-	-	-	-	-	-	-	-	(77,203)	(77,203)
<u>\$10,454,118</u>	<u>\$ 132,397</u>	<u>\$ 8,001,891</u>	<u>\$18,588,406</u>	<u>\$ (279,805)</u>	<u>\$ (15,163)</u>	<u>\$ (193,388)</u>	<u>\$ (100,139)</u>	<u>\$ (1,824,890)</u>	<u>\$ 116,837</u>	<u>\$ 88,044,904</u>
\$ 574,180	\$ 93,299	\$ 4,667,680	\$ 5,335,159	\$ (279,805)	\$ (15,163)	\$ (193,406)	\$ (3,049)	\$ (1,824,890)	\$ 116,837	\$ 52,043,957
10,863,763	133,064	33,108	11,029,935	-	-	12,527	(221,269)	(2,292,706)	-	31,902,140
462,347	-	(462,347)	-	-	-	-	-	-	-	-
-	398,124	(398,124)	-	-	-	-	-	-	-	-
-	-	(54,000)	(54,000)	-	-	-	-	-	-	(54,000)
-	-	-	-	-	-	-	-	-	-	-
-	-	(37,630)	(37,630)	-	-	-	-	-	-	(37,630)
-	-	(3,711,863)	(3,711,863)	-	-	-	-	-	-	(3,723,200)
-	-	5,787,017	5,787,017	-	-	-	-	-	7,466	5,794,483
-	-	(111,068)	(111,068)	-	-	-	-	-	-	(111,068)
-	-	-	-	-	-	-	-	-	-	102,577
-	-	-	-	-	-	-	-	-	-	4,249,696
-	-	-	-	253,471	-	-	-	-	-	253,471
-	-	-	-	-	6,732	-	-	-	-	6,732
-	-	-	-	-	-	175,764	-	-	-	175,764
-	-	-	-	-	-	-	(3,584)	-	-	(3,584)
-	-	-	-	-	-	-	-	-	-	488,477
-	-	-	-	-	-	-	-	(354,567)	-	(354,567)
-	-	-	-	-	-	-	-	1,490,917	-	-
-	-	-	-	-	-	-	-	-	(25,576)	(25,576)
<u>\$11,900,290</u>	<u>\$ 624,487</u>	<u>\$ 5,712,773</u>	<u>\$18,237,550</u>	<u>\$ (26,334)</u>	<u>\$ (8,431)</u>	<u>\$ (5,115)</u>	<u>\$ (227,902)</u>	<u>\$ (2,981,246)</u>	<u>\$ 98,727</u>	<u>\$ 90,707,672</u>

SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2005 AND 2004 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2005		2004 (Restated - Note 2)	
	Amount	%	Amount	%
OPERATING REVENUES AND GAINS				
Interest (Notes 2 and 44)	\$ 35,789,296	68	\$ 27,694,929	60
Stock affairs agent fees (Note 2)	115,594	-	115,220	-
Service fees (Notes 2, 28 and 35)	8,657,286	16	9,021,917	20
Gain on warrants issued (Note 2)	163,533	-	1,207,047	3
Income from securities, net (Notes 2 and 29)	3,992,321	8	2,164,934	5
Income from long-term equity investments under the equity method (Notes 2 and 12)	6,592	-	21,481	-
Foreign exchange gains, net (Notes 2 and 44)	1,854,509	4	4,231,844	9
Gain on option transactions (Note 2)	46,655	-	159,527	-
Gain on credit card receivables securitization	366,069	1	-	-
Commission revenues	647,129	1	392,235	1
Rental revenues	252,021	-	238,438	1
Other	993,543	2	582,671	1
Total operating revenues and gains	<u>52,884,548</u>	<u>100</u>	<u>45,830,243</u>	<u>100</u>
OPERATING COSTS, EXPENSES AND LOSSES				
Interest (Note 2)	17,977,395	34	11,573,742	25
Service charges	983,683	2	1,017,292	2
Loss from futures transactions (Note 2)	14,898	-	209,222	-
Loss from long-term investments under the equity method (Notes 2 and 12)	28,178	-	76	-
Provision for credit and trading losses (Note 2)	5,967,434	11	2,509,843	6
Operating and administrative expenses (Notes 2 and 30)	18,563,887	35	17,880,969	39
Loss on derivative financial instrument transactions, net (Notes 2 and 44)	680,889	1	2,624,727	6
Realized loss of decline in value of long-term investments (Notes 2 and 12)	809,322	2	7,560	-
Other	546,852	1	441,519	1
Total operating costs, expenses and losses	<u>45,572,538</u>	<u>86</u>	<u>36,264,950</u>	<u>79</u>
OPERATING INCOME	7,312,010	14	9,565,293	21
NONOPERATING INCOME AND GAINS	758,943	1	1,175,995	2
NONOPERATING EXPENSES AND LOSSES	<u>285,301</u>	<u>-</u>	<u>101,052</u>	<u>-</u>
INCOME BEFORE INCOME TAX	7,785,652	15	10,640,236	23
INCOME TAX (Notes 2 and 33)	<u>1,991,169</u>	<u>4</u>	<u>2,689,141</u>	<u>6</u>
CONSOLIDATED INCOME	<u>\$ 5,794,483</u>	<u>11</u>	<u>\$ 7,951,095</u>	<u>17</u>
BELONG TO				
Parent company	\$ 5,787,017	11	\$ 7,904,299	17
Minority interest	7,466	-	46,796	-
	<u>\$ 5,794,483</u>	<u>11</u>	<u>\$ 7,951,095</u>	<u>17</u>
EARNINGS PER SHARE (Note 34)				
	2005		2004 (Restated - Note 2)	
	Pretax	After Tax	Pretax	After Tax
Basic	<u>\$ 1.11</u>	<u>\$ 0.82</u>	<u>\$ 1.57</u>	<u>\$ 1.17</u>
Diluted	<u>\$ 1.04</u>	<u>\$ 0.78</u>	<u>\$ 1.49</u>	<u>\$ 1.12</u>

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

(With Deloitte & Touche audit report dated February 22, 2006)

SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2005 AND 2004

(In Thousands of New Taiwan Dollars)

	2005	2004 (Restated - Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated income	\$ 5,794,483	\$ 7,951,095
Adjustments to reconcile consolidated income to net cash provided by operating activities		
Depreciation and amortization	1,442,003	1,437,766
Amortization of long-term bonds investment	33,462	75,360
Revaluation loss on subordinated beneficiary certificates - retained interest of securitization	89,086	-
Amortization of Euro-convertible bonds deferred issuance cost	9,668	36,708
Accrued interest premium on Euro-convertible bonds	159,515	308,581
Cash dividends received from long-term equity investments under the equity method	33,214	33,781
Advance on acquisition of equipment charge off	2,818	537
Provision for (reversal of) allowance for decline in market value of securities purchased	327,187	(15,505)
Provision for credit and trading losses	5,999,625	2,410,439
Realized loss on decline in market value of operating securities	22,201	-
Provision for (reversal of) allowance for decline in market value of operating securities	(417,407)	355,986
Foreign exchange gain or loss on bond payable	11,895	(307,344)
Provision for allowance for decline in market value of collaterals assumed	32,050	3,206
Gain on sale of long-term equity investments, net	(132,018)	(34,526)
Realized loss on decline in market value of long-term equity investments	809,322	7,560
(Loss on) income from long-term equity investments under the equity method, net	21,586	(21,405)
Loss (gain) on disposal of properties, net	(137,771)	4,505
Loss on disposal of leased assets, net	60,973	7,334
Gain on disposal of collaterals assumed, net	(11,001)	(78,516)
Income from warrants issued	(163,533)	(1,207,047)
Increase in accrued pension cost	2,970	23,196
Decrease (increase) in prepaid pension fund	5,204	(23,658)
Change in deferred income taxes	(323,144)	20,495
Decrease in securities purchased - for trading purposes	31,650,494	15,915,550
Decrease (increase) in operating securities	(5,076,065)	1,888,640
Change in warrant liabilities, net	208,654	866,080
Change in securities brokerage accounts, net	10,175	(5,958)
Increase in margin deposits	(18,578)	(171,514)
Decrease (increase) in accounts, interests and other receivables	3,689,621	(14,062,808)
Decrease (increase) in prepayments and others	(99,266)	61,795
Increase (decrease) in accounts, interests and other payables	(471,652)	4,589,442
Net cash provided by operating activities	<u>43,565,771</u>	<u>20,069,775</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in due from the Central Bank and other banks	(44,467,983)	(18,747,020)
Decrease in securities purchased - for investing purposes	261,070	2,701,465
Decrease (increase) in securities purchased under agreements to resell	8,974,872	(23,806,332)
Increase in loans, discounts and bills purchased	(76,358,302)	(72,161,859)
Increase in long-term equity investments	(1,158,625)	(2,128,000)
Increase in other long-term investments	(1,389,387)	(971,755)
Proceeds from sales of long-term equity investments	1,247,580	687,700
Acquisition of properties	(1,211,676)	(2,171,711)
Proceeds from sales of properties	391,401	152,890
Acquisition of collaterals assumed	(45,035)	(195,265)
Proceeds from sales of collaterals assumed	293,431	710,947
Acquisition of leased assets	(331,233)	(156,656)
Proceeds from sales of leased assets	331,175	64,093
Decrease in pledged time deposits	1,054,593	188,790
Decrease (increase) in other assets	1,199,665	(5,196,299)
Net cash used in investing activities	<u>(111,208,454)</u>	<u>(121,029,012)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(2,537,763)	(1,896,094)
Increase (decrease) in commercial paper payable	(2,740,896)	7,779,935
Increase (decrease) in securities sold under agreements to repurchase	(4,845,366)	36,850,666
Increase in call loans and due to banks	6,423,787	9,018,093
Increase in deposits and remittances	88,872,907	31,081,611
Increase (decrease) in due to the Central Bank and other banks	(8,788,430)	763,315
Increase in bank debentures	3,000,000	11,350,000
Redemption of Euro-convertible bonds	(105,297)	-
Increase (decrease) in long-term borrowings	(486,326)	12,133
Increase (decrease) in bonds payable	-	4,698,900
Adjustments on pooling of interest method	(2,223,312)	(778,763)
Increase in other liabilities	2,389,760	2,494,100
Cash dividends paid	(3,514,996)	(1,765,900)
Remuneration paid to directors and supervisors and bonus to employees	(91,630)	(72,669)
Cash received from employees by exercising stock options	488,477	-
Purchase of treasury stock	(2,647,273)	(333,972)
Net cash provided by financing activities	<u>73,193,642</u>	<u>99,201,355</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,550,959	(1,757,882)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	19,391,269	21,311,164
EFFECTS OF EXCHANGE RATE CHANGES	88,790	(162,013)
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 25,031,018</u>	<u>\$ 19,391,269</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	\$ 16,420,710	\$ 11,238,031
Income tax paid	\$ 3,462,102	\$ 851,128
NONCASH INVESTING AND FINANCING ACTIVITIES		
Euro-convertible bonds converted to common stocks	\$ 4,249,695	\$ 1,063,391
Euro-convertible bonds/Euro-convertible bonds redeemable within one year	\$ 3,000,717	\$ 7,322,065
Capital decrease and cancellation resulting from treasury stock write-off	\$ 1,490,917	\$ -
Long-term equity investments payable	\$ 116,640	\$ 137,535
Beneficiary certificates - retained interest of credit card receivables securitization	\$ 460,108	\$ -
Current portion of bond payable due within one year	\$ 2,000,000	\$ -

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche audit report dated February 22, 2006)

SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 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, SPH issued stocks to swap for the shares of Bank SinoPac, National Securities Corporation (NSC), and SinoPac Securities Co., Ltd. (SPS), resulting in all three companies becoming wholly owned subsidiaries of SPH. The shares of Bank SinoPac and NSC then ceased to be traded on the Taiwan Stock Exchange (TSE) and GreTai Securities Market (GTSM), respectively, while SPH became listed on the TSE.

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

SPH convened the provisional shareholders' meeting on August 26, 2005 and reached the decision of share swap with International Bank of Taipei (IBT). As to the share swap between SPH and IBT, both parties agree that IBT will become a wholly owned subsidiary of SPH through share swap in accordance with Financial Holding Company Act. Through a swap at ratios of 1.3646 (with "1" representing the SPH's share), IBT became a wholly owned subsidiary of SPH on December 26, 2005. The shares of IBT the ceased to be traded on the TSE.

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

Bank SinoPac obtained government approval to incorporate on August 8, 1991 and started operations on January 28, 1992. Bank SinoPac, which engages in commercial banking and trust, established an International Division and Offshore Banking Unit to (OBU) manage foreign exchange operations allowed under the Banking Law. As of December 31, 2005, Bank SinoPac's operating units included Banking, Trust, International Division of the Head Office, an OBU, 44 domestic branches, 2 overseas branches and 1 overseas representative office. The operations of Bank SinoPac's Trust Department are: (1) trust planning, managing and operating; and (2) custody of nondiscretionary trust funds in domestic and overseas securities and mutual funds. These operations are regulated under both the Banking Law and the Trust Law.

On August 15, 1997, Bank SinoPac acquired Far East National Bank (FENB), through SinoPac Bancorp, by purchasing 100% of its shares. FENB was established in Los Angeles in 1974. It is a commercial bank engaging mainly in the business of deposit taking and lending. As of December 31, 2005, FENB had 15 branches in Los Angeles and San Francisco areas and 1 Beijing representative office. It also had a wholly-owned subsidiary - Far East Capital Corporation.

In 1978, the Taipei Regional Mutual Loans and Savings Company was converted into the Taipei Business Bank (TBB). In May 1998, the Ministry of Finance (the MOF) approved TBB's conversion into a commercial bank, and TBB changed its name to the International Bank of Taipei (IBT) on May 14, 1998. As a commercial bank, the Bank engages in the following: (a) businesses prescribed by the Banking Law and Trust Law; (b) operating an offshore banking unit (OBU); and (c) other businesses authorized by the MOF. The operations of IBT's Trust Department engages in trust planning managing and operating.

IBT Life Insurance Agent Co., Ltd. (IBT Life Insurance Agent) was incorporated in March 21, 2001 in the Republic of China (R.O.C.). It serves as a life insurance agent.

IBT Property Insurance Agent Co., Ltd. (IBT Property Insurance Agent) was incorporated in May 28, 2001 in the R.O.C. It serves as a property insurance agent.

SinoPac Leasing Corporation ("SinoPac Leasing") obtained government approval to be incorporated by Bank SinoPac on September 2, 1997. SinoPac Leasing mainly leases out land, buildings, transportation equipments and machineries and also engages in the factoring business.

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

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

SinoPac Securities was established on October 11, 1988. It engages in transactions involving marketable securities such as: (a) underwriting, dealing (securities and futures) and brokerage, (b) financing customers' acquisitions and short-sales, (c) trading foreign securities on behalf of customers, (d) assistance activities in futures trading, and (e) bill financing business and other businesses approved by competent authority. As of December 31, 2005, the SinoPac Securities had 47 branches supporting its head office.

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

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

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

The subsidiaries - SinoPac Securities (Cayman) Holdings Limited registered on Cayman Island on April 30, 1998, and was incorporated to coordinate and control SinoPac Securities Corporation's foreign investments. As of December 31, 2005, it wholly owned SinoPac Securities (Asia) Ltd., SinoPac Capital (Asia) Ltd., SinoPac Securities Futures (Asia) Ltd., SinoPac Securities (Europe) Ltd., SinoPac Asset Management (Asia) Ltd., SinoPac Securities (USA) Ltd., SPS Asia Ltd. and SinoPac Asia Limited.

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

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

The aforementioned investees of SinoPac Securities (Cayman) Holdings Limited mainly engage in securities brokerage, investment consulting, asset management, futures and options brokerage and derivative financial instruments transactions.

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

AnShin Card Services Co., Ltd. (“AnShin Card Services”) was established on March 14, 2000, and its main business is to issue credit cards to card members and provide related services. In December 2002, AnShin Card Services’ previous shareholder, Bank SinoPac, transferred all its common shares totaling 81,103,709 shares to SPH. SPH purchased 81,896,000 shares of AnShin Card Service from other shareholders from September 2004 to December 2004, and AnShin Card Service became a wholly owned subsidiary of the Company since December 2004.

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

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

As of December 31, 2005 and 2004, SPH and the aforementioned consolidated subsidiaries had 8,085 and 8,016 employees, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Consolidation

The consolidated financial statements include the accounts of the (1) SPH; (2) Bank SinoPac, as consolidated with SinoPac Bancorp and its subsidiaries SinoPac Financial Services (USA) Ltd. and FENB alone with its subsidiaries, SinoPac Leasing Corporation consolidated with Grand Capital International Limited (SinoPac Leasing and its subsidiaries, thereafter), SinoPac Capital Limited consolidated with SinoPac Capital (B.V.I.) Ltd., SinoPac Insurance Brokers Ltd., SinoPac (Hong Kong) Naniness Ltd., Allstar Venture Ltd., Cyberpac Holding Ltd., Shanghai International Asset Management (Hong Kong) Co., Ltd., Pinnacle Investment Management Ltd., Wal Tech International Corporation, RSP Information Service Company Limited and Intellisys Corp. (SinoPac Capital Limited and its subsidiaries, thereafter). “Bank SinoPac and its subsidiaries” thereafter refers to Bank SinoPac and FENB as consolidated with SinoPac Leasing and its subsidiaries and SinoPac Capital Limited and its subsidiaries; (3) IBT, as consolidated with IBT Life Insurance Agent and IBT Property Insurance Agent (IBT and its subsidiaries, thereafter); (4) SinoPac Securities and its subsidiaries SinoPac Futures consolidated with SinoPac Managed Futures Co., Ltd., SinoPac Capital Management Corporation, SinoPac Asset Management Corp. (B.V.I.), SinoPac Securities (Cayman) consolidated with SinoPac Capital (Asia), SinoPac Futures (Asia) Ltd., SinoPac Securities (Europe) Ltd., SinoPac Asset Management (Asia) Ltd., SinoPac Securities (USA) Ltd., SinoPac Securities (Asia) Ltd., SinoPac Asia Limited, and SinoPac Asset Management (Asia) Ltd. and its subsidiaries - SPS Asset Management Limited. As of September 30, 2004, SinoPac Securities (Asia) Ltd. that was held 94.26% and 5.74% by SinoPac Securities (Cayman) Holdings Limited and SinoPac Securities (H.K.) Limited, respectively, and its subsidiaries - SinoPac Securities (Asia) Nominess Ltd. and SinoPac (Asia) Nominess Ltd.; (5) SinoPac Life Insurance Agent; (6) SinoPac Property Insurance Agent; (7) AnShin Card Services; (8) SinoPac Venture and its subsidiaries; and (9) SinoPac Securities Investment Trust (the Company, thereafter). All significant inter-company transactions and balances have been eliminated for consolidation purposes.

On December 26, 2005, SPH acquired IBT through a share swap, under an explanation issued by the Accounting Research and Development Foundation of the ROC (the “ARDF of the ROC”), SPH adopted the pooling of interest method and retroactively restated the consolidated financial statements as of December 31, 2004 and for the year then ended.

In order to simplify the Group’s framework of investments, the Company decided to commence the reorganization on 2005. The SinoPac Capital’s investees, Allstar Venture Ltd. (B.V.I.), Wal Tech International Corporation, RSP Information Service Company Limited and Intellisys Corp. was transferred to SinoPac Venture Capital Co., Ltd.

According to the amendment of Statement of Financial Accounting Standards (SFAS) No. 7 “Consolidated Financial Statements” effecting on January 1, 2005, the consolidated entities of the Company were changed. To enhance the comparability of consolidated financial statements, the consolidated financial statements for the year ended December 31, 2004 were restated to conform to the financial statements presentation for the year ended December 31, 2005. The subsidiaries of SPH - SinoPac Call Center Co., Ltd., SinoPac Marketing Consulting Co., Ltd. and SinoPac Asset Management International, the subsidiary of Bank SinoPac- SinoPac Financial Consulting Co., Ltd. and the subsidiaries of SinoPac Securities (Cayman) - SPS Asia Ltd. and SinoPac Securities (H.K.) Limited were not included in the consolidated entities, because the Management consider those subsidiaries are immaterial to the consolidated financial statements. The information regarding consolidated entities were summarized and listed in table 9, and the subsidiaries excluded in consolidated entities were summarized and listed in table 10.

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

Current and Noncurrent Assets and Liabilities

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

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

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

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

Cash Equivalents

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

Securities Purchased

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

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

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

Pursuant to the directive issued by the MOF, sales and purchases of bonds and short-term bills under agreements to repurchase or to resell were treated as outright sales or purchases for Bank SinoPac and IBT until December 31, 2003. However, according to the "Criteria Governing the Preparation of Financial Reports by Public Banks" effective since January 1, 2004, the sales and purchases of securities under agreements to repurchase/resell transactions were treated as financing.

Operating Securities

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

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

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

Securities Purchased or Sold Under Agreements to Resell or to Repurchase

Bonds purchased under resale agreements and bonds sold under repurchase agreements are accounted for as assets and liabilities, respectively, and the related interest income and expense are accounted for on the basis of the contracted spread.

In addition, the proceeds from sale of government bonds which purchased under resale agreements by SinoPac Securities for trading purposes are accounted for as "bonds purchased under resale agreements - short sales." They are incorporated in operating securities - dealing and carried at the lower of aggregate cost or market value. When bonds are repurchased, the difference between the covering cost and carrying value are accounted for as "gain (or loss) from securities transaction - RS short covering." The cost of bonds is determined by the moving-average method.

Warrant Liabilities and Operating Securities - Hedging

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

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

Margin Loans and Stock Loans

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

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

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

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

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

Customer Margin Account and Futures Traders’ Equity

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

Sales of Accounts Receivable

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

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

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

Nonperforming Loans

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

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

Allowance for Credit Losses and Provision for Losses on Guarantees

In determining the allowance for credit losses and provision for losses on guarantees, Bank SinoPac and its subsidiaries, together with IBT and its subsidiaries assess the collectibility on the balances of loans, discounts and bills purchased, accounts, interests and other receivables, leasing receivables and nonperforming loans, as well as guarantees and acceptances as of the balance sheet date.

Pursuant to “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans” (the Regulations) issued by the MOF, Bank SinoPac and IBT evaluate credit losses on the basis of their borrowers’/clients’ financial positions, Bank SinoPac’s and IBT’s prior experiences, repayment of principal and interest by borrowers/clients, collateral provided, and estimated collectibility.

In accordance with the Regulations stated above, 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. Since July 2005, the Regulations amended the classification of loan assets, which divided the loan assets into different class subjects to assets that require special mention, assets that are substandard, assets that are doubtful, and assets for which there is loss. The minimum allowance for credit losses and provision for losses on guarantees for the aforementioned classes should be 2%, 10%, 50% and 100% of outstanding credits, respectively. The amendments on the classification of loan assets have insignificant impact on Bank SinoPac’s and IBT’s financial statements.

Write-offs of loans falling under the MOF guidelines, upon approval by the board of directors of Bank SinoPac and its subsidiaries together with IBT and its subsidiaries, are offset against the recorded allowance for credit losses.

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

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

Long-term Investments

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

Long-term equity investments are accounted for by the equity method if the Company has significant influence over the investees. Under this method, investments are stated at cost, plus (or minus) a proportionate share in net earnings (losses) or changes in the investees’ net worth. Cash dividends received

are accounted for as reduction in the carrying value of the investments. On the acquisition date, any difference between the acquisition cost and the equity in the investee is amortized on the straight-line basis over 5 to 15 years.

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

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

SinoPac Venture's foreign currency long-term investment is recognized at the exchange rate on purchasing date, then revalued at spot rate on balance sheet date. If the revaluation amount is less than the original cost, the difference will be debited to Cumulative Translation Adjustment under stockholders' equity, otherwise stay at cost.

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

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

Under an explanation issued by the ARDF of ROC, the Company should use investee's net worth as transfer price whenever there is any adjustment of long-term investment framework due to group reorganization.

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

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

Trust beneficiary certificates for special purposes are valued at cost. When the trust beneficiary certificates for special purposed are matured or sold, the cost are determined by the specific identification method.

Properties and Non-operating Assets

Properties and non-operating assets are stated at cost or cost plus appreciation and less accumulated depreciation. Cost of major addition, renovation and improvements are capitalized, while repairs and maintenance are expensed when incurred.

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

Depreciation computed using the straight-line method over service lives estimated as follows: buildings, 5 to 60 years; computer equipment, 3 to 15 years; transportation equipment, 2 to 15 years; office and other equipment, 3 to 15 years; leasehold improvement, 1 to 15 years. If the leasing period is shorter, depreciation is calculated over the leasing period. Depreciation on revalued property is computed on the basis of their remaining useful lives at the time of the revaluation. For assets still in use beyond their original service lives, depreciation is calculated over newly estimated useful lives.

Borrowing interest expenses for acquiring lands and constructing buildings are capitalized and recognized as construction in progress during the construction period.

Clearing and Settlement Fund

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

Intangible Assets

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

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

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

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

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

For SPH and IBT, the direct and necessary costs related to the issuing of Euro-convertible bonds (included in other assets) are amortized using the straight-line method and recognized as issuance expenses (included in operating costs, expenses and losses) over the period from its issuance date to the expiration date of the put option.

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

Collateral Assumed

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

Assets Leased to Others

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

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. When test of revaluation, the impairment loss is credited to revaluation increment on land (included in stockholders' equity), and to the losses if there is any deficiency. If impairment loss on revaluation is reversed, the increase in the carrying amount resulting from reversal is credited to current income, the remaining will reverse the revaluation increment on land.

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 on the balance sheet.

Euro-convertible Bonds

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

Upon repurchase of the Euro convertible bonds, the face amount plus the premium and bond issuance expense accrued to the date of repurchase are removed from the accounts, and any resulting gain or loss is credited or charged to income.

Securities Brokerage Accounts

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

Securities Lending and Borrowing

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

Reserve for Default Accounts

As required by the Rules Governing Securities Firms, for securities traded for customers' accounts, SinoPac Securities should allocate 0.0028% of the transaction price of the traded securities as a reserve for default accounts every month. When the accumulated reserve for default accounts reaches \$200,000 thousand, allocation will be suspended. This reserve should be used only for covering losses caused by breach of contracts for trading on customers' account or for other purposes as approved by the SFC.

As required by the Rules Governing Futures Commission Merchants, for futures traded for customers' accounts, SinoPac Futures should allocate 2% of commission revenues from futures transactions as the reserve for default accounts. When the accumulated reserve for default accounts reaches the minimum paid-in capital of, allocation will be suspended. This reserve should only be used for covering the losses caused by breach of contracts for trading on customers' accounts or for other purposes approved by the SFB. SinoPac Futures stopped allocating reserve for default account, as instructed by SFC, from July 1, 1999 to June 30, 2003 since the credit losses reserve had been provided by then. However, SinoPac Futures returned to original allocating policy started July 1, 2003.

Reserve for Trading Losses

An amount equal to 10% of the net gain from sale of securities and futures is recognized monthly as reserve for trading losses under the Rules Governing Securities Firms and Rules Governing Future Commission Merchants. This reserve is recognized until its accumulated balance reaches (a) \$200,000 thousand for the trading department, (b) the minimum paid-in capital of the Company and SinoPac Futures' futures department, respectively. This reserve

can be used only to offset actual losses from securities and futures dealings.

Derivative Financial Instruments

a. Foreign exchange forward

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

b. Forward rate agreements

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

c. Currency swaps

For SinoPac Bank and its subsidiaries, foreign-currency spot-position assets or liabilities arising from currency swaps, which are mainly for accommodating customers' needs or 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. The interest part of swap points is amortized during the contract period; for contracts outstanding on the balance sheet date, the gains or losses arising from the valuation of swap points, which are valued at the forward rates available for the remaining period of the contracts are credited or charged to current income.

For IBT and its subsidiaries, foreign-currency spot-position assets or liabilities arising from currency swap contracts, which are mainly for accommodating customers' needs, are recorded at spot rates when the transactions occur. The corresponding forward-position assets or liabilities are recorded at the contracted forward rates. Interest receivables or payables are accrued over the term of the contracts. For contracts outstanding on the balance sheet date, receivables are netted against payables, and the net amount is recorded as an asset or a liability.

d. Cross-currency swaps

For SinoPac Bank and its subsidiaries and IBT, cross-currency swaps, which are mainly for accommodating customers' needs or managing the Company's exposures, are marked to market on the balance sheet dates. The interest received or paid at each settlement date or balance sheet date are recognized as interest income or expense, which are credited or charged to current income. Cross-currency swaps, which are for hedging purposes, are recorded at spot rates on the contract dates. The net interest upon each settlement is recorded as an adjustment to interest income or expense associated with the item being hedged.

e. Options

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

For SinoPac Securities and its subsidiaries, premiums received from short options or paid for long options, which are used for trading purposes, are recognized as liabilities and assets, respectively. The margin deposited for short options is recognized as margin deposits - options. Gains or losses arising from daily marking to market of the carrying amounts of the options, from taking opposite trade positions, and from settlement of options are recognized as realized or unrealized gains or losses from options transactions - non-hedging. SinoPac Futures Corporation acts as a broker and engages in option transactions with its own margin deposits, gains or losses from option transactions are recognized as nonoperating income or losses.

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

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

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

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

f. Interest rate swaps

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

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

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

g. Asset swaps and convertible bond swap transactions

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

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

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

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

h. Futures

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

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

i. Credit default swaps

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

j. Commodity - linked interest rate swaps

Commodity - linked interest rate swaps, which do not involve exchanges of notional principals, are recorded by memorandum entries at the contract dates. The discounted values of the differences between the interest income with the floating interest rate and the interest expenses linked to the commodity prices in the future market are recognized and credited or charged to current income before the maturity dates. The gains and losses resulting from the swapped-in and swapped-out are included in current income on the maturity dates.

k. Structured note transactions and operating securities - hedging

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

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

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

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

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

l. Margin trading

For IBT, margin trading contracts, which are used for trading purposes, are recorded in New Taiwan dollars at the contracted rates. Interest receivable or payable is accrued at contracted rates over the term of the contract. Gains or losses resulting from contract settlement are credited or charged to current income.

Financial Asset Securitization

Under the "Regulations for Financial Asset Securitization", Bank SinoPac securitized part of its enterprise loans and entrusted those loans to the

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

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

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

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

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

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

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

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

Revenue Recognition

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

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

For SinoPac Securities and its subsidiaries, revenue from rendering services - brokerage and underwriting commissions and fees, stock affairs agent fees, futures commissions and fees, and futures advisory fees, etc., is recognized according to the stage of completion as of the balance sheet date. Interest income is accrued on a time basis by referring to the principal outstanding and the effective interest rate. Dividend income from equity securities is recognized on ex-dividend dates or on the dates when the stockholders declare dividends.

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

Pension

Pension expense (including retirement and severance benefits cost, the "pension expense" thereon) is determined based on actuarial calculations except for that FENB, SinoPac Capital Limited and its subsidiaries, SinoPac Securities (Asia), SinoPac Securities (Europe), SinoPac Assets Management (Asia) and for SinoPac Leasing recognize their pension expense and make contributions to funds based on the specified ratio of employee salaries before June 30, 2005, according to their defined benefit pension plans.

Pension expense of the Company under defined benefit pension plan is determined on the basis of actuarial calculations. Pension under defined contribution pension plan is expensed during the period the employees rendered their services.

As of December 31, 2005, IBT Life Insurance Agent and IBT Property Insurance Agent does not have pension plan for their employees.

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 SFB, treasury stock originally owned by a financial institution that later becomes a subsidiary of a financial holding company through only shares swap, should continue to be treated as treasury stock in the subsidiary's books after the swap. But if the subsidiary owns shares of another subsidiary under the same financial holding company, and the shares are later exchanged for the financial holding company's shares, these shares should be treated as investments in the subsidiary's books, but as treasury stock in financial holding company's books.

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

Income Tax

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

Except for Bank SinoPac and its subsidiary, FENB, and IBT, deferred income tax assets and liabilities are classified as current or noncurrent on the basis of the classification of the related assets or liabilities for financial reporting. A deferred income tax asset or liability that cannot be related to an asset or liability for financial reporting should be classified according to the expected realization date of the temporary difference.

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

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

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

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

Accounting for Leasing Business

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

For operating leases, the contracted rentals are recognized as income when earned. Properties held for lease are stated at cost less accumulated depreciation. Depreciation is calculated by the straight-line method on the basis of service lives estimated as follows: buildings, 43 to 48 years; transportation equipment, 5 years, and others, 5 years.

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

Guarantee deposits received are the amounts retained under lease agreements. Interest expenses (included in operating costs) are computed during the lease terms. At the end of the lease terms, guarantee deposits received will be returned to the debtors.

Account Receivable Factoring

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

Contingencies

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

Foreign-currency Transactions

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

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

For IBT, foreign-currency accounts are maintained in the respective currencies in which the transactions are denominated. All foreign-currency revenues and expenses are recorded in New Taiwan dollars at the exchange rates when the transactions occur. On the balance sheet date, foreign-currency assets and liabilities are translated into New Taiwan dollars at the prevailing exchange rates, and resulting gains or losses are credited or charged to income.

Gains or losses resulting from the restatement of the balances of foreign-currency transactions of IBT's overseas units as of the balance sheet dates are credited or charged to "cumulative translation adjustment" under stockholders' equity.

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

3. ACCOUNTING CHANGES

For Bank SinoPac and IBT, sales and purchases of bonds and short-term bills under agreements to repurchase or to resell were treated as outright sales or purchases under a directive issued by the MOF. However, under the Criteria Governing the Preparation of Financial Reports by Public Banks effective since January 1, 2004, the repurchase/resell transactions are treated as financing. The effect of this accounting change for Bank SinoPac resulted in a decrease of income before income tax for the year ended December 31, 2004 by \$496,910 thousand. The effect of this accounting change for IBT resulted in increases, as of December 31, 2004, in the balances of short-term bills purchased under resell agreements and short-term bills and bonds sold under

repurchase agreements by \$2,203,684 thousand and \$20,267,739 thousand, respectively, and an increase of \$324,892 thousand in income before income tax in 2004.

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

4. ELIMINATIONS OF SIGNIFICANT INTERCOMPANY TRANSACTIONS

Name of Corporation	Elimination Account	Amount	Counterparties of Transaction	
For the year ended December 31, 2005				
SPH	Cash and cash equivalents	\$ 3,040,618	Bank SinoPac and subsidiaries	
	Interest revenue	2,061	SinoPac Securities and subsidiaries	
	Interest receivable	9,904	Bank SinoPac and subsidiaries	
	Interest revenue	58,192	Bank SinoPac and subsidiaries	
	Securities purchased under agreements to resell	155,008	SinoPac Securities and subsidiaries	
	Operating and administrative expenses	11,640	Bank SinoPac and subsidiaries	
	Other assets	27,980	Bank SinoPac and subsidiaries	
	Other payables	102,577	Bank SinoPac and subsidiaries	
	Operating and administrative expenses	2,377	SinoPac Securities and subsidiaries	
	Bank SinoPac and subsidiaries	Deposits and remittances	3,040,618	SPH
Deposits and remittances		1,952,306	SinoPac Securities and subsidiaries	
Deposits and remittances		120,482	SinoPac Life Insurance Agent	
Deposits and remittances		50,926	AnShin Card Services	
Deposits and remittances		13,256	SinoPac Property Insurance Agent	
Deposits and remittances		547,291	SinoPac Venture	
Cash and cash equivalents		1,992	IBT	
Service fees		19,142	SinoPac Life Insurance Agent	
Securities purchased		146,600	SinoPac Securities and subsidiaries	
Other receivables		38,353	AnShin Card Services	
Operating revenue		3,651	AnShin Card Services	
Service fees		9,122	AnShin Card Services	
Operating revenue		11,357	SinoPac Life Insurance Agent	
Operating revenue		11,640	SPH	
Bank debentures		50,000	SinoPac Securities and subsidiaries	
Other liabilities		27,980	SPH	
Loans, discounts and bills purchased		730,607	SinoPac Securities and subsidiaries	
Long-term borrowings		922,700	IBT	
Interest revenue		6	IBT	
Interest expense		29,334	IBT	
Interest payable		9,904	SPH	
Other receivables		102,577	SPH	
Operating revenue		36,601	SinoPac Securities and subsidiaries	
Other operating revenue		2,520	SinoPac Securities and subsidiaries	
Interest revenue		7,052	SinoPac Securities and subsidiaries	
Interest expense		58,192	SPH	
Services fees		4,301	SinoPac Investment Trust	
Interest expense		50,432	SinoPac Securities and subsidiaries	
Interest expense		1,812	SinoPac Venture	
Nonoperating income and gains		2,469	SinoPac Securities and subsidiaries	
SinoPac Securities and subsidiaries		Cash and cash equivalents	1,122,306	Bank SinoPac and subsidiaries
		Pledged time deposits	830,000	Bank SinoPac and subsidiaries
	Short-term borrowings	730,607	Bank SinoPac and subsidiaries	
	Interest revenue	50,432	Bank SinoPac and subsidiaries	
	Interest expense	7,052	Bank SinoPac and subsidiaries	
	Operating and administrative expenses	41,590	Bank SinoPac and subsidiaries	
	Interest expense	2,061	SPH	
	Securities sold under agreements to repurchase	155,008	SPH	
	Other liabilities	146,600	Bank SinoPac and subsidiaries	
	Stock affairs agent fees	2,377	SPH	
SinoPac Life Insurance Agent	Securities purchased	50,000	Bank SinoPac and subsidiaries	
	Cash and cash equivalents	120,482	Bank SinoPac and subsidiaries	
	Operating and administrative expenses	30,499	Bank SinoPac and subsidiaries	
	Operating and administrative expenses	32,195	AnShin Card Services	
	Other payables	8,547	AnShin Card Services	
SinoPac Property Insurance Agent	Cash and cash equivalents	13,256	Bank SinoPac and subsidiaries	
AnShin Card Services	Cash and cash equivalents	50,926	Bank SinoPac and subsidiaries	
	Operating and administrative expenses	7,297	Bank SinoPac and subsidiaries	
	Other payables	38,353	Bank SinoPac and subsidiaries	
	Service fees	5,476	Bank SinoPac and subsidiaries	
	Service charges	32,195	SinoPac Life Insurance Agent	
SinoPac Venture	Other receivables	8,547	SinoPac Life Insurance Agent	
	Cash and cash equivalents	547,291	Bank SinoPac and subsidiaries	
	Interest revenue	1,812	Bank SinoPac and subsidiaries	
SinoPac Investment Trust	Operating and administrative expense	4,301	Bank SinoPac and subsidiaries	
International Bank of Taipei	Loans, discounts and bills purchased	922,700	Bank SinoPac and subsidiaries	
	Interest expense	6	Bank SinoPac and subsidiaries	
	Deposits and remittances	1,992	Bank SinoPac and subsidiaries	
	Interest revenue	29,334	Bank SinoPac and subsidiaries	

Name of Corporation	Elimination Account	Amount	Counterparties of Transaction
For the year ended December 31, 2004			
SPH	Cash and cash equivalents	\$ 3,004,989	Bank SinoPac and subsidiaries
	Interest revenue	60,059	Bank SinoPac and subsidiaries
	Interest receivable	6,544	Bank SinoPac and subsidiaries
	Securities purchased under agreements to resell	700,000	Bank SinoPac and subsidiaries
	Securities purchased under agreements to resell	490,917	SinoPac Securities and subsidiaries
	Interest revenue	1,621	SinoPac Securities and subsidiaries
	Operating and administrative expenses	6,785	SinoPac Securities and subsidiaries
Bank SinoPac and subsidiaries	Deposits and remittances	3,004,989	SPH
	Deposits and remittances	3,133,070	SinoPac Securities and subsidiaries
	Deposits and remittances	41,299	SinoPac Life Insurance Agent
	Deposits and remittances	49,767	AnShin Card Services
	Deposits and remittances	140,946	SinoPac Venture
	Deposits and remittances	8,400	SinoPac Property Insurance Agent
	Loans, discounts and bills purchased	500,000	SinoPac Securities and subsidiaries
	Other receivables	28,930	AnShin Card Services
	Service charges	3,937	AnShin Card Services
	Interest payable	6,544	SPH
	Securities sold under agreements to repurchase	700,000	SPH
	Interest expense	60,059	SPH
	Interest revenue	2,909	SinoPac Securities and subsidiaries
	Interest expense	55,656	SinoPac Securities and subsidiaries
	Operating costs and expenses	10,624	SinoPac Securities and subsidiaries
	Securities purchased under agreements to resell	63,953	SinoPac Securities and subsidiaries
	Bank debentures	50,000	SinoPac Securities and subsidiaries
	Operating and administrative expenses	2,085	SinoPac Securities and subsidiaries
	Nonoperating income and gains	2,545	SinoPac Securities and subsidiaries
SinoPac Securities and subsidiaries	Cash and cash equivalents	1,973,070	Bank SinoPac and subsidiaries
	Pledged time deposits	1,160,000	Bank SinoPac and subsidiaries
	Securities purchased	50,000	Bank SinoPac and subsidiaries
	Short-term borrowings	500,000	Bank SinoPac and subsidiaries
	Securities sold under agreements to repurchase	63,953	Bank SinoPac and subsidiaries
	Securities sold under agreements to repurchase	490,917	SPH
	Interest expense	1,621	SPH
	Operating and administrative expenses	13,169	Bank SinoPac and subsidiaries
	Nonoperating income and gains	2,085	Bank SinoPac and subsidiaries
	Stock affairs agent fees	6,785	SPH
	Service charges	3,053	SinoPac Life Insurance Agent
	Interest revenue	55,656	Bank SinoPac and subsidiaries
	Interest expense	2,909	Bank SinoPac and subsidiaries
SinoPac Life Insurance Agent	Cash and cash equivalents	41,299	Bank SinoPac and subsidiaries
	Other payables	31,480	AnShin Card Services
	Operating and administrative expenses	40,330	AnShin Card Services
	Operating and administrative expenses	3,053	SinoPac Securities and subsidiaries
SinoPac Property Insurance Agent	Cash and cash equivalents	8,400	Bank SinoPac and subsidiaries
AnShin Card Services	Cash and cash equivalents	20,987	Bank SinoPac and subsidiaries
	Guarantee deposit	28,780	Bank SinoPac and subsidiaries
	Other payables	28,930	Bank SinoPac and subsidiaries
	Other receivables	31,480	SinoPac Life Insurance Agent
	Service fees	3,937	Bank SinoPac and subsidiaries
	Service charges	40,330	SinoPac Life Insurance Agent
SinoPac Venture	Cash and cash equivalents	140,946	Bank SinoPac and subsidiaries

5. CASH AND CASH EQUIVALENTS

	December 31	
	2005	2004
Due from banks	\$ 7,756,560	\$ 6,246,362
Notes and checks in clearing	7,384,032	4,910,393
Cash on hand	6,244,198	5,671,433
Deposits in bank	2,728,871	1,417,251
Commercial paper - due in February 2006 and 2005, with interest rate from 1.20% to 1.50% and from 1.05% to 1.10%, respectively.	917,357	1,145,830
	<u>\$ 25,031,018</u>	<u>\$ 19,391,269</u>

6. DUE FROM THE CENTRAL BANK AND OTHER BANKS

	December 31	
	2005	2004
Call loans to banks	\$ 70,735,046	\$ 28,583,190
Due from the Central Bank	<u>29,965,203</u>	<u>27,649,075</u>
	<u>\$ 100,700,249</u>	<u>\$ 56,232,265</u>

Due from the Central Bank consists mainly of New Taiwan dollar (NTD) and foreign currency deposit reserves. Under a directive issued by the Central Bank of the ROC, NTD - denominated deposit reserves of Bank SinoPac and IBT are determined monthly at prescribed rates on average balances of customers' NTD - denominated deposits. These reserves amount to \$16,602,037 and \$15,210,464, as of December 31, 2005 and 2004, respectively, which are subject to withdrawal restrictions.

In addition, the foreign-currency deposit reserves of Bank SinoPac and IBT are determined at prescribed rates on balances of additional foreign-currency deposits. These reserves may be withdrawn momentarily and are noninterest earnings. As of December 31, 2005 and 2004, the actual balances of foreign-currency deposit reserves were \$341,649 and \$100,789, respectively.

7. SECURITIES PURCHASED

	December 31	
	2005	2004
Negotiable certificates of deposit	\$ 105,457,000	\$ 116,106,296
Corporate bonds	11,859,344	10,335,618
Government bonds	10,224,492	19,179,963
Beneficiary certificates	7,693,426	10,633,711
Commercial paper	6,931,671	14,214,948
Treasury bills	3,962,104	8,804,723
Floating rate notes	3,337,067	3,718,142
Bank debentures	3,124,572	1,145,212
Stocks and warrants	1,510,977	1,835,042
Remittance acceptance	<u>7,819</u>	<u>-</u>
	154,108,472	185,973,655
Less - allowance for decline in market value	<u>41,167</u>	<u>36,794</u>
	<u>\$ 154,067,305</u>	<u>\$ 185,936,861</u>

As of December 31, 2005 and 2004, securities purchased amounted to \$20,561,123 and \$24,073,038 has been sold under agreements to repurchase, respectively.

To comply with the Central Bank's clearing system of Real-time Gross Settlement (RTGS), Bank SinoPac and IBT's negotiable certificates of deposit aggregating \$20,000,000 and \$22,500,000 had been provided as collateral for the daytime overdraft as of December 31, 2005 and 2004, respectively, with the pledged amount that can be adjusted at anytime.

As of December 31, 2005 and 2004, the aggregate market values or reference prices of corporate bonds, government bonds, beneficiary certificates, floating rate notes, bank debentures, and stocks and warrants were as follows:

	December 31	
	2005	2004
Corporate bonds	\$ 11,977,394	\$ 10,611,392
Government bonds	10,413,759	19,657,907
Beneficiary certificates	7,965,262	10,674,506
Floating rate notes	3,333,790	3,719,933
Bank debentures	3,118,627	1,147,923
Stocks and warrants	1,765,562	2,146,087

8. ACCOUNTS, INTERESTS AND OTHER RECEIVABLES

	December 31	
	2005	2004
Accounts and notes receivable	\$ 26,344,996	\$ 31,000,089
Credit card receivables	19,425,566	20,916,346
Margin loans receivable	12,888,412	14,243,048
Lease receivables due in one year	5,099,257	3,751,282
Interest receivable	3,335,602	2,646,306
Securities brokerage debit accounts	473,542	447,067
Accrued revenue	270,378	425,438
Forward exchange receivable, net	206,746	623,536
Other	<u>2,373,116</u>	<u>1,536,066</u>
	70,417,615	75,589,178
Less - allowance for credit losses	<u>1,180,714</u>	<u>884,786</u>
	<u>\$ 69,236,901</u>	<u>\$ 74,704,392</u>

The balances of the accounts receivable as of December 31, 2005 and 2004 included \$24,558,753 and \$29,073,331, respectively, representing accounts receivables acquired from other parties in the factoring business.

9. OPERATING SECURITIES

	2005	2004
<u>Dealing department</u>		
Bonds		
Government bonds (interest rates at 0% to 7.75% in 2005 and 1.00% to 7.75% in 2004)	\$ 4,590,721	\$ 3,563,702
Corporate bonds (interest rates at 0% to 8.25% in 2005 and 1.20% to 8.25% in 2004)	4,697,311	2,097,126
Bank debentures (interest rates at 0% to 1.766% in 2005 and 1.49% to 4.75% in 2004)	592,500	315,416
Beneficiary certificates of enterprise loans under securitization (interest rate at 1.833% to 2.433% in 2005 and interest rates at 1.575% to 2.175% in 2004)	<u>308,463</u>	<u>604,383</u>
	10,188,995	6,580,627
Listed stocks and convertible bonds	1,970,329	1,058,421
GTSM stocks and convertible bonds	4,691,098	9,005,877
Emerging stocks	443,935	426,070
Beneficiary certificates	<u>5,257,591</u>	<u>931,748</u>
	22,551,948	18,002,743
Less - allowance for decline in market value	<u>-</u>	<u>128,587</u>
	<u>\$ 22,551,948</u>	<u>\$ 17,874,156</u>
<u>Underwriting department</u>		
Listed stocks	\$ 154,158	\$ 616,412
GTSM stocks and convertible bonds	1,532,977	1,807,882
Stocks and convertible bonds other than listed and traded in GTSM	<u>4,030</u>	<u>106</u>
	1,691,165	2,424,400
Less - allowance for decline in market value	<u>-</u>	<u>290,187</u>
	<u>\$ 1,691,165</u>	<u>\$ 2,134,213</u>
<u>Securities held for hedging purposes</u>		
Stocks held for warrants	\$ 1,476,887	\$ 235,730
Structured notes linked position	<u>80,547</u>	<u>83,808</u>
	1,557,434	319,538
Less - allowance for decline in market value	<u>6,100</u>	<u>3,198</u>
	<u>\$ 1,551,334</u>	<u>\$ 316,340</u>
Operating securities, net	<u>\$ 25,794,447</u>	<u>\$ 20,324,709</u>

The aggregate market values of the listed and GTSM securities (excluding emerging stocks) based on the closing prices and reference prices as the end of 2005 and 2004 were as follows:

	2005	2004
Dealing department - bonds	\$ 10,219,091	\$ 6,614,530
Dealing department - listed and GTSM stocks and convertible bonds	6,840,889	10,018,741
Dealing department - beneficiary certificates	5,258,402	931,748
Underwriting department - listed and GTSM stocks and convertible bonds	1,888,895	2,134,126
Securities held for hedging purposes - stocks held for warrants	1,628,403	238,727
Securities held for hedged purposes - structured notes linked position	79,006	84,965

10. SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL

As of December 31, 2005 and 2004, securities purchased under agreements to resell, were to be sold for \$15,916,231 in February 2006 and \$24,894,529 in September 2005, respectively.

11. LOANS, DISCOUNTS AND BILLS PURCHASED

	December 31	
	2005	2004
Overdrafts	\$ 1,341,061	\$ 1,698,514
Short-term loans	169,138,339	161,650,196
Mid-term loans	186,886,491	157,643,298
Long-term loans	283,832,785	247,320,050
Import and export negotiations	1,496,326	2,546,397
Bills purchased	1,316,749	1,621,018
Nonperforming loans	<u>7,793,550</u>	<u>6,412,197</u>
	651,805,301	578,891,670
Less - allowance for credit losses	4,472,387	3,054,999
- unearned loan fees	<u>93,056</u>	<u>109,102</u>
	<u>\$ 647,239,858</u>	<u>\$ 575,727,569</u>

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

As of December 31, 2005 and 2004, Bank SinoPac and its subsidiaries' balances of nonaccrual interest loans were \$7,856,462 and \$6,442,797, respectively. The unrecognized interest revenues on nonaccrual interest loans for Bank SinoPac and its subsidiaries amounted to \$91,879 and \$88,294 for the years ended December 31, 2005 and 2004, respectively. As of December 31, 2005 and 2004, the unrecognized interest revenues on nonaccrual interest loans for IBT amounted to \$495,726 and \$552,891, respectively.

For the years ended December 31, 2005 and 2004, Bank SinoPac and its subsidiaries together with IBT and its subsidiaries had not written off credits for which legal proceedings had not been initiated.

The details of and changes in allowance for credit losses of loans, discounts and bills purchased for the years ended December 31, 2005 and 2004, respectively, were summarized below:

	For the Year Ended December 31, 2005		
	For Losses on Particular Loans	For Losses on the Overall Loan Portfolio (Excluding Particular Loans)	Total
	Balance, January 1	\$ 1,280,164	\$ 1,774,835
Provisions	5,238,212	387,949	5,626,161
Write-offs	(4,431,269)	(3,467)	(4,434,736)
Recovery of written-off credits	305,069	-	305,069
Reclassification	(149,388)	139,740	(9,648)
Effects of exchange rate changes	(22,355)	(40,011)	(62,366)
Other	<u>(7,092)</u>	<u>-</u>	<u>(7,092)</u>
Balance, December 31	<u>\$ 2,213,341</u>	<u>\$ 2,259,046</u>	<u>\$ 4,472,387</u>

	For the Year Ended December 31, 2004		
	For Losses on Particular Loans	For Losses on the Overall Loan Portfolio (Excluding Particular Loans)	Total
	Balance, January 1	\$ 2,523,116	\$ 1,834,568
Provisions	2,159,948	76,202	2,236,150
Write-offs	(3,718,075)	-	(3,718,075)
Recovery of written-off credits	145,513	-	145,513
Reclassification	108,670	(108,429)	241
Effects of exchange rate changes	(27,395)	(27,506)	(54,901)
Other	<u>88,387</u>	<u>-</u>	<u>88,387</u>
Balance, December 31	<u>\$ 1,280,164</u>	<u>\$ 1,774,835</u>	<u>\$ 3,054,999</u>

As of December 31, 2005 and 2004, allowances for credit losses and provisions for losses on guarantees of the Company were \$5,660,831 and \$3,980,995, respectively.

12. LONG-TERM INVESTMENTS

	December 31	
	2005	2004
<u>Long-term equity investments</u>		
Equity method		
Stocks other than listed and traded in GTSM	\$ 483,240	\$ 568,370
Cost method		
Stocks other than listed and traded in GTSM	3,163,810	3,698,622
Listed and GTSM stocks	65,403	707,571
Venture fund	282,786	121,757
Emerging stocks	10	29,956
Preferred stocks	49,275	23,938
	<u>3,561,284</u>	<u>4,581,844</u>
	4,044,524	5,150,214
Less - allowance for decline in market value	26,334	279,844
Prepaid investments	-	8,300
Long-term equity investments, net	<u>4,018,190</u>	<u>4,878,670</u>
<u>Other long-term investments</u>		
Long-term bonds investments	8,480,112	7,255,993
Subordinated beneficiary certificates - retained interest of securitization	1,465,322	1,014,300
Trust beneficiary certificates for special purposes	336,446	300,000
Beneficiary certificates - retained interest of credit card receivables securitization	95,360	-
	<u>10,377,240</u>	<u>8,570,293</u>
Long-term investments, net	<u>\$ 14,395,430</u>	<u>\$ 13,448,963</u>

The total market values determined by the closing prices of listed and GTSM stocks together with long-term bonds investments as of December 31, 2005 and 2004 were as follows:

	December 31	
	2005	2004
Long-term bonds investments	\$ 8,277,174	\$ 7,070,153
Listed and GTSM stocks	40,316	445,607

As of December 31, 2005 and 2004, unrealized losses on long-term equity investments (included in the debit balance of stockholder's equity) resulting from market value decline of listed and GTSM stocks held by subsidiaries and its investees accounted for by the equity method amounted to \$26,334 and \$279,805, respectively. Also, as of December 31, 2005 and 2004, the Company recognized its equity in the unrealized revaluation loss on long-term equity investments (included in the debit balance of stockholder's equity) from subsidiaries totaling \$8,431 and \$15,163, respectively, and cumulative translation adjustment from subsidiaries included in the credit balance of stockholders' equity totaling \$5,115 and \$193,388, respectively, which were resulted from unrealized revaluation losses on financial instruments of subsidiaries and translation adjustment from subsidiaries and their investees.

The Company recognized its equity in the net loss not recognized as pension cost (included in the debit balance of stockholder's equity) totaling \$227,902 and \$100,139 from IBT and SinoPac Securities as of December 31, 2005 and 2004, respectively.

For the year ended December 31, 2005, the realized loss of decline in value of long-term equity investments accounted for cost method recognized by the Company and its investees amounted to \$809,322, which are summarized as follows:

Investees	Amount
Prudence International Fund Ltd.	\$ 14,400
Z-Com, Inc.	9,124
Taiwan Leader Advanced Technology Co., Ltd.	5,788
Mondex Taiwan Inc.	34,000
Ruentex Industries Ltd.	25,768
Mega Holdings	20,706
China Television	223,651
Chain Yarn Co., Ltd.	9,789
Tekcon Electronics Corp.	19,824
Telexpress Corp.	1,553
Walton Advanced Engineering, Inc.	12,303
Best 3C. Com	14,485
e21 Corporation	6,438
UOB	37,168
MDS Fund	88,076
Enhance Biotech	14,509
Dicon	25,348
Virtual Silicon	9,864
Tanox	8,299

Investees	Amount
Altor	1,545
Phytoceutica	8,300
Bioagri	9,657
Navfl	131
Source one	26,895
Intellisys Corp.	125,733
Webi & Neti Internet Service Inc.	148
Yes Mobile Holdings Company Ltd.	12,000
Media Reality Technologies, Inc.	102
SynTest Technologies, Inc.	10,244
Sonic Edge Industries	13,262
Silicon Motion Technology Corp.	228
Add Microtech Corp.	5,998
Skanhex Technology Inc.	7,950
Bcom Electronics Inc.	<u>6,036</u>
	<u>\$ 809,322</u>

The Company acquired 100% ownership, 30,000,000 shares of SinoPac Securities Investment Trust, amounted to \$298,500 in October 2004. The pro forma consolidated operating revenues and consolidated income for the year ended December 31, 2004 were \$45,944,253 and \$7,951,678, respectively, and the pro forma basic earnings per share (after tax) for the year ended December 31, 2004 was \$1.17, assuming that the shares of SinoPac Securities Investment Trust were acquired as of January 1, 2004.

13. SECURITIZATION

Bank SinoPac

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

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

Terms	Enterprise Loans Under Securitization				
Date of issuance	August 3, 2004				
Carrying amount of enterprise loans	\$4,900,000				
Gain (loss) on securitization	-				
<u>December 31, 2005</u>					
	<u>Senior</u>				<u>Subordinated</u>
Series of Certificates	First Tranche	Second Tranche	Third Tranche	Fourth Tranche	Fifth Tranche
Principal amount	\$ 1,188,100	\$ 534,100	\$ 441,000	\$ 122,500	\$ 1,014,300
Annual interest	Floating interest rate plus 0.4% (Note)	Floating interest rate plus 0.6% (Note)	Floating interest rate plus 1.0% (Note)	Floating interest rate plus 1.2% (Note)	-
Key assumptions used in measuring retained interests					
Expected weighted- average life (in years)	3				
Expected credit losses (annual rate)	-				
Discounted rate for residual cash flows	1.433%				

December 31, 2004

Series of Certificates	Senior				Subordinated
	First Tranche	Second Tranche	Third Tranche	Fourth Tranche	Fifth Tranche
Principal amount	\$ 2,788,100	\$ 534,100	\$ 441,000	\$ 122,500	\$ 1,014,300
Annual interest	Floating interest rate plus 0.4% (Note)	Floating interest rate plus 0.6% (Note)	Floating interest rate plus 1.0% (Note)	Floating interest rate plus 1.2% (Note)	
Key assumptions used in measuring retained interests					
Expected weighted-average life (in years)			\$ 3		
Expected credit losses (annual rate)					-
Discounted rate for residual cash flows			1.175%		

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

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

b. Sensitivity analysis

As of December 31, 2005 and 2004, key economic assumptions and the sensitivity of the current fair value of residual cash flows to immediate 10 percent and 20 percent adverse changes in these assumptions were as follows:

	Enterprise Loans	
	December 31	
	2005	2004
Carrying amount of retained interest	\$ 1,014,300	\$ 1,014,300
Weighted-average life (in years)	3	3
Discount rate of residual cash flows (annual rate)	1.433%	1.175%
Impact on fair value of 10% adverse change	(71)	(55)
Impact on fair value of 20% adverse change	(213)	(171)

c. The securitized enterprise loans had not resulted in any credit losses as of December 31, 2005 and 2004; thus, the expected static pool credit losses (total amount of actual credit losses and expected credit losses divided by securitized enterprise loans) are equal to the expected credit losses. Bank SinoPac anticipates that no credit losses would result from the securitized enterprise loans since there has been no default on those loans.

d. Cash flows

For the year ended December 31, 2005, the prepayments of principal before due date resulted in the cash inflow amounted to \$1,600,000. For the year ended December 31, 2004, cash flows from the securitization trust included proceeds from new securitizations \$3,595,309 and current cash reserve \$18,531, respectively.

AnShin Card Services

a. Securitization nature and gain (loss)

In compliance with the Regulations for Financial Asset Securitization, AnShin Card Services entrusted credit card receivables amounting to \$4,000,000, \$1,000,000, and related interests to the trustee (Land Bank of Taiwan) on January 21, 2005 and September 6, 2005, respectively. The trustee issued the beneficiary certificates 2005-1 and 2005-2 and placed to investors privately and publicly during the revolving period.

Beneficiary certificates 2005-1 amount to \$4,000,000. The expected issuance period is from January 25, 2005 to February 20, 2009, and the maturity date is February 20, 2011. The terms of the issuance were summarized as follows:

Beneficiary Certificates	Senior	Principal/ Face Amount	Stated Interest Rate	Maturity Date
2005-1A	First tranche	\$ 3,680,000	2.50%	February 20, 2009
2005-1B	Second tranche	80,000	3.00%	February 20, 2009
2005-1C	Third tranche/residual amount	240,000	-	February 20, 2009

Beneficiary certificates 2005-2 amount to \$1,000,000. The expected issuance period is from September 6, 2005 to September 20, 2008 and the maturity date is September 20, 2010. The terms of the issuance were summarized as follows:

Beneficiary Certificates	Senior	Principal/ Face Amount	Stated Interest Rate	Maturity Date
2005-2A 1	First tranche	\$ 322,000	1.85%	September 20, 2006
2005-2A 2	First tranche	322,000	1.92%	September 20, 2007
2005-2A 3	First tranche	276,000	2.00%	September 20, 2008
2005-2B	Second tranche	20,000	2.50%	September 20, 2008
2005-2C	Third tranche/residual amount	60,000	-	September 20, 2008

AnShin Card Services retained the subordinated beneficiary certificates 2005-1C and 2005-2C with face amounts of \$240,000 and \$60,000, respectively, to enhance its creditability. The retained interest ranks behind those of the investors in senior beneficiary certificates. Some factors, including credit risk, principal payment rate, and interest rate risk will influence the value of retained interest on transferred credit card receivables. If the debtors default, the investors of the senior beneficiary certificates and the trustee do not have the rights of recourse to AnShin Card Services' other assets.

Under the issuance plan on securitized beneficiary certificates 2005-1 and 2005-2, the trustee will purchase new credit card receivables from AnShin Card Services by using retrieved principal during the revolving period. After the revolving period (expected periods of controlled accumulations), the trustee will distribute the repayments which were received from debtors periodically.

b. Key economic assumptions used in measuring retained interests

As of December 31, 2005, the key assumptions used in measuring retained interests are as follows:

Expected principal payment rate (monthly rate)	21%
Expected weighted-average life (in years)	0.40 year
Expected credit losses (annual rate)	4.99%
Discounted rate for residual cash flows (annual rate)	2.04%

c. Sensitivity analysis

As of December 31, 2005, key economic assumptions and the sensitivity of the current fair value of residual cash flows to immediate 10% and 20% adverse changes in these assumptions are as follows:

Carrying amount of retained interests	\$ 371,022
Expected weighted-average life (in years)	0.40 year
Expected principal payment rate (monthly rate)	21%
Impact on fair value of 10% adverse change	(5,112)
Impact on fair value of 20% adverse change	(10,224)
Expected credit losses (annual rate)	4.99%
Impact on fair value of 10% adverse change	(6,077)
Impact on fair value of 20% adverse change	(12,155)

d. Cash flows

Certain cash receipts and cash payments from the securitization for the year ended December 31, 2005 were as follows:

Proceeds from new securitizations	\$ 4,700,000
Proceeds from reinvesting in securitization of credit card receivables	9,838,775
Service revenues received	1,429
Other cash flow from proceeds of retained interest	285,051
Cash reserve (included in refundable guarantee deposit)	2,849

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

	December 31, 2005		
	Principal of Credit Card Receivables	Accounts Receivable Due Over 60 Days	Net Credit Losses
Carrying amount	\$ 17,453,094	\$ 669,273	\$ 1,109,435
Securitized amount of credit card receivables	(5,000,000)		
Credit card receivables available for securitization in revolving period	(588,953)		
Unsecuritized balance of credit card receivables	\$ 11,864,141		

f. To maintain the agreed-upon credit card receivable balances to the debt principal in the trust asset pool and protect investors' interests, AnShin Card Services had entrusted the carrying amount of \$588,953 thousand credit card receivables available for securitization in the revolving period, to the trustee as of December 31, 2005. AnShin Card Services proves these beneficiary certificates to show that those credit card receivables included in trust property are still unsold or unsecuritized.

g. Gains from credit card receivables securitization recognized by AnShin Card Services for the year ended December 31, 2005 were as follows:

For the Year Ended December 31, 2005

Gain on disposal of credit card receivables in the revolving period of securitization	\$	151,910
Evaluation loss on subordinated beneficiary certificates		(89,086)
Investment income on subordinated beneficiary certificates		<u>303,245</u>
	\$	<u>366,069</u>

14. PROPERTIES

	December 31	
	2005	2004
Cost and appreciation	\$ 19,386,932	\$ 18,727,025
Accumulated depreciation		
Buildings	1,506,594	1,274,411
Computer equipment	1,604,259	1,318,835
Transportation equipment	66,261	69,141
Office and other equipment	<u>3,476,416</u>	<u>3,136,311</u>
	6,653,530	5,798,698
Advances on acquisitions of equipment and construction in progress	<u>219,139</u>	<u>2,004,819</u>
	\$ <u>12,952,541</u>	\$ <u>14,933,146</u>

Under government regulations, IBT revalued its properties in the following years: Land in 1961, 1964, 1967, 1974 and 2001; and other properties in 1961.

IBT transferred the land value increment tax reserve amounted to \$423,254 to capital surplus - revaluation increment on land because of a tax law amendment, effective February 1, 2005.

15. OTHER ASSETS

	December 31	
	2005	2004
Guarantee deposits	\$ 8,607,049	\$ 6,542,373
Properties held for lease, net	5,188,659	3,246,044
Customer margin account	4,065,100	4,585,561
Pledged time deposits	1,593,017	2,317,610
Intangible assets	1,558,732	1,826,831
Long-term lease receivables	1,136,592	939,661
Premium paid for option contracts	1,064,997	4,479,703
Cash surrender - officer life insurance	1,036,736	1,018,252
Collaterals assumed, net	925,371	1,083,155
Non-operating properties, net	448,250	427,934
Deferred income tax assets	443,375	392,315
Other defined debit account	443,123	510,723
Computer system software	302,098	321,510
Pension prepayment	205,242	219,269
Other	<u>948,194</u>	<u>743,883</u>
	\$ <u>27,966,535</u>	\$ <u>28,654,824</u>

As of December 31, 2005 and 2004, guarantee deposits amounted to \$7,846,361 and \$5,743,110, respectively, which were submitted in the forms of government bonds, corporate bonds and certificates of deposit.

As of December 31, 2005 and 2004, properties held for lease amounted to \$1,881,857 and \$1,525,998, respectively, which were pledged to bank as collaterals for SinoPac Leasing Company's borrowings and as part of the requirements for filing provisional seizure.

As of December 31, 2005 and 2004, guarantee deposits amounted to \$1,700 and \$7,600, respectively, which were pledged to bank as collaterals for SinoPac Leasing Company's borrowings and as part of the requirements for filing provisional seizure.

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

In assessing whether the long-term equity investment with goodwill or unamortized difference between the acquisition cost and the equity was impaired, the Company considers each investee as a cash generating unit and estimates the recoverable amount by investee's value in use. The Company used investee's actual profitability and estimated salvage value as a key assumption to predict future cash flows in order to calculate investee's value in use. Under going concern assumption, the Company predicts the net cash flows provided by investee's operating activities in next five to ten years, and uses latest investor's weighted average funding cost as the discount rate to calculate the value in use.

After assessing the value in use of investees based on the foregoing key assumptions, there was no material impairment loss on the goodwill or unamortized difference between the acquisition cost and the equity in investees on December 31, 2005.

16. SHORT-TERM BORROWINGS

	December 31	
	2005	2004
Short-term borrowings	\$ 12,715,293	\$ 15,100,296
Current portion of corporate bonds payable	2,000,000	-
Current portion of long-term borrowings	-	46,280
	<u>\$ 14,715,293</u>	<u>\$ 15,146,576</u>

As of December 31, 2005 and 2004, short-term borrowings had the last maturity dates in January 2006 to December 2006 and January 2005 to December 2005 with interest rates from 1.45% to 5.43% and from 1.22% to 4.02%, respectively. Long-term borrowings had the last maturity dates in September 2006 with interest rates 1.5%.

As of December 31, 2004, current portion of long-term borrowings had the last maturity dates in January 2005 to December 2005 with interest rates from 1.83% to 2.70%.

17. COMMERCIAL PAPER PAYABLE

	December 31	
	2005	2004
Commercial paper payable	\$ 10,178,000	\$ 12,910,000
Less - unamortized discount	(16,000)	(7,104)
	<u>\$ 10,162,000</u>	<u>\$ 12,902,896</u>
Maturity date	2006.10	2005.11
Discount rate	1.15%-2.26%	0.63%-1.938%

18. SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

As of December 31, 2005 and 2004, securities sold under agreements to repurchase were to be repurchased for \$45,485,899 and \$50,293,635 in June 2006 and November 2005, respectively.

19. WARRANT LIABILITIES, NET

	December 31	
	2005	2004
Warrant liabilities	\$ 929,800	\$ 656,000
Repurchase of warrants issued	(643,375)	(565,883)
	<u>\$ 286,425</u>	<u>\$ 90,617</u>

Details of warrant liabilities of warrants issued as of December 31, 2005 and 2004 were as follows:

	Listed Date	Underlying Securities	2005				
			Units Issued	Price at Issuance (in New Taiwan Dollars)	Amount	Strike Price (in New Taiwan Dollars)	Leverage at Issuance
SinoPac Securities - 90	July 29, 2005	Chunhwa Picture Tubes, Ltd.	20,000,000	\$ 0.476	\$ 9,520	\$ 16.77	26.79
SinoPac Securities - 91	August 4, 2005	CMC Magnetics Corporation	20,000,000	0.605	12,100	18.66	23.31
SinoPac Securities - 92	August 4, 2005	The Farmers Bank of China	20,000,000	0.486	9,720	14.34	21.71
SinoPac Securities - 93	August 11, 2005	Advanced Semiconductor Engineering, Inc.	20,000,000	1.091	21,820	29.20	22.73
SinoPac Securities - 94	August 12, 2005	Quanta Display Inc.	20,000,000	0.644	12,880	18.99	23.14
SinoPac Securities - 95	August 16, 2005	China Development Financial Holding Corp.	20,000,000	0.357	7,140	17.79	37.68
SinoPac Securities - 96	August 19, 2005	Taiwan Business Bank	20,000,000	0.634	12,680	17.04	19.72
SinoPac Securities - 97	August 29, 2005	EVA Airways Corporation	20,000,000	0.496	9,920	18.53	28.23
SinoPac Securities - 98	August 30, 2005	Ta Chong Bank Ltd.	20,000,000	0.456	9,120	12.23	21.93
SinoPac Securities - 99	September 8, 2005	Chung Hung Steel Co., Ltd.	20,000,000	0.506	10,120	16.88	23.02
SinoPac Securities - A1	September 8, 2005	United Microelectronics Corp.	20,000,000	0.446	8,920	27.41	44.17
SinoPac Securities - A2	September 12, 2005	Unimicron Technology Corp.	20,000,000	0.952	19,040	31.25	22.01
SinoPac Securities - A3	September 15, 2005	Walsin Lihwa Corporation	20,000,000	0.287	5,740	13.45	35.71
SinoPac Securities - A4	September 15, 2005	Mega Financial Holding Co., Ltd.	20,000,000	0.377	7,540	27.81	58.36
SinoPac Securities - A5	September 19, 2005	Sunplus Technology Co., Ltd.	20,000,000	1.290	25,800	42.76	23.18
SinoPac Securities - A6	September 19, 2005	Evergreen Marine Corp. (Taiwan) Ltd.	20,000,000	0.367	7,340	30.75	63.35
SinoPac Securities - A7	September 22, 2005	Hong Hai Precision Ind. Co., Ltd.	20,000,000	0.367	7,340	210.26	41.42
SinoPac Securities - A8	September 26, 2005	Kimpo Electronics, Inc.	20,000,000	0.427	8,540	18.16	33.02
SinoPac Securities - A9	September 26, 2005	Taiwan Business Bank	20,000,000	0.307	6,140	12.00	33.22

2005

	Listed Date	Underlying Securities	Units Issued	Price at Issuance (in New Taiwan Dollars)	Amount	Strike Price (in New Taiwan Dollars)	Leverage at Issuance
SinoPac Securities - B1	September 28, 2005	Chi Mei Optoelectronics Corporation	20,000,000	\$ 1.101	\$ 22,020	\$ 48.33	33.29
SinoPac Securities - B2	September 28, 2005	Taiwan Fertilizer Co., Ltd.	20,000,000	0.953	19,060	46.44	35.41
SinoPac Securities - B3	October 4, 2005	Taishin Financial Holdings Co., Ltd.	20,000,000	0.288	5,760	26.09	64.24
SinoPac Securities - B4	October 4, 2005	TSRC Corporation	20,000,000	0.645	12,900	22.14	25.74
SinoPac Securities - B5	October 6, 2005	Wintek Corporation	20,000,000	0.278	5,560	73.58	18.60
SinoPac Securities - B6	October 11, 2005	LITE-ON IT Corporation	20,000,000	0.208	4,160	53.39	18.92
SinoPac Securities - B7	October 11, 2005	Optimax Technology Corporation	20,000,000	0.317	6,340	71.21	16.37
SinoPac Securities - B8	October 12, 2005	Ya Hsin Industrial Co., Ltd.	20,000,000	0.933	18,660	42.59	33.28
SinoPac Securities - B9	October 12, 2005	Siliconware Precision Industries Co., Ltd.	20,000,000	0.993	19,860	46.54	33.74
SinoPac Securities - C1	October 17, 2005	Yieh Phui Enterprise Co., Ltd.	20,000,000	0.576	11,520	16.67	24.31
SinoPac Securities - C2	October 18, 2005	Inventec Corporation	20,000,000	0.556	11,120	22.75	30.67
SinoPac Securities - C3	October 18, 2005	Realtek Semiconductor Corp.	20,000,000	0.218	4,360	48.67	18.35
SinoPac Securities - C4	October 21, 2005	Micro-Star International Co., Ltd.	20,000,000	1.123	22,460	24.20	18.88
SinoPac Securities - C5	October 21, 2005	Synnex Technology International Corp.	20,000,000	0.218	4,360	54.41	19.36
SinoPac Securities - C6	October 21, 2005	Premier Image Technology Corporation	20,000,000	0.258	5,160	59.54	18.45
SinoPac Securities - C7	October 24, 2005	Compal Communications Inc.	20,000,000	0.695	13,900	154.24	15.97
SinoPac Securities - C8	October 27, 2005	U-Ming Marine Transport Corp.	20,000,000	0.208	4,160	43.36	17.19
SinoPac Securities - C9	October 27, 2005	China Petrochemical Development Corporation	20,000,000	0.417	8,340	10.60	19.83
SinoPac Securities - D1	October 31, 2005	CMC Magnetics Corporation	20,000,000	0.427	8,540	14.21	26.70
SinoPac Securities - D2	October 31, 2005	United Microelectronics Corp.	20,000,000	0.477	9,540	23.02	40.67
SinoPac Securities - D3	November 4, 2005	Shin Kong Financial Holding Co., Ltd.	20,000,000	0.626	12,520	33.38	41.21
SinoPac Securities - D4	November 8, 2005	Chinatrust Financial Holding Company Ltd.	20,000,000	0.656	13,120	36.01	41.08
SinoPac Securities - D5	November 8, 2005	Chung Hung Steel Co., Ltd.	20,000,000	0.417	8,340	12.11	21.89
SinoPac Securities - D6	November 8, 2005	Waterland Financial Holdings	20,000,000	0.208	4,160	14.88	52.40
SinoPac Securities - D7	November 9, 2005	NanYa Technology Corporation	20,000,000	0.705	14,100	22.34	21.63
SinoPac Securities - D8	November 9, 2005	China Development Financial Holding Corp.	20,000,000	0.258	5,160	14.07	41.09
SinoPac Securities - D9	November 17, 2005	Mitac International Corp.	20,000,000	0.248	4,960	59.47	15.99
SinoPac Securities - E1	December 5, 2005	Wistron Corporation	20,000,000	0.208	4,160	55.95	17.93
SinoPac Securities - E2	December 7, 2005	Taiwan Business Bank	20,000,000	0.328	6,560	11.85	24.82
SinoPac Securities - E3	December 7, 2005	Walsin Lihwa Corporation	20,000,000	0.357	7,140	14.28	29.13
SinoPac Securities - E4	December 9, 2005	EVA Airways Corporation	20,000,000	0.367	7,340	20.13	40.60
SinoPac Securities - E5	December 13, 2005	Taiwan Cement Corp.	20,000,000	0.556	11,120	29.13	38.58
SinoPac Securities - E6	December 16, 2005	Uni-President Enterprises Corp.	20,000,000	0.307	6,140	19.71	47.72
SinoPac Securities - E7	December 20, 2005	Mega Financial Holding Co., Ltd.	20,000,000	0.308	6,160	30.34	69.81
SinoPac Securities - E8	December 20, 2005	Hua Nan Financial Holdings Co., Ltd.	20,000,000	0.348	6,960	28.72	59.91
SinoPac Securities - E9	December 22, 2005	Quanta Computer Inc.	20,000,000	0.248	4,960	66.76	20.16
SinoPac Securities - F1	December 26, 2005	Delta Electronics, Inc.	20,000,000	0.298	5,960	91.19	23.05
SinoPac Securities - F2	December 26, 2005	Far Eastern International Bank	20,000,000	0.397	7,940	21.09	23.32
SinoPac Securities - F3	December 28, 2005	Asustek Computer Inc.	20,000,000	0.258	5,160	138.04	37.98
SinoPac Securities - F4	December 30, 2005	ACER Incorporated	20,000,000	0.338	6,760	111.58	25.27
SinoPac Securities - F5	December 30, 2005	Compal Electronics, Inc.	20,000,000	0.685	13,700	40.97	44.31
SinoPac Securities - F6	December 30, 2005	Tung Ho Steel Enterprise Corp.	20,000,000	0.894	17,880	24.81	20.69
Add: Loss on change in market value of warrant liabilities as of December 31, 2005					320,300		
Market value					\$ 929,800		

2004

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

2004							
Listed Date	Underlying Securities	Units Issued	Price at Issuance (in New Taiwan Dollars)	Amount	Strike Price (in New Taiwan Dollars)	Leverage at Issuance	
SinoPac Securities 59	November 30, 2004	Mitac International Corp.	30,000,000	\$ 2.082	\$ 62,460	\$ 24.60	7.88
SinoPac Securities 60	November 30, 2004	Hua Nan Financial Holdings Co., Ltd.	30,000,000	2.875	86,250	41.85	9.70
SinoPac Securities 61	December 2, 2004	Advanced Semiconductor Engineering, Inc.	30,000,000	3.520	105,600	39.00	7.39
SinoPac Securities 62	December 2, 2004	Far Eastern International Bank	30,000,000	2.180	65,400	30.75	9.40
SinoPac Securities 63	December 3, 2004	Walsin Lihwa Corporation	30,000,000	2.032	60,960	25.80	8.46
SinoPac Securities 64	December 3, 2004	Waterland Financial Holdings	30,000,000	1.438	43,140	19.05	8.83
SinoPac Securities 65	December 6, 2004	Yang Ming Marine Transport Corp.	30,000,000	3.274	98,220	43.50	8.86
SinoPac Securities 66	December 6, 2004	E.Sun Financial Holding Company, Ltd.	30,000,000	2.480	74,400	36.00	9.68
SinoPac Securities 67	December 7, 2004	The Farmers Bank of China	30,000,000	1.290	38,700	17.25	8.91
SinoPac Securities 68	December 8, 2004	Taiwan Cement Corp.	30,000,000	2.182	65,460	28.50	8.71
SinoPac Securities 69	December 8, 2004	Uni-President Enterprises Corp.	30,000,000	1.786	53,580	24.00	8.96
Less: Gain on change in market value of warrant liabilities as of December 31, 2004					(780,570)		
Market value					<u>\$ 656,500</u>		

Details of repurchase of warrants issued as of December 31, 2005 and 2004 were as follows:

	2005		2004	
	Units Repurchased	Amount	Units Repurchased	Amount
SinoPac Securities - 46	-	\$ -	630,000	\$ 552
SinoPac Securities - 47	-	-	455,000	329
SinoPac Securities - 48	-	-	338,000	202
SinoPac Securities - 49	-	-	3,101,000	826
SinoPac Securities - 50	-	-	19,000	18
SinoPac Securities - 51	-	-	1,022,000	527
SinoPac Securities - 52	-	-	187,000	80
SinoPac Securities - 53	-	-	86,000	113
SinoPac Securities - 54	-	-	134,000	188
SinoPac Securities - 55	-	-	180,000	225
SinoPac Securities - 56	-	-	1,353,000	1,873
SinoPac Securities - 57	-	-	23,254,000	27,700
SinoPac Securities - 58	-	-	25,476,000	33,381
SinoPac Securities - 59	-	-	26,976,000	49,675
SinoPac Securities - 60	-	-	29,285,000	67,593
SinoPac Securities - 61	-	-	29,129,000	64,298
SinoPac Securities - 62	-	-	28,848,000	59,924
SinoPac Securities - 63	-	-	28,125,000	52,461
SinoPac Securities - 64	-	-	24,674,000	31,195
SinoPac Securities - 65	-	-	28,982,000	89,118
SinoPac Securities - 66	-	-	29,105,000	70,234
SinoPac Securities - 67	-	-	25,396,000	31,788
SinoPac Securities - 68	-	-	28,644,000	63,302
SinoPac Securities - 69	-	-	26,857,000	39,037
SinoPac Securities - 90	122,000	12	-	-
SinoPac Securities - 91	2,564,000	318	-	-
SinoPac Securities - 92	4,023,000	280	-	-
SinoPac Securities - 93	15,320,000	12,048	-	-
SinoPac Securities - 94	132,000	3	-	-
SinoPac Securities - 95	152,000	7	-	-
SinoPac Securities - 96	269,000	15	-	-
SinoPac Securities - 97	152,000	19	-	-
SinoPac Securities - 98	10,777,000	1,219	-	-
SinoPac Securities - 99	223,000	22	-	-
SinoPac Securities - A1	100,000	6	-	-
SinoPac Securities - A2	15,884,000	32,728	-	-
SinoPac Securities - A3	2,110,000	222	-	-
SinoPac Securities - A4	100,000	7	-	-
SinoPac Securities - A5	18,018,000	16,222	-	-
SinoPac Securities - A6	6,247,000	544	-	-
SinoPac Securities - A7	6,218,000	960	-	-
SinoPac Securities - A8	12,109,000	2,361	-	-
SinoPac Securities - A9	3,200,000	277	-	-
SinoPac Securities - B1	4,130,000	5,200	-	-
SinoPac Securities - B2	16,284,000	6,275	-	-
SinoPac Securities - B3	6,886,000	686	-	-
SinoPac Securities - B4	8,568,000	2,817	-	-
SinoPac Securities - B5	9,615,000	1,026	-	-
SinoPac Securities - B6	12,297,000	1,444	-	-
SinoPac Securities - B7	10,252,000	2,562	-	-
SinoPac Securities - B8	5,659,000	3,753	-	-

	2005		2004	
	Units Repurchased	Amount	Units Repurchased	Amount
SinoPac Securities - B9	13,293,000	\$ 20,936	-	\$ -
SinoPac Securities - C1	10,342,000	1,959	-	-
SinoPac Securities - C2	7,623,000	6,291	-	-
SinoPac Securities - C3	14,829,000	2,098	-	-
SinoPac Securities - C4	16,362,000	12,919	-	-
SinoPac Securities - C5	17,671,000	2,370	-	-
SinoPac Securities - C6	15,474,000	1,836	-	-
SinoPac Securities - C7	11,892,000	12,047	-	-
SinoPac Securities - C8	8,207,000	1,406	-	-
SinoPac Securities - C9	9,478,000	2,155	-	-
SinoPac Securities - D1	16,477,000	8,188	-	-
SinoPac Securities - D2	8,680,000	3,514	-	-
SinoPac Securities - D3	12,200,000	4,076	-	-
SinoPac Securities - D4	15,034,000	7,413	-	-
SinoPac Securities - D5	540,000	90	-	-
SinoPac Securities - D6	5,991,000	1,268	-	-
SinoPac Securities - D7	17,528,000	16,254	-	-
SinoPac Securities - D8	12,130,000	5,762	-	-
SinoPac Securities - D9	15,202,000	4,634	-	-
SinoPac Securities - E1	1,039,000	207	-	-
SinoPac Securities - E2	14,573,000	4,436	-	-
SinoPac Securities - E3	17,735,000	6,584	-	-
SinoPac Securities - E4	18,039,000	6,964	-	-
SinoPac Securities - E5	18,980,000	10,583	-	-
SinoPac Securities - E6	18,321,000	6,876	-	-
SinoPac Securities - E7	17,856,000	5,137	-	-
SinoPac Securities - E8	19,628,000	7,035	-	-
SinoPac Securities - E9	15,267,000	3,845	-	-
SinoPac Securities - F1	16,763,000	5,096	-	-
SinoPac Securities - F2	19,438,000	7,837	-	-
SinoPac Securities - F3	16,013,000	4,307	-	-
SinoPac Securities - F4	19,790,000	6,716	-	-
SinoPac Securities - F5	19,847,000	13,704	-	-
SinoPac Securities - F6	19,955,000	17,925	-	-
Adjustment: Gain (loss) on change in market value of warrants repurchased		329,874		(118,756)
Market value		<u>\$ 643,375</u>		<u>\$ 565,883</u>

The market values of warrants repurchased were calculated using their closing price as of December 31, 2005 and 2004.

Gains on warrants issued of 2005 and 2004 were \$163,533 thousand and \$1,207,047 thousand, respectively. Related details are as follows:

	2005	2004
Gain on change in market value of warrants liabilities	\$ 635,779	\$ 1,671,154
Gain from exercise of warrants before maturity	24,432	1,610
Gain (loss) on change in market value of warrants repurchased - realized	(826,552)	(346,961)
Loss on change in market value of warrants repurchased - unrealized	329,874	(118,756)
	<u>\$ 163,533</u>	<u>\$ 1,207,047</u>

20. ACCOUNTS, INTERESTS AND OTHER PAYABLES

	December 31	
	2005	2004
Accounts and notes payable	\$ 11,644,177	\$ 13,878,317
Notes and checks in clearing	8,184,652	5,534,614
Interests payable	3,025,998	2,071,815
Accrued expenses	2,514,335	2,708,645
Short sale proceeds payable	2,506,286	2,531,424
Tax payable	2,157,636	2,231,696
Deposits on short sales	2,045,089	1,978,472
Receipts under custody payable	74,320	88,749
Other	1,439,928	3,035,576
	<u>\$ 33,592,421</u>	<u>\$ 34,059,308</u>

The balances of the accounts payable as of December 31, 2005 and 2004 amounted to \$9,226,866 and \$10,924,527, respectively, representing costs of accounts receivable acquired from other parties in the factoring business.

21. DEPOSITS AND REMITTANCES

	<u>December 31</u>	
	2005	2004
Checking	\$ 20,241,263	\$ 18,713,260
Demand	115,809,635	111,183,011
Savings - demand	162,949,636	151,152,971
Time	236,235,721	177,067,878
Negotiable certificates of deposit	48,237,100	55,001,600
Savings - time	186,789,607	168,287,988
Inward remittances	385,269	371,106
Outward remittances	<u>241,506</u>	<u>239,016</u>
	<u>\$ 770,889,737</u>	<u>\$ 682,016,830</u>

22. BANK DEBENTURES

	<u>December 31</u>		Maturity Date	Terms
	2005	2004		
<u>Bank SinoPac</u>				
First dominant bank debenture issued in 2001	\$ 5,000,000	\$ 5,000,000	2001.12.20-2006.12.20 Principal is repayable on maturity date.	Fixed interest rate of 3.08%. Interest is paid annually.
First subordinated bank debenture issued in 2002	1,950,000	1,950,000	2002.12.23-2008.03.23 Principal is repayable on maturity date.	Floating interest rate except for the first two years fixed at 2.15%. Interest is paid semiannually.
First dominant bank debenture issued in 2003	1,000,000	1,000,000	2003.02.14-2008.02.14 Principal is repayable on maturity date.	3.65% minus 6-month LIBOR. Interest is paid semiannually.
Second dominant bank debenture issued in 2003	500,000	500,000	2003.03.19-2008.09.19 Principal is repayable on maturity date.	3.48% minus 6-month LIBOR. Interest is paid semiannually.
Third dominant bank debenture issued in 2003	1,500,000	1,500,000	2003.05.09-2008.11.09 Principal is repayable on maturity date.	4.15% minus 6-month LIBOR except for the first year fixed at 2.50%. Interest is paid semiannually.
Fourth dominant bank debenture issued in 2003	400,000	400,000	2003.05.09-2008.11.09 Principal is repayable on maturity date.	2% plus 180-day-NTD CP rate in secondary market and minus 6-month LIBOR. Interest is paid semiannually.
First subordinated bank debenture issued in 2003	2,500,000	2,500,000	2003.06.18-2008.12.18 Principal is repayable on maturity date.	180-day CP rate in secondary market plus 0.3%. Interest is paid semiannually.
Fifth dominant bank debenture issued in 2003	1,000,000	1,000,000	2003.08.11-2010.08.11 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Sixth dominant bank debenture issued in 2003	700,000	700,000	2003.08.20-2009.02.20 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Seventh dominant bank debenture issued in 2003	800,000	800,000	2003.09.16-2008.09.16 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Eighth dominant bank debenture issued in 2003	500,000	500,000	2003.09.16-2008.09.16 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Ninth dominant bank debenture issued in 2003	300,000	300,000	2003.09.22-2008.09.22 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Tenth dominant bank debenture issued in 2003	1,000,000	1,000,000	2003.11.05-2008.11.05 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Eleventh dominant bank debenture issued in 2003	1,000,000	1,000,000	2003.11.14-2008.11.14 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Twelfth dominant bank debenture issued in 2003	500,000	500,000	2003.11.21-2008.11.21 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Thirteenth dominant bank debenture issued in 2003	500,000	500,000	2003.11.28-2008.11.28 Principal is repayable on maturity date.	Floating rate except for the first year fixed at 4%. Interest is paid semiannually.
Fourteenth dominant bank debenture issued in 2003	2,200,000	2,200,000	2003.12.02-2009.06.02 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.

	December 31		Maturity Date	Terms
	2005	2004		
Second subordinated bank debentures issued in 2003	\$ 3,600,000	\$ 3,600,000	2004.03.18-2009.09.18 Principal is repayable on maturity date.	Fixed interest rate of 2.3%, interest is paid semiannually.
First dominant bank debentures issued in 2004	500,000	500,000	2004.04.26-2009.10.26 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually with simple interest based on actual days.
Second dominant bank debentures issued in 2004	300,000	300,000	2004.04.28-2009.10.28 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually with simple interest based on actual days.
Third dominant bank debentures issued in 2004	500,000	500,000	2004.04.29-2009.04.29 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually with simple interest based on actual days.
Fourth dominant bank debentures issued in 2004	200,000	200,000	2004.05.14-2009.05.14 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Fifth dominant bank debentures issued in 2004	300,000	300,000	2004.05.17-2009.05.17 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Sixth dominant bank debentures issued in 2004	500,000	500,000	2004.05.17-2009.05.17 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Seventh dominant bank debentures issued in 2004	200,000	200,000	2004.05.21-2009.05.21 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Eighth dominant bank debentures issued in 2004	500,000	500,000	2004.05.21-2011.05.21 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually with simple interest based on actual days.
Ninth dominant bank debentures issued in 2004	300,000	300,000	2004.06.03-2009.06.03 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Tenth dominant bank debentures issued in 2004	500,000	500,000	2004.06.07-2009.06.07 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually with simple interest based on actual days.
Eleventh dominant bank debentures issued in 2004	200,000	200,000	2004.06.15-2009.06.15 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually with simple interest based on actual days.
Twelfth dominant bank debentures issued in 2004	500,000	500,000	2004.06.15-2010.06.15 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually with simple interest based on actual days.
Thirteenth dominant bank debentures issued in 2004	300,000	300,000	2004.06.30-2009.06.30 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Fourteenth dominant bank debentures issued in 2004	500,000	500,000	2004.07.09-2010.07.09 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Fifteenth dominant bank debentures issued in 2004	500,000	500,000	2004.07.13-2011.07.13 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
First subordinated bank debentures issued in 2004	1,500,000	1,500,000	2004.09.14-2010.06.14 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Second subordinated bank debentures issued in 2004	500,000	500,000	2004.09.14-2010.06.14 Principal is repayable on maturity date.	Index rate plus 0.50%. Interest is reset semiannually since the issuance date. Interest is paid semiannually.
First subordinated bank debentures issued in 2005	3,000,000	-	2005.12.23-2011.06.13 Principal is repayable on maturity date.	Index rate plus 0.35%. Interest is reset semiannually since the issuance date. Interest is paid semiannually.
FENB				
FENB second subordinated bank debentures	328,500	319,170	2003.06.26-2013.06.26 Principal is repayable on maturity date.	Floating rate. Interest is paid quarterly.
FENB second subordinated bank debentures	164,250	159,585	2003.09.17-2013.09.17 Principal is repayable on maturity date.	Floating rate. Interest is paid quarterly.
	<u>\$ 36,242,750</u>	<u>\$ 33,228,755</u>		

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

	December 31	
	2005	2004
Euro-convertible bonds redeemable within one year	\$ -	\$ 6,587,518
Add: Interest premium payable	-	734,547
	<u>\$ -</u>	<u>\$ 7,322,065</u>
Euro-convertible bonds	<u>\$ 8,849,797</u>	<u>\$ 5,718,240</u>

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

a. Redemption terms

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

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

b. Maturity date:

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

c. Pledged: Negative

d. Conversion right and conversion period

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

e. Conversion price

The initial conversion price was set at NT\$17.666, which was adjusted for several times due to stock dividends declared, employee stock option certificates and cash dividends. On May 11, 2005, the conversion price was reset at NT\$13.862 after the latest adjustment.

For the year ended December 31, 2005, the bondholders had converted the Euro-convertible bonds with aggregate face amount of US\$121,164 thousand into 278,613 thousand common shares of SPH.

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

IBT issued US\$180,000 thousand in zero coupon Euro convertible bonds with par of US\$1,000 on December 22, 2004. The terms of the bonds are as follows:

a. Redemption method

IBT will redeem the bonds on the maturity date at a price equal to 99.95% of the outstanding principal amount unless the bonds have been previously redeemed, repurchased and canceled, or converted.

1) Redemption at IBT's option

- a) At any time on or after December 22, 2006 and before December 22, 2009, IBT may redeem all the bonds at one time or make piecemeal redemptions at 100% of the principal if the average closing price of the shares, translated into U.S. dollars at the prevailing rate on the issue date, for at least 20 consecutive trading days immediately preceding the date of such notice of redemption, is at least 130% of the conversion price then in effect, translated into U.S. dollars at the fixed exchange rate.
- b) IBT may redeem all the bonds at one time, but not piecemeal, at 100% of the principal at any time if at least 90% of the principal of the bonds has already been redeemed, repurchased and canceled, or converted.
- c) IBT may redeem all the bonds at one time, but not piecemeal, at 100% of the principal at any time if any changes in ROC taxation would

require IBT to gross up the payment of interest or premium.

2) Redemption at the holders' option

- a) Each bondholder has the right to require IBT to redeem all or part of the bonds only on December 22, 2006 at 99.98% of the principal unless the bonds had been previously redeemed, repurchased and canceled, or converted.
- b) Each holder has the right to require IBT to buy all of the holder's bonds at 100% of the principal amount if the shares cease to be listed or admitted for trading on the Taiwan Stock Exchange for at least five consecutive trading days.
- c) Each holder has the right to require IBT to buy all or a portion of the holder's bonds at 100% of the principal amount if there is change of control over IBT.
- d) On December 26, 2005, IBT became a wholly owned subsidiary of SinoPac Holdings Corporation. This development constitutes a change of control, on which the bond indenture has certain provisions. Thus, under the indenture, each holder has the right to require IBT to repurchase all or a portion of his/her bond holdings. In addition, IBT set February 22, 2006 as the change of control date and the change of put price at 100% of the unpaid principal of the bonds.

b. Maturity date

The maturity period is five years after bond issuance. Since the bonds were issued on December 22, 2004, the maturity date is on December 22, 2009.

c. Pledged: Negative.

d. Conversion period

The bondholders can convert the bonds to IBT's stock between January 21, 2005 and December 12, 2009. They, however, will not be able to effect conversions during the closed period. A closed period is (i) 60 days before any general stockholders' meetings; (ii) 30 days before any special stockholders' meetings; (iii) 5 days before the declaration of dividends or other benefits; (iv) the period from the date following the third trading day before the date of IBT's notification to the Taiwan Stock Exchange of the record date for the determination of stockholders entitled to the receipt of dividends, subscription for new shares due to capital increase, or appropriation of other benefits and bonuses; and (v) such other periods during which IBT should suspend the trading of its stocks, as required by ROC laws and regulations.

e. Conversion price

- 1) The conversion price on issuance is NT\$26.26 per share. The conversion price in U.S. dollars is based on the exchange rate of US\$1=NT\$32.49. The conversion price is subject to adjustment based on certain terms of the related indenture. (Effective July 8, 2005, the conversion price for distributing cash dividends was adjusted from NT\$26.26 to NT\$25.22.)
- 2) If the average closing price of the shares for any 30 consecutive trading days immediately before December 22, 2005, December 22, 2006, December 24, 2007 and December 22, 2008 (the "special reset dates"), converted into U.S. dollars at the prevailing rate on the special reset dates, is less than the conversion price then in effect converted into U.S. dollars at the fixed exchange rate, the conversion price may be decreased up to 80% of original conversion price. Effective December 22, 2005, the conversion price was reset from NT\$25.22 to NT\$22.99.

f. Settlement option

Instead of delivering to the holders some or all of the shares required for the valid exercise of a conversion right, IBT may elect to make a cash payment for all or any portion of a holder's bonds deposited for conversion.

g. Supplemental agreements

On December 26, 2005, IBT became a wholly owned subsidiary of SPH and IBT's common shares were ceased to be traded on the Taiwan Stock Exchange. In the interest of the bondholders, IBT granted to the bondholders outside the United States the additional rights, after converting the bonds into common shares of IBT, and further exchanging IBT's common shares for SPH's shares at a certain ratio. If the bondholders do not choose to convert into SPH's common shares, their bonds still can be converted into IBT's common shares.

In 2005, IBT purchased bonds with par value of US\$2,000 thousand from the secondary market. As of December 31, 2005 and 2004, bonds with par value of US\$178,000 thousand and US\$180,000 thousand, respectively, were still outstanding.

24. BONDS PAYABLE

	<u>December 31</u>	
	2005	2004
Issuance of three-year unsecured bonds (September 12, 2003 to September 25, 2006) with annual simple interest rate of 1.5%, payable annually, bonds are repayable in full at face value on maturity date	\$ 2,000,000	\$ 2,000,000
Less: Current portion of bonds payable	<u>2,000,000</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 2,000,000</u>

25. LONG-TERM BORROWINGS

	<u>December 31</u>	
	2005	2004
Unsecured loans	<u>\$ 4,450,425</u>	<u>\$ 4,931,669</u>
Interest rate per annum	1.20%-5.42%	1.50%-4.70%

SinoPac Securities entered into Notes Issuance Facility (NIF) transaction with Chiao Tung Bank, Chung Hsing Bills Finance Corporation and The International Commercial Bank of China in December 2003 and February 2004. The credit line was \$1,500,000. The NIF contract is effective within two years contract period started on the contract date. The contract required the maintenance of certain financial indicators during the term of the agreement. SinoPac Securities had not used the line of credit as of December 31, 2005 and 2004.

In addition, SinoPac Securities entered into NIF transaction with International Bills Financial Corporation and China Bills Finance Corporation in June and July 2005. The credit line was \$500,000 with fixed interest rate, respectively. The NIF contract took effect on the contract date. The contract, with a term of three years, required the maintenance of certain credit ratings during the term of the agreement. SinoPac Securities should use the credit before June and July 2008, and the amount cannot be less than \$400,000 and \$500,000, respectively. On December 31, 2005, SinoPac Securities maintains its credit ratings.

AnShin Card Services applied for syndicated loans amounting \$7,300,000 with the ABN AMRO Bank and other seventeen banks. During the five-year period starting from the contracted date (December 6, 2004), the credit could be used as revolving base. The other syndicated loans contract entered with the International Commercial Bank of China and other thirteen banks amounting to \$5,000,000. During the five-year period starting from the contracted date (April 26, 2002), the credit could be used as revolving base. AnShin Card Services applied for interest rate downward in July 2005, and the credit line became \$4,800,000. All the aforementioned contracts require the ratio of the stockholders' equity (the stockholders' equity/total assets) not to fall below 8% during the effective period of the loan contracts. Also, SPH's investment in AnShin Card Services cannot be lower than 51% of the total amount of the common stocks issued, and the number of seats in the board of directors of AnShin Card Services should be more than half of the total seats.

26. STOCKHOLDERS' EQUITY

a. Capital stock

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

As of December 26, 2005, the Company acquired IBT through a share swap, the capital stock increased to \$72,300,383, which were divided into 7,230,038,260 common shares. For the year ended December 31, 2005, 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 September 2005, all shares had been changed to authorized capital.

Pursuant to the Financial Holding Company Act, the 116,565,240 shares of the Company, which were held by Bank SinoPac for three years as of May 8, 2005, has been cancelled and subsequently decreased the Company's capital stock. In addition, the alteration registration has been completed. The Company had to cancel its capital according to the capital decrease ratio and the capital stock decreased by \$1,165,652 (please see Note 27).

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 SFB directives, if the capital surplus obtained by a financial holding company through the shares swap comes from its subsidiaries' unappropriated retained earnings after legal and special reserves, the surplus is excluded from the restriction as prescribed in the Securities and Exchange Law.

The subsidiaries' unappropriated retained earnings before the shares swap amounted to \$3,720,981 which the Company accounted for as capital surplus at the date of establishment. In their June 26, 2002 first provisional meeting, the stockholders resolved to capitalize \$2,097,745 of this capital surplus by distributing 209,774,487 shares of stock dividends. In addition, under the appropriation of earnings \$1,152,573 of the aforesaid capital surplus derived from the subsidiaries' retained earnings was appropriated as cash dividend.

c. Earnings distribution and dividend policy

The Company's Articles of Incorporation provide that annual net income should be appropriated after deducting any accumulated losses and taxes, providing legal and special reserve, and offering employee bonus which should not be less than 1% of the balance. The board of directors will then propose to the stockholders' meeting for appropriation of the remainder and retained earnings from previous year.

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

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

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

The appropriation, as well as other distribution of earnings shall be resolved by the stockholders in the following year and reflect in the financial statements of that year.

On May 10, 2005 and June 11, 2004, the stockholders' meeting resolved the appropriation of earnings for the year ended December 31, 2004 and 2003, respectively, as follows:

	<u>Appropriation of Earnings</u>		<u>Dividend Per Share (NT\$)</u>	
	<u>For the Years Ended</u>		<u>For the Years Ended</u>	
	<u>December 31</u>		<u>December 31</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Legal reserve	\$ 462,347	\$ 421,053		
Special reserve	398,124	55,726		
Bonus to employees - cash	37,630	18,669		
Bonus to employees - stock	-	18,669		
Remuneration to directors and supervisors	54,000	54,000		
Cash dividends	3,723,200	1,874,063	\$0.8800	\$0.4995
Stock dividends	-	1,724,138		0.4596
	<u>\$ 4,675,301</u>	<u>\$ 4,166,318</u>		

The appropriation of 2005 earnings has not yet been resolved by the board of directors by February 22, 2006 on which the date of auditors' report. The related information regarding the proposed and resolved earnings appropriation can be referred from the Market Observation Post System (M.O.P.S.) website.

In addition, had aforementioned remuneration to directors and bonus to employees been recognized as expenses, the basic EPS (after tax) after restatement for 2004 and 2003 would had been decreased from NTS\$1.17 to NTS\$1.16 and NTS\$1.13 to NTS\$1.11, respectively. The diluted EPS (after tax) after restatement for 2004 and 2003 would had been decreased from NTS\$1.08 to NTS\$1.07 and NTS\$1.05 to NTS\$1.04, respectively.

Under the Company Law, legal reserve should be appropriated until the reserve equals the aggregate amount of the Company's outstanding capital stock. This reserve can only be used to offset a deficit. When the reserve reaches 50% of the aggregate amount of the Company's outstanding capital stock, and the Company have no earnings, the legal reserve over 50% can be distributed as stock dividend or bonus, or, the Company have no deficit, the Company can retain the legal reserve up to 25% of the outstanding capital and transferred the remaining legal reserve to common stock.

Under a SFB'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 SFB has issued a directive to prevent a company from excessive earnings distribution, which will damage the Company's capital structure as well as stockholders' interest. Thus, if a parent company's shares held by subsidiaries decline in market value, the parent company should appropriate a special reserve at an amount equal to the decline in market value multiplied by equity. If the market value recovers, the reserve can be reversed to the extent provided (refer to Note 12).

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

d. Employee stock option certificate

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

1) Conditions of eligibility for subscription rights:

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

2) Exercise price:

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

3) Terms and vesting of the rights:

- a) Two years after the option certificates have been granted, less than or equal to 50% of the total granted options may be vested; three years after, another 10% may be vested; four years after, a further 20% may be vested; five years after, the remaining 20% of the total granted options may be vested.
- b) The term of stock option certificates is seven years. No transfer, collateral, negotiability, or any other methods of disposal are allowed during this period, except to inheritors in case of death of eligible employees of stock options.
- c) The Company reserves the right to cancel the option certificates which have been granted but not vested when the eligible employees fail to meet the performance requirements, or committed a significant violation against the corporate regulations.

4) Type of shares obtained upon exercise: The Company's common stock

5) All rights and options are surrendered on the expiration date of the certificates.

6) Procedures for handling surrendered stock option certificate:

For the surrendered rights of the stock option, the Company will withdraw and cancel the certificates.

7) Method for performance of exercise: Issuance of new shares.

8) Adjustment of exercise price:

- a) After issuance of stock option certificates, in case of changes in number of the Company's outstanding common shares (such as resulting from a rights offering, capitalization of retained earnings, capitalization of capital reserve, merger, stock split, share offering for GDR issuance, etc.), exercise price per share will be adjusted only according to the following formula (rounded to NTS\$0.1).
Adjusted exercise price = Exercise price before adjustment × {Number of shares issued + [(Payment per new share × 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.

For the year ended December 31, 2005, 45,978 units of the first option issuance has been vested, resulting in 45,978 shares of common stock issued.

27. TREASURY STOCK

(Shares in Thousands)

Reasons	Shares at the Beginning of Period	Shares Increase During the Period	Shares Decrease During the Period	Shares at the End of Period
<u>For the year ended December 31, 2005</u>				
Reissuance to employees - SPH	19,649	-	-	19,649
In order to maintain the Company's credit and shareholder's equity	-	20,750	-	20,750
Buy back shares of dissenting shareholder	-	1,580	-	1,580
Shares held by subsidiaries - BSP	116,565	-	116,565	-
Shares held by subsidiaries - IBT	-	120,031	-	120,031
<u>For the year ended December 31, 2004</u>				
Reissuance to employees - SPH	-	19,649	-	19,649
Shares held by subsidiaries - BSP	216,543	9,952	109,930	116,565

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

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

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

The Company bought back 1,580,000 shares with \$25,487 from dissenting shareholders who disagreed with the resolution of shares swap.

In order to maintain the Company's credit and shareholders' equity with the allowed highest price at NT\$20 per share on December 26, 2005, the Board of the Company resolved to buy back the treasury stock for 50,000,000 common shares from December 27, 2005 to February 26, 2006. For the year ended 2005, the Company bought back the outstanding common shares amounted to 20,750,000 shares with cost of \$329,080.

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. The remaining 116,565,240 shares of the Company held by Bank SinoPac did not pursuant to the Financial Holding Company Act, which requires (i) reissued to the employees of the Company or the Company's subsidiaries within three years, (ii) used for equity conversion, or (iii) sold on a stock exchange or GTSM. In the event that shares are not reissued or sold, such shares should be cancelled and decrease the Company's capital stock, in addition, the alteration registration should be completed. According to the directives of the ARDF of the ROC, if Bank SinoPac does not receive any proceeds from the Company for such cancelled shares, Bank SinoPac needs to reduce its capital based on the capital decrease ratio while the Company follows the regulation to cancel and decrease its capital stock. The Company and Bank SinoPac got approval from the authorities for the cancellation of capital stock, on which the capital stock of the Company and Bank SinoPac decreased by \$1,165,652 and \$1,135,324, respectively. The dates for capital decreasing are on August 25, 2005 and August 26, 2005, respectively.

IBT has acquired 120,031,000 common shares of the Company with \$2,292,706 before shares swap, thus, the Company treated those shares as treasury stock under accounting principles generally accepted in the ROC.

28. SERVICE FEES

	For the Years Ended	
	December 31	
	2005	2004
Brokerage	\$ 2,763,398	\$ 3,587,241
Credit card services	1,350,638	1,331,366
Mutual funds	668,629	774,540
Consuming financial accounts management	584,821	331,420
Trust service	556,661	479,812
Import and export and foreign exchange	511,071	542,539
Loan documentation fee	476,931	439,054
Factoring and financing	342,850	367,323
Underwriting	309,543	146,643
Custody	195,977	226,116
Other	<u>896,767</u>	<u>795,863</u>
	<u>\$ 8,657,286</u>	<u>\$ 9,021,917</u>

29. INCOME FROM SECURITIES, NET

	For the Years Ended	
	December 31	
	2005	2004
Short-term bills		
Interest income	\$ 825,174	\$ 1,350,036
Capital gain, net	<u>780,478</u>	<u>728,495</u>
	<u>1,605,652</u>	<u>2,078,531</u>
Bonds		
Capital gain, net	496,184	494,152
Interest income	<u>90,113</u>	<u>31,588</u>
	<u>586,297</u>	<u>525,740</u>
Mutual funds beneficiary certificates		
Capital gain, net	184,596	31,846
Dividends distributed from mutual funds	<u>459</u>	<u>485</u>
	<u>185,055</u>	<u>32,331</u>
Stock		
Capital gain, net	1,162,376	576,726
Dividends income	<u>63,742</u>	<u>54,601</u>
	<u>1,226,118</u>	<u>631,327</u>
Warrants		
Capital loss, net	<u>(40,545)</u>	<u>(721,854)</u>
Other		
Capital gain (loss), net	<u>483</u>	<u>(3,763)</u>
Reversal of (provision for) allowance for decline in market value	<u>429,261</u>	<u>(377,378)</u>
	<u>\$ 3,992,321</u>	<u>\$ 2,164,934</u>

30. PERSONNEL EXPENSE, DEPRECIATION AND AMORTIZATION

	For the Years Ended	
	December 31	
	2005	2004
Personnel expenses		
Salaries and wages	\$ 8,412,657	\$ 8,372,660
Labor insurance and national health insurance	453,470	422,777
Pension	469,384	386,331
Other personnel expenses	129,122	176,574
Depreciation	1,021,225	1,018,486
Amortization	423,968	417,463

31. CUSTOMER'S COLLATERAL SECURITIES AND STOCK LOANS

	December 31			
	2005		2004	
	Shares in Thousands	Market Value	Shares in Thousands	Market Value
Collateral securities	981,058	\$ 23,039,059	1,161,218	\$ 23,016,754
Stock loans	76,028	2,802,405	110,066	2,633,690
Refinancing stock loans	778	27,850	578	19,630

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

32. PENSION

The Labor Pension Act took effect on July 1, 2005, the Company's employees, who were on service before July 1, 2005, could choose the pension mechanism either under the Labor Standard Law or under this Act. For those employees who choose the pension mechanism regulated by the Labor Standard law, their seniority prior to the enforcement of Labor Pension Act shall be maintained. The newly hired employees, who were hired after July 1, 2005, could only regulated by the Labor Pension Act.

SPH has a defined benefit pension plan for all regular employees. Before June 30, 2005, SPH makes monthly contributions, in the amount of 2% of employee salaries, to a pension fund, which is administrated by the employee's pension plan supervisors committee.

For SPH's employees choosing the pension mechanism regulated by the Labor Standard Law, the retirement payments shall be paid to employees on the basis of the following standard: (i) a lump sum payment of retirement payments equal to two base units shall be paid for each year of service (ii) provided that each year of service exceeding fifteen years shall be entitled to only one base unit of wage (iii) and that the maximum payment shall be forty-five base units. Any fraction of a year which is equal to or more than six months shall be counted as one year of service, and any fraction of a year which is less than six months shall be counted as half a year of service.

For SPH's employees choosing the pension mechanism regulated by the Labor Pension Act, the retirement payments is paid according to the related rulings of this Act.

SPH, Bank SinoPac, IBT and SinoPac Securities and its domestic subsidiaries applied defined contribution plan regulated by Labor Pension Act after July 1, 2005. Under this Act, SPH contributed 6% of the employee salaries to the Labor Insurance Administration (according to this Act, the contribution rate by the employer to the Labor Pension Fund per month shall not be less than 6% of the employee's monthly wages). For the year ended 2005, the pension expense under the defined contribution pension plan amounted to \$966, which were contributed to personal pension accounts. For the year ended 2005, the pension expense under the defined contribution pension plan amounted to \$35,969.

For Bank SinoPac's employees choosing the pension mechanism regulated by the Labor Standard Law, the retirement payments shall be paid to employees on the basis of the following standard: (i) a lump sum payment of retirement payments equal to two base units shall be paid for each year of service (ii) provided that each year of service exceeding fifteen years shall be entitled to only one base unit of wage (iii) and that the maximum payment shall be forty-five base units. Any fraction of a year which is equal to or more than six months shall be counted as one year of service, and any fraction of a year which is less than six months shall be counted as half a year of service.

For Bank SinoPac's employees choosing the pension mechanism regulated by the Labor Pension Act, the retirement payments is paid according to the related rulings of this Act.

Bank SinoPac's employees contribute a compulsory amount equivalent to 4% of their salaries to the employees' pension fund, and the Bank also makes monthly contributions to the severance payment fund. The Labor pension Act took effect on July 1, 2005, therefore the aforementioned employees' pension fund ceased to contribute, and the employees received their cumulative contributions and related interest thereon.

Since July 1, 2005, for those employees who still choose to be subjected to the Labor Standard Law, Bank SinoPac makes monthly contributions, equal to 4% of employee salaries, to the severance payment fund. If the employees quit willingly, they still can receive the severance payment based on the severance payment criteria.

For those employees who choose to be subjected to the Labor Pension Act, Bank SinoPac ceases to contribute into severance payment fund. The cumulated contributions generated before applying Labor Pension Act is summed up in the balance at that month and retained in the severance payment fund. The employees will receive severance payments according to severance payment criteria when they quit willingly.

IBT also applied defined benefit plan regulated by Labor Standard Law, the retirement payments shall be paid to employees on the basis of the following standard: (i) a lump sum payment of retirement payments equal to two base units shall be paid for each year of service (ii) provided that each year of service exceeding fifteen years shall be entitled to only one base unit of wage (iii) and that the maximum payment shall be forty-five base units. Benefits under the plan are based on average gross salary during the length of service until the last month before retirement. For this plan, IBT established a pension fund, to which it makes monthly contributions equal to 2% of employees' salaries. The fund is administered by the employees' fund administration committee and deposited in its name in the Central Trust of China.

As of December 31, 2005, the pension cost for IBT and its subsidiaries since July 1, 2005 amounted to \$20,081.

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

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

The foreign subsidiaries of SinoPac Securities (Asia) Ltd., SinoPac Securities (Europe) Ltd. and SinoPac Asset Management (Asia) Ltd. - also have defined contribution pension plans regulated by the local governmental authority's requirement for their employees. SinoPac Securities and its subsidiaries recognized pension cost under defined contribution pension plans as \$30,030 and \$4,456 for 2005 and 2004, respectively.

SinoPac Securities has pension and severance plans under Labor Standard Law for all its regular employees belonging to "Defined Benefit Pension Plan". Following employees are entitled to receive retirement benefits: (i) those who have served either 25 years or over 15 years and are 55 years old; and (ii) those hired on or before May 19, 1997 and with more than 20 service years. In addition, employees hired on or before March 15, 1996 and have served at least five years are eligible to receive severance benefits. The pension and severance benefits are based on the average year's salary or wage before retirement or termination. SinoPac Securities makes monthly contributions, equal to 6% of basic salaries and wages (net of bonuses and benefits), to a

pension fund. The Fund is administered by the employee's pension plan supervisors committee and deposited in the committee's name.

SinoPac Futures Corporation, SinoPac Capital Management Corporation and SinoPac Managed Future Co. have defined benefit pension and severance plans under the Labor Standards Law for all regular employees. The pension benefits are based on the average six months' fixed salary or wage before retirement. SinoPac Futures Corporation makes monthly contributions of amounts based on a fixed ratio of gross salary to a pension fund. The fund is administered by the employee's pension plan committee and deposited in a bank in the committee's name. SinoPac Managed Future Co. accrued the pension costs based on a fixed ratio of gross salary as \$224 thousand and \$83 thousand for 2005 and 2004, respectively.

AnShin Card Services has set up a defined benefit retirement plan covering all regular employees. Pursuant to this plan, employees are eligible for retirement or are required to retire after meeting certain age or service requirements. The retirement benefits are based on number of years of service rendered and the last six months' average salary before retirement. Each employee will earn two months' salary for each of the first fifteen years of service, and one month's salary for each service year from the sixteenth year onwards. The maximum is forty-five months of salary. Under this pension plan, all payment of the pension will be afforded by AnShin Card Services. Since the Labor Pension Act took effect on July 1, 2005, the employees who choose to be subjected to the Act or were hired after July 1, 2005 will be subjected to the defined contributed pension plan. The retirement payments of those employees will be contributed to the personnel account by AnShin Card Services which is no less than 6% of monthly wages.

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

For those who choose to be subjected to the defined benefit pension plan, AnShin Card Services completes the actuarial present value on the balance sheet date (the measurement date). The amount that the accumulated benefit obligation over the fair value of the pension assets will be recognized as the minimum pension liability. AnShin Card Services will also recognized net periodic pension cost, including current service cost, interest cost, gains on settlement, transition assets, and the amortization amount of the prior service cost and gains or losses on the pension by the average remaining service period.

For the employees who choose to be subject to the defined contribution pension plan, the AnShin Card Services makes monthly contribution to the severance payment fund equal to 6% of their monthly wages, and the contribution will be debited to the current income.

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

	For the Years Ended	
	December 31	
	2005	2004
Balance, January 1	\$ 2,715,632	\$ 2,370,463
Contributions	412,676	432,021
Benefits paid	(683,334)	(144,798)
Interest income	59,512	57,946
Balance, December 31	<u>\$ 2,504,486</u>	<u>\$ 2,715,632</u>

b. Net pension cost for the years ended December 31, 2005 and 2004 were as follows:

	2005	2004
Service cost	\$ 227,534	\$ 255,270
Interest cost	120,944	109,405
Expected return on pension fund	(80,063)	(74,324)
Net amortization and deferred amounts	81,995	66,650
Net pension cost	<u>\$ 350,410</u>	<u>\$ 357,001</u>

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

	2005	2004
Benefit obligation		
Vested benefit obligation	\$ 915,883	\$ 982,893
Nonvested benefit obligation	1,826,338	1,540,671
Accumulated benefit obligation	2,742,221	2,523,564
Additional benefit based on future salaries	1,155,814	931,888
Projected benefit obligation	3,898,035	3,455,452
Fair value of plan assets	(2,472,612)	(2,223,183)
Funded status	1,425,423	1,232,269
Unrecognized net transition obligation	(24,810)	(30,201)
Un-amortized prior service cost	(229,681)	(254,376)
Un-amortized pension cost	(998,870)	(830,611)
Unamortized pension gain (loss)	(230,665)	(192,637)
Additional minimum pension liability	463,333	354,647
Prepaid pension cost	<u>\$ 404,730</u>	<u>\$ 279,091</u>

d. Vested benefit

	<u>\$ 1,436,667</u>	<u>\$ 1,266,680</u>
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e. Actuarial assumptions

Discount rate used in determining present value	3.5%	3.0%-3.5%
Future salary increase rate	1.5%-3.5%	1.5%-3.5%
Expected rate of return on plan assets	2.5%-3.5%	2.5%-3.5%

33. INCOME TAX

Under Article 49 of the Financial Holding Company Law and related directives issued by MOF, a financial holding company and its domestic subsidiaries that held over 90% of shares issued by the financial holding company for 12 months within the same tax year may choose to adopt the linked-tax system for income tax filings.

For the year ended 2004, SPH adopted the linked-tax system for income tax and unappropriated earnings tax filings with its qualified subsidiaries. For the year ended 2005, SPH intended to adopt the linked-tax system for income tax and unappropriated earnings tax filings with its qualified subsidiaries.

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

	For the Years Ended	
	December 31	
	2005	2004
Current income tax payable	\$ 1,986,017	\$ 2,446,385
Changes in deferred income taxes	(323,144)	20,495
Separation taxes on short-term bills interest revenue	339,565	213,117
Prior year's adjustment	(25,489)	(50,670)
Foreign income taxes payable or over limitation	5,294	58,563
Tax on unappropriated earnings (10%)	8,926	2,656
Effect upon adoption of the linked-tax system	-	(1,406)
	<u>1,991,169</u>	<u>2,689,140</u>
Income tax	<u>\$ 1,991,169</u>	<u>\$ 2,689,140</u>

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

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

	For the Years Ended	
	December 31	
	2005	2004
Tax on pretax income at statutory rate	\$ 3,582,299	\$ 5,307,420
Add (deduct) tax effects of:		
Tax-exempt loss (income)	(24,855)	104,426
Permanent difference	(1,983,067)	(3,001,210)
Temporary difference	416,389	47,959
Investment tax credit	(4,598)	(13,580)
Loss carryforward	(5,114)	682
Other	4,963	688
	<u>1,986,017</u>	<u>2,446,385</u>
Currently income tax payable	<u>\$ 1,986,017</u>	<u>\$ 2,446,385</u>

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

	For the Years Ended	
	December 31	
	2005	2004
Loss carryforward	\$ 286,402	\$ 253,104
Euro-convertible bonds interest premium	247,004	-
Deferred pension cost	215,221	188,823
Allowance for bad debts beyond limits	28,974	4,016
Deferred organization costs	3,020	3,021
Unrealized foreign exchange loss	35,527	-
Goodwill amortization	(46,276)	(54,174)
Investment income under the equity method	81,029	-
Deferred loan fees	(173,779)	(173,277)
Provision for credit and trading losses	202,820	253,837
Depreciation expenses beyond tax limits	(36,533)	-
Effect upon adoption of the linked-tax system	(45,030)	-
Allowance for deferred income tax assets	(318,495)	(66,282)
Other	117,943	55,535
	<u>597,827</u>	<u>464,603</u>
Deferred income tax assets	<u>\$ 597,827</u>	<u>\$ 464,603</u>

	For the Years Ended	
	December 31	
	2005	2005
Premium from issuance of warrants	\$ (79,049)	\$ (149,068)
Deferred organization costs	-	2,265
Allowance for bad debts beyond limits	27,670	24,010
Euro-convertible bonds interest premium	-	207,125
Unrealized revaluation losses on derivative financial instruments	(6,085)	(9,595)
Unrealized loss	5,759	13,395
Unamortized employees' benefit	99	445
Unrealized foreign exchange loss	83,669	(43,509)
Loss carryforward	-	76,621
Investment income under the equity method	(787,109)	(779,701)
Pension expenses beyond tax limits	(21,647)	(23,948)
Provision for reserve for default accounts	59,011	55,449
Provision for reserve for trading losses	195	-
Other	(46,555)	(46,555)
Effect upon adoption of the linked-tax system	-	(45,030)
Allowance for deferred income tax assets	(249)	(238,716)
	<u>\$ (764,291)</u>	<u>\$ (956,812)</u>

- d. SPH adopted the linked tax system for income tax of 2003 and unappropriated earnings tax of 2002 filing with its subsidiaries, including Bank SinoPac, SinoPac Securities and SinoPac Call Center Co., Ltd. As of December 31, 2005 and 2004, the receivables of SinoPac Holding resulting from the linked tax system to its subsidiaries were \$526,337 and \$1,045,916, respectively. As of December 31, 2005 and 2004 the payables of SinoPac Holding resulting from the linked tax system to its subsidiaries were \$31,844 and \$20,299, respectively.

- e. Imputed tax credit information is as follows:

	December 31	
	2005	2004
<u>Balances of ICA</u>		
SPH	\$ 1,244	\$ 4,429
Bank SinoPac	139,615	95,182
IBT	79,602	194,404
SinoPac Securities	29,692	24,263
SinoPac Life Insurance Agent	4,104	33,827
SinoPac Property Insurance Agent	0,087	461
IBT Life Insurance Agent	55,405	20,090
IBT Property Insurance Agent	1,030	768
SinoPac Futures	60,036	25,861
SinoPac Leasing	60	17
AnShin Card Services	25,714	-
SinoPac Securities Investment Trust	5,409	4,963
SinoPac Capital Management	5,271	5,271
Wal Tech International	1,181	1,177
Intellisys Corp.	1,674	1,659
SinoPac Venture Capital	7,169	4,140
	2005	2004
	(Estimate)	(Actual)
<u>The creditable tax ratios for earnings</u>		
SPH	21.4300%	15.8900%
Bank SinoPac	8.4200%	4.9957%
IBT	18.0500%	29.7600%
SinoPac Securities	2.0700%	4.2900%
SinoPac Life Insurance Agent	3.4600%	33.4400%
SinoPac Property Insurance Agent	0.0008%	8.2900%
IBT Life Insurance Agent	25.5700%	13.3100%
IBT Property Insurance Agent	10.3500%	33.0200%
SinoPac Futures	33.3300%	22.1000%
SinoPac Leasing	-	0.0175%
SinoPac Securities Investment Trust	-	-
SinoPac Venture Capital	33.3300%	-

All of the unappropriated retained earnings for the aforesaid companies as of December 31, 2005 and 2004 did not consist of earnings which were generated before January 1, 1998.

For the year ended 2005, AnShin Card Services have no distributable earnings due to the deficit, and the tax credit will be used to compute the creditable tax ratios in the following years.

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

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

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

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

- h. For IBT, IBT Life Insurance Agent Co., Ltd. and IBT Property Insurance Agent, income tax returns through 2003, 2003 and 2002, respectively, had been examined by the tax authorities.

For the income tax returns for 1995 to 2001, the tax authorities denied the creditability of 10% withholding tax on interest income on bonds amounting to \$173,382 thousand in 2001, which pertained to the period those bonds were held by other investors. IBT accrued this liability and appealed the decision of the tax authorities.

In 2003, IBT reached an agreement with the Taipei National Tax Administration (TNTA) on the above appealing cases, in which TNTA would refund 65% of the withholding tax denied on the interest income on bonds to IBT. The income tax return for 2003 and 2002 had been examined by the tax authorities according to the aforementioned refund percentage. Consequently, IBT accrued 35% of the withholding tax denied on the interest income on bonds as income tax expenses for 2005 and 2004, which were not refunded by tax authorities.

- i. For SinoPac Securities, the income tax returns through 2002, excluding 2001, had been examined by the tax authorities. The tax authorities disallowed deduction against the SinoPac Securities' income tax obligations from 1994 to 2000 and 2002 on items such as operating expenses and interest expenses on dealing department and assessment of warrants. SinoPac Securities had filed an appeal for reconsideration of the assessments for the income tax returns from 1994 to 2000 and 2002. However, SinoPac Securities accrued probable amounts assessed by the tax authorities as additional income tax expenses and income tax payable amounted to \$512,190.

The income tax returns of SinoPac Securities through 2002 had been examined by the tax authorities. The tax authorities disallowed deduction against of SPS income tax obligations for 2002 on assessment of warrants. SinoPac Securities filed an appeal for reconsideration of the assessments. SinoPac Securities, however, accrued all amounts assessed by the tax authorities as additional income tax expense and income tax payable amounted to \$47,355.

- j. The income tax returns of SinoPac Futures through 2002 had been examined by the tax authorities.
- k. The income tax returns of SinoPac Asset Management through 2002 had been examined by the tax authorities. The income tax filings of NITC Asset Management, which was merged into SinoPac Asset Management, had been examined through 2001 by the tax authorities, excluding the 2000 unappropriated earnings tax.
- l. For AnShin Card Services, the income tax returns through 2003 had been examined by the tax authorities. According to the ROC Income Tax Law, assessed losses can be carried forward the following five years and used to deduct taxable income. As of December 31, 2005, AnShin Card Services' loss carryforward were as follows:

Year Occurred	Expiration Year	Amount
2001 (examined)	2006	\$ 324,753
2002 (examined)	2007	<u>514,371</u>
		<u>\$ 839,124</u>

- m. For SinoPac Venture, SinoPac Property Insurance Agent, SinoPac Leasing, and SinoPac Securities Investment Trust, the income tax returns had been examined by the tax authorities through 2003.
- n. For SinoPac Life Insurance Agent, the income tax returns had been examined by the tax authorities through 2002.

34. EARNINGS PER SHARE

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

	Numerator (Amounts)		Denominator (Shares in Thousands)	EPS (NT\$)	
	Pretax	After Tax		Pretax	After Tax
<u>For the year ended December 31, 2005</u>					
Basic EPS - belong to parent company	\$ 7,778,186	\$ 5,787,017	7,032,368	<u>\$ 1.11</u>	<u>\$ 0.82</u>
Influence on diluted common shares:					
Employee stock option certificates	-	-	54,304		
Euro-convertible bonds	<u>193,823</u>	<u>187,663</u>	<u>552,449</u>		
Diluted EPS	<u>\$ 7,972,009</u>	<u>\$ 5,974,680</u>	<u>7,639,121</u>	<u>\$ 1.04</u>	<u>\$ 0.78</u>
<u>For the year ended December 31, 2004</u> <u>(restated)</u>					
Basic EPS - belong to parent company	\$ 10,593,440	\$ 7,904,299	6,758,108	<u>\$ 1.57</u>	<u>\$ 1.17</u>
Influence on diluted common shares:					
Employee stock option certificates	-	-	61,750		
Euro-convertible bonds	<u>345,650</u>	<u>345,136</u>	<u>528,371</u>		
Diluted EPS	<u>\$ 10,939,090</u>	<u>\$ 8,249,435</u>	<u>7,348,229</u>	<u>\$ 1.49</u>	<u>\$ 1.12</u>

The pro forma information assuming SPH's shares holding by the subsidiaries wouldn't regard as treasury stocks were summarized as follows:

	Numerator (Amounts)		Denominator (Shares in Thousands)	EPS (NTS)	
	Pretax	After Tax		Pretax	After Tax
For the year ended December 31, 2005					
Basic EPS - belong to parent company	\$ 7,453,989	\$ 5,460,735	7,133,356	\$ 1.04	\$ 0.77
Influence on diluted common shares:					
Employee stock option certificates	-	-	54,304		
Euro-convertible bonds	193,823	187,663	552,449		
Diluted EPS	\$ 7,647,812	\$ 5,648,398	7,740,109	\$ 0.99	\$ 0.73
For the year ended December 31, 2004 (restated)					
Basic EPS - belong to parent company	\$ 11,018,301	\$ 8,329,160	6,970,565	\$ 1.58	\$ 1.19
Influence on diluted common shares:					
Employee stock option certificates	-	-	61,750		
Euro-convertible bonds	345,650	345,136	528,371		
Diluted EPS	\$ 11,363,951	\$ 8,674,296	7,560,686	\$ 1.50	\$ 1.15

35. RELATED-PARTY TRANSACTIONS

Excluded the other notes disclosure of financial statement, relationships with the Company and significant transactions between the Company and related parties were summarized as follows:

Name	Relationship with the Company
SinoPac Marketing Consulting Co., Ltd. (SinoPac Marketing Consulting)	Subsidiary of SPH
SinoPac Asset Management International (SinoPac Asset Management)	Subsidiary of SPH
SinoPac Call Center Co., Ltd. (SinoPac Call Center)	Subsidiary of SPH
Hong Yue Investment Co., Ltd. (Hong Yue Investment)	Supervisor of SPH
Ruentex Interior Design Inc. (Ruentex Interior Design)	Related party in substance (Ruentex Interior Design Inc. was not a related party since the third quarter in 2004)
Li-Seng Develop Company (Li-Seng Develop)	Investee accounted for by the cost method
China Television Co., Ltd. (China Television)	Bank SinoPac is a director of China Television (Bank SinoPac resigned on November 2004)
Fortune Investment Co., Ltd. (Fortune Investment)	The supervisor of SPH and the director of Bank SinoPac
Ruentex Development Co., Ltd. (Ruentex Development)	Related party in substance of Bank SinoPac
National Electric Appliance Co., Ltd. (National Electric Appliance)	Same chairperson with SPH (the chairperson resigned on May 2005)
Other	Bank SinoPac's and IBT's directors, supervisors, managers and their relatives, department chiefs, the investees accounted for by the equity method, etc.
Other	Related parties under the control of the Company but with no significant transactions with the Company (please see Table 5).

a. Credit extended and deposits taken and placed

	December 31, 2005		For the Year Ended December 31, 2005 Interest Rate (%)
	Amount	% of Account Balance	
Loans and discounts	\$ 1,540,048	0.24	1.30%-12.85%
Deposits	4,424,636	0.77	0%-13%
December 31, 2004			
	Amount	% of Account Balance	For the Year Ended December 31, 2004 Interest Rate (%)
Loans and discounts	\$ 1,610,817	0.28	1.31%-12.30%
Deposits	2,487,504	0.36	0%-13%

b. Lease

1) As a lessee

SPH leased certain office premises from National Electric Appliance for a period from May 2002 to December 2005. However, both parties agreed to terminate the contract on June 1, 2005. Rentals were paid annually at the beginning of each year. Rentals paid for the years ended December 31, 2005 and 2004 were \$937 and \$2,254, respectively. Prepaid rental for the year ended December 31, 2004 was \$797.

SPH leased certain apartments as employees' dormitory from Hong Yue Investment Co., Ltd. for a period from May 2002 to May 2005 with monthly rental payments. Rentals paid for the years ended December 31, 2005 and 2004 were \$1,469 and \$3,525, respectively.

Bank SinoPac leased certain office premises from China Television and Ruentex Development for periods ending July 2005 and September 2010, respectively, with rentals paid monthly. Rentals paid to the aforementioned related parties for the years ended December 31, 2005 and 2004 were \$8,647 and \$13,516, respectively.

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

2) As a lessor

Bank SinoPac leased certain office premises to SinoPac Marketing Consulting, SinoPac Call Center and SinoPac Asset Management for periods ending in May 2007, October 2006 and June 2010, respectively, with rentals received monthly. Rentals received for the years ended December 31, 2005 and 2004 were \$4,825 and \$4,547, respectively.

c. Guarantees and securities purchased

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

	December 31	
	2005	2004
Properties - carrying amount	\$ 40,064	\$ 40,064
Stock - market value	8,253	8,010

d. Professional service fees and advisory charges

Bank SinoPac had entered into several professional advisory contracts with its investees. The professional advisory charges paid for the years ended December 31, 2005 and 2004 amounted to \$127,327 and \$231,020, respectively.

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

SinoPac Securities had offered brokerage and underwriting services (stock affairs agent fees) to its affiliates. The commissions and fees received for the years ended December 31, 2005 and 2004 amounted to \$6,714 and \$8,302, respectively.

AnShin Card Services entered into a contract with SinoPac Call Center for customer call and data processing services since June 2003. For the years ended December 31, 2005 and 2004, the professional service charges paid was \$115,643 and \$96,963, respectively, of which \$8,261 and \$11,017, remained unpaid as of December 31, 2005 and 2004, respectively.

AnShin Card Services retained SinoPac Marketing Consulting to provide credit card distribution services. For the years ended December 31, 2005 and 2004, the distribution channel expenses was \$14 and \$1,822, respectively.

SinoPac Futures received guarantee deposits and margins from its related parties on futures contract. The deposits are placed within a bank. The amounts for "accounts receivable futures guarantee deposits" included in other assets and "customers' equity accounts-futures" included in other liabilities as of December 31, 2005 and 2004 were \$800,540 and \$443,389, respectively.

e. Due from affiliates

For SPH, the receivables, as of December 31, 2005 and 2004, resulting from the linked-tax system to its subsidiaries was \$526,337 and \$1,045,916, respectively. As of December 31, 2005 and 2004, the receivable from SinoPac Asset Management were both \$120.

f. Short-term bonds transactions

Short-term bonds sold under agreements to repurchase transactions between Bank SinoPac and IBT and related parties for the years ended December 31, 2005 and 2004 were as follows:

	Face Amount		Cost	
	December 31		December 31	
	2005	2004	2005	2004
Short-term bonds sold under agreements to repurchase	\$ 564,200	\$ 117,200	\$ 580,713	\$ 125,956

Short-term bonds sold under agreements to repurchase transactions between SinoPac Securities and related parties for the years ended December 31, 2005 and 2004 were as follows:

	Balance as of December 31		Interest Expense for the Year Ended December 31
	Face Amount	Cost	
2005			
Hong Yue Investment	\$ 28,200	\$ 29,831	\$ 37
Hong Yue Finance	7,500	8,044	67
National Electric Appliance	-	-	32
	<u>\$ 35,700</u>	<u>\$ 37,875</u>	<u>\$ 136</u>
2004			
National Electric Appliance	\$ 51,400	\$ 56,003	\$ 80
Hong Yue Finance	15,000	16,205	7
	<u>\$ 66,400</u>	<u>\$ 72,208</u>	<u>\$ 87</u>

36. PLEDGED OR MORTGAGED ASSETS

Assets pledged to financial institutions as guarantees for commercial paper issued, short-term and long-term borrowings and bank overdraft, and to the tax authorities as guarantees on petitions for tax reassessment filed by SinoPac Securities and its subsidiaries as of December 31, 2005 and 2004, are summarized as follows:

	December 31	
	2005	2004
Pledged time deposits (included in other assets)	\$ 1,593,017	\$ 2,317,610
Properties, net	589,373	592,024
Properties held for lease, net (included in other assets)	278,480	280,807
Operating securities - commercial paper	-	-
	<u>\$ 2,460,870</u>	<u>\$ 3,190,441</u>

As of December 31, 2005, AnShin Card Service provided cash amounting to \$138,640 and as of the December 31, 2004, AnShin Card Service provided cash, time deposits and bonds amounting to \$108,780, \$28,780 and \$80,000, respectively, as refundable deposits for merchant payment in accordance with the Rules Governing Deposits with National Credit Card Center for merchant payment.

37. CONTINGENCIES AND COMMITMENTS

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

a. Lease contracts

Under different operating lease agreements, the Company leased certain office premises for periods ranging from one month to 14 years and ten months, with rentals paid monthly, quarterly or semiannually. Rentals for the next five years are as follows:

Year	Amount
2006	\$ 584,691
2007	427,556
2008	296,952
2009	210,239
2010	110,567

Rentals for the years beyond 2011 amounted to \$618,667, the present value of which is about \$451,976, as discounted at the one-year time deposit rate in either Bank SinoPac and IBT of 1.99% or FENB of 3.6%.

b. Equipment purchase contracts

Bank SinoPac has entered into contracts to purchase computer hardware and software for \$87,459, of which \$55,477 has been paid as of December 31, 2005.

c. Interior decoration contract

Bank SinoPac had entered into interior decoration contracts for \$35,412, of which \$31,216 had been paid as of December 31, 2005.

d. For Bank SinoPac and its subsidiaries, short-term bills and bonds with total face amount of \$8,851,528 were sold under agreements to repurchase at \$9,462,770 between January 2006 and March 2006.

e. For Bank SinoPac and its subsidiaries, short-term bills and bonds with total face amount of \$7,694,010 were purchased under agreement to resell at \$8,147,866 in January 2006.

f. The Securities and Futures Investors Protection Center (SFIPC) is believed by investors to be filing a lawsuit against Bank SinoPac in the ground that Procomp Informatics Ltd. provided US\$10 million deposit with Bank SinoPac's Sungshan Branch and limited the usage as a condition for short-term loan to Addie International Limited granted by SPL and 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 \$4,467,129. As a matter of fact, Bank SinoPac was authorized to engage in financing activities and did not help Procomp Informatics Ltd. to window dress the financial statements. According to Bank SinoPac attorney's opinion, the claims from SFIPC is without sufficient reason and Bank SinoPac does not need to compensate the investors for the damage.

g. In October 2003, IBT became a defendant in a civil lawsuit filed with the District Court of Shilin, Taipei. Involved in this lawsuit was one of its former branch officers, who allegedly participated in fraud leading to the loss of deposits of one of its customers. The amount of the claim against IBT is approximately NT\$200 million. IBT is currently contesting the claim and has made a counter-claim against the plaintiff for contributory negligence. If IBT is found liable, IBT believes the convicted individual's funds under attachment, as well as its insurance for employee misconduct, would cover a substantial part of the claim. IBT believes this litigation will not materially affect its business and operations.

h. On behalf of the investors of Cheng-Yi Food Co. (CYF) with respect to its initial public offering (IPO), the Securities and Futures Institute (SFI) filed a civil case against CYF and the major and sub-underwriters (SinoPac Securities being a sub-underwriter in the IPO) of CYF. The damages claimed by SFI amounted to \$71,018 plus 5% interest. SinoPac Securities' legal counsel believes that SinoPac Securities cannot be held liable for damages incurred by the investors since its role as sub-underwriter to the CYF IPO is limited only to the distribution of CYF shares and it did not advised CYF on matters related to the IPO.

i. 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, the supreme court determined that the case be returned to the high court to rejudge. The high court determined that SinoPac Securities should assume the related liability of \$22,422 plus 5% interest and pay compensation. In the opinion of SinoPac Securities' management and legal counsel, clarification should be made that the damage claimed by Mr. Chang was not connected to SinoPac Securities' brokerage affairs because Mr. Chang had authorized Mr. Lin to deal with money remittance for stock payment for a long time. In addition, SinoPac Securities claimed that Mr. Chang is also contributory negligence. Nevertheless, on the basis of the conservative principle, SinoPac Securities estimated a probable loss \$23,000, recorded as other payables in the financial statements.

- j. For SinoPac Securities and its subsidiaries, the operating lease agreements with terms of 1 year to 15 years on the lease of the head office and branch premises are renewable within six months before expiry. The deposits for these leases amounted to \$72,219 thousand (Note 11) and were shown under refundable deposits. Deposits will be refunded without interest when the leases expire. Rents for the next five years are as follows:

Period	Rent Payable	Payment Frequency
2006	\$ 172,684	Monthly or quarterly
2007	126,430	Monthly or quarterly
2008	70,539	Monthly or quarterly
2009	40,362	Monthly or quarterly
2010	166,073	Monthly or quarterly

- k. AnShin Card Services applied for syndicated loans, which require the ratio of the stockholders' equity (the stockholders' equity/total assets) not to fall below 8% during the effective period of the loan contracts. Also, SPH's investment in AnShin Card Services cannot be lower than 51% of the total amount of the common stocks issued, and the number of seats in the board of directors of AnShin Card Services should be more than half of the total seats (please see Note 25).

l. Significant contingencies and commitments of subsidiaries

1) SinoPac Marketing Consulting

SinoPac Marketing Consulting leased certain office premises for the period until October 31, 2008, with rentals paid monthly. Rentals for the future are as follows:

Year	Amount
2006	\$ 2,993
2007	1,675
2008	600

2) SinoPac Asset Management International

SinoPac Asset Management International leased certain office premises for the period until June 30, 2010, with rentals paid quarterly. Rentals for the future are as follows:

Year	Amount
2006	\$ 726
2007	726
2008	726
2009	726
2010	363

3) SinoPac Call Center

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

Year	Amount
2006	\$ 2,363

- b) Equipment purchase contracts

SinoPac Call Center had entered into contracts to buy computer software for \$5,714, of which \$3,314 has been paid as of December 31, 2005.

38. SALES OF ACCOUNTS RECEIVABLE

AnShin Card Services entered into a revolving agreement with ABN AMRO Bank in April 2003 to sell its credit card receivables on a revolving basis within three years. According to the agreement, ABN AMRO Bank withheld 15 percent of credit card receivables that AnShin Card Services sold. AnShin Card revolving sells its credit card receivable at an aggregate amount equivalent to the reimbursed amount to ABN AMRO Bank monthly. Each month, AnShin Card Services settled these accounts with ABN and disclosed the amount as account receivable which equals to the withheld amount deducts the difference between proceeds from sale of accounts receivable and related carrying values. The available limit for the account receivable, which is uncollected amount minus the withheld amount, is \$4,000,000, and the limit can be increased to \$6,000,000 in two years. As of December 31, 2005 and 2004, the limit being used is \$6,000,000, respectively.

AnShin Card Services provided \$88,210 as a reserve for the credit card receivable sale project, promised all sold credit card receivables to be conformed to certain qualified condition, and undertook that the sold account receivable to be maintained at certain asset quality level (such as restrictions on allowance for bad debts and overdue loan ratios) as of December 31, 2005 and 2004 according to the agreement.

As of December 31, 2005 and 2004, the aggregate amount of credit card receivables sold amounted to \$1,061,492 and \$1,109,253, which are classified to the other financial assets - current. The loss on sale of accounts receivable for years ended December 31, 2005 and 2004 includes the present value which is the difference between the selling price and book value of accounts receivables and the amortization of the services fee, which are \$141,865, \$16,307, \$115,223 and \$15,032, respectively. Those expenses above are classified to the operation cost.

AnShin Card Services also entered into accounts management and collection services agreements with ABN AMRO Bank. Accordingly, AnShin Card Services collected the sold credit card receivables on behalf of ABN AMRO Bank, and then paid to ABN AMRO Bank. AnShin Card Services charged and received the commission fees for collection on a monthly basis. The service revenue and the service cost were expected to be equal and thereby neither related service assets nor liabilities were recognized by AnShin Card Services. The accounts management and collection services income for the years ended December 31, 2005 and 2004, both amounted to \$1,143. AnShin Card Services expects the service revenue will be equal to the compensation for executing the service, there's no service assets or liability to be recognized.

The related cash flows generated from sales of accounts receivable for the years ended December 31, 2005 and 2004 were as follows:

	For the Years Ended	
	December 31	
	2005	2004
Initial sale of accounts receivable in this period - carrying value	\$ -	\$ 2,354,000
Accumulated amounts of recurring sale of accounts receivable in this period - carrying value	20,714,828	21,398,247
Add: Receivable from sale of accounts receivable, beginning of the year	1,109,253	766,757
Less: Receivable from sale of accounts receivable, end of the year	(1,061,492)	(1,109,253)
Loss on sale of accounts receivable	(158,172)	(130,255)
Proceeds from sale of accounts receivable	<u>\$ 20,604,417</u>	<u>\$ 23,279,496</u>
Management and collection services charges received	<u>\$ 1,143</u>	<u>\$ 1,143</u>

39. CAPITAL ADEQUACY RATIO

Under the Financial Holding Company Act and related regulations, a financial holding company should maintain a consolidated capital adequacy ratio (CAR) of at least 100%. Thus, if a financial holding company's consolidated CAR falls below 100%, the authorities may prohibit it from declaring cash dividends or distributing other properties. In certain conditions, the authorities may impose other penalties on the company. As of December 31, 2005 and 2004, consolidated CARs of SPH were 144% and 128%, respectively.

The Banking Law and related regulations require Bank SinoPac to maintain a CAR of at least 8%. If a bank's CAR falls below 8%, the authorities may impose certain restrictions on the cash dividends that the bank can declare or, in certain conditions, prohibit it from declaring any cash dividend. As of December 31, 2005 and 2004, Bank SinoPac's standalone CARs were 13.01% and 12.64%, respectively, and the consolidated CARs were 10.94% and 11.25%, respectively.

The Banking Law and related regulations require that IBT maintain its stand-alone and consolidated capital adequacy ratio (CAR) at a minimum of 8% each. Thus, if IBT's CAR falls below 8%, the Ministry of Finance may impose certain restrictions on the level of cash dividends that IBT may declare or, in certain conditions, totally prohibit IBT from declaring cash dividends. As of December 31, 2005 and 2004, IBT's stand-alone CARs were 12.10% and 13.30%, respectively, and its consolidated CARs were 12.18% and 13.37%, respectively.

The Rules Governing Securities Firms require a securities company to maintain a CAR of at least 150%. If a securities company's CAR falls below 150%, the authorities may impose certain restrictions on the company's operations. As of December 31, 2005 and 2004, SinoPac Securities' CARs were 366% and 391%, respectively.

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

a. The dealing of futures

SinoPac Securities and its subsidiaries SinoPac Futures and SinoPac Asia Limited pays margin deposits when entering into futures contracts. SinoPac Securities also pays the margin deposits for short options contracts. The margin account of SinoPac Securities is re-evaluated on the basis of the market prices of the outstanding futures and options contracts. If the margin is less than the maintenance level, SinoPac Securities and its subsidiaries should either deposit additional margin or make a pre-settlement to recognize the loss.

For SinoPac Securities and its subsidiaries, there were 450 and 77 futures contracts outstanding as of December 31, 2005 and 2004, respectively; and 7,095 and 210 options contracts outstanding as of December 31, 2005 and 2004, respectively. Guarantee deposits paid amounted to \$473,542 and \$447,068 as of December 31, 2005 and 2004, respectively.

b. The brokerage of futures

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

As of December 31, 2005 and 2004, the outstanding future and options held by customers of SinoPac Futures were as follows:

	December 31	
	2005	2004
Futures - carrying value	\$ 8,252,551	\$ 4,469,558
- unrealized gain on open contracts	11,410	16,794
Options - market value of long options	79,051	62,630
- market value of short options	18,395	8,357
Customer margin account	4,065,100	4,585,561

c. Futures management

The term "discretionary futures trading" means a managed futures enterprise accepting commissions from specified persons, performing analyses and making judgments with regard to futures trading, and on the basis of those analyses and judgments, and executing futures trading operations on behalf of, and with trading funds consigned by the principal. Before engaging in consignments with SinoPac Managed Futures Co. for discretionary futures trading, principals shall note the characteristics of futures transaction - low margin and high finance-leverage. Due to the characteristics, principals could earn high profits or suffer serious losses. Therefore, principals shall take their abilities to involve in the transaction into consideration. Discretionary futures trading is not transaction without risk and SinoPac Managed Futures Co. will not guarantee the minimum profitability according to the past trading performance. Excepting for carrying out confidentiality obligations and the duty of care of a good custodian, SinoPac Managed Futures Co. shall not be responsible for the profit or loss from executing discretionary futures trading and make guarantees of profitability to a principal.

- d. As of December 31, 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	December 31				Benchmark
	2005		2004		
	Equation	Ratios (%)	Equation	Ratios (%)	
1) $\frac{\text{Equities}}{\text{Total liabilities deducted futures client equity, default reserve, and futures trading loss reserve}}$	$\frac{\$1,354,598}{\$117,430}$	= 1,154	$\frac{\$1,286,980}{\$117,743}$	= 1,093	$\geq 100\%$
2) $\frac{\text{Current assets}}{\text{Current liabilities}}$	$\frac{\$5,570,670}{\$4,517,144}$	= 123	$\frac{\$5,894,236}{\$4,990,701}$	= 118	$\geq 100\%$
3) $\frac{\text{Equities}}{\text{Capital stock}}$	$\frac{\$1,354,598}{\$615,000}$	= 220	$\frac{\$1,286,980}{\$600,000}$	= 214	$\geq 60\%$ $\geq 40\%$
4) $\frac{\text{Adjusted net capital}}{\text{Client and proprietary account}}$	$\frac{\$1,169,451}{\$1,268,951}$	= 92	$\frac{\$965,856}{\$893,510}$	= 108	$\geq 20\%$ $\geq 15\%$

- e. SinoPac Managed Future Co. engaged in discretionary investment services, the multiple of amount of discretionary investment account dividend by stockholder's equity is conformity with Regulations Governing Managed Futures Enterprises and is summarized as follows:

Calculation Formula	December 31				Benchmark
	2005		2004		
	Equation	Multiple	Equation	Multiple	
$\frac{\text{Amount of discretionary investment account}}{\text{Stockholder's equity}}$	$\frac{\$34,500}{\$187,752}$	= 0.18	$\frac{\$43,000}{\$194,722}$	= 0.22	≤ 10.00

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

Information regarding the credit extensions, guarantees or other transactions engaged by the Company and its subsidiaries to the same person, the same related person or the same affiliate as of December 31, 2005 was summarized as follows:

Name	(In Thousands of New Taiwan Dollars, %) December 31, 2005	
	Aggregate Amount of Credit Extensions, Guarantees or Other Transactions	% of Financial Holding Company's Net Worth
To the same person:		
Client A	\$ 25,121,360	27.70%
Client B	11,629,615	12.82%
Client C	11,000,000	12.13%
Client D	7,714,942	8.51%
Client E	7,062,932	7.79%
Client F	5,916,932	6.52%
Client G	5,000,000	5.51%
Client H	3,628,577	4.00%
Client I	3,207,045	3.54%
To the same affiliate:		
Cathay Financial Holdings and its affiliates	25,479,788	28.09%
Shin Kong Financial Holding Co., Ltd. and its affiliates	11,650,039	12.84%
Taipeifubon Commercial Bank Co., Ltd. and its affiliates	9,437,699	10.40%
Chung Hsing Bills Finance Corporation and its affiliates	8,028,250	8.85%
Formosa Petrochemical Corporation and its affiliates	5,751,487	6.35%
Chinese Trust Bills Finance Corporation and its affiliates	3,903,638	4.29%
Fu Hwa Financial Holding Co., Ltd. and its affiliates	3,244,014	3.57%

Pursuant to Article 46 of Financial Holding Company Act, the above information announced by the Company was summarized and calculated by the relevant accounts or transaction balances as of December 31, 2005 provided by the Company and its subsidiaries.

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

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

	For the Years Ended December 31			
	2005		2004	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
<u>Interest-earning assets</u>				
Due from other banks	\$ 5,116,202	3.10	\$ 4,627,020	1.03
Call loans (placement)	38,730,745	2.66	12,399,828	1.63
Due from the Central Bank	7,540,379	1.50	7,417,488	1.56
Securities purchased	76,654,878	1.65	123,369,807	1.44
Securities purchased under agreements to resell	20,185,592	1.51	11,464,467	1.15
Loans, discounts and bills purchased	312,497,395	3.90	282,081,089	3.61
Accounts receivable factoring	11,499,315	4.40	12,467,985	3.84
Other long-term investments	12,717,435	2.95	9,899,081	2.60
<u>Interest-bearing liabilities</u>				
Due to banks	5,488,420	1.43	5,927,418	1.49
Call loans (taken)	32,900,616	2.74	40,230,715	1.32
Demand deposits	64,987,597	1.41	91,873,698	0.58
Savings - demand deposits	76,159,873	0.49	71,878,779	0.49
Time deposits	142,811,354	2.15	124,835,619	1.25
Savings - time deposits	69,976,912	1.63	62,923,792	1.51
Negotiable certificates of deposit	28,527,012	1.26	27,718,490	1.01
Securities sold under agreements to repurchase	13,465,088	1.27	12,344,902	1.01
Bank debentures	33,448,914	1.91	28,724,383	2.69

Average balance is calculated at the daily average balance of IBT's interest-earning assets and interest-bearing liabilities.

	December 31			
	2005		2004	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
<u>Interest-earning assets</u>				
Due from banks	\$ 2,020,376	1.39	\$ 1,551,130	0.55
Call loans to banks	14,837,610	2.92	18,741,247	1.56
Due from the Central Bank of China	11,877,966	1.06	11,944,386	1.10
Short-term bills purchased under agreements to resell	3,862,586	1.32	2,885,916	1.15
Securities purchased	75,717,894	1.73	83,185,522	1.73
Loans, discounts and bills purchased	285,637,329	3.55	256,207,697	3.11
Other long-term investments	326,470	2.06	9,016	-
<u>Interest-bearing liabilities</u>				
Short-term bills and bonds sold under agreement to repurchase	20,131,447	1.17	15,997,451	0.87
Due to banks	16,649,618	1.66	10,394,670	1.04
Demand deposits	42,980,806	0.34	39,988,873	0.15
Savings deposits	76,354,184	0.63	70,895,710	0.63
Time deposits	49,441,062	1.78	49,947,098	1.06
Time-savings deposits	118,651,560	1.61	119,711,435	1.46
Negotiable certificates of deposit	28,896,881	1.25	18,643,917	0.99
Due to the Central Bank and other banks	16,562,815	2.95	31,224,693	1.41
Other liabilities - appropriated loan funds	374,153	0.75	346,080	1.06

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

43. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

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

Maturity analysis of Bank SinoPac and its subsidiaries FENB:

	December 31, 2005			
	Due in One Year	Due Between One Year and Five Years	Due After Five Years	Total
<u>Assets</u>				
Cash and cash equivalents	\$ 9,412,415	\$ -	\$ -	\$ 9,412,415
Due from the Central Bank and other banks	76,475,234	-	-	76,475,234
Securities purchased	86,413,047	-	-	86,413,047
Receivables	26,989,967	-	-	26,989,967
Securities purchased under agreements to resell	8,143,070	-	-	8,143,070
Loans, discounts and bills purchased (excluding nonperforming loans)	104,356,331	47,766,590	186,464,740	338,587,661
Other long-term investments	8,349,793	1,094,300	-	9,444,093
	<u>\$ 320,139,857</u>	<u>\$ 48,860,890</u>	<u>\$ 186,464,740</u>	<u>\$ 555,465,487</u>

	December 31, 2005			
	Due in One Year	Due Between One Year and Five Years	Due After Five Years	Total
Liabilities				
Call loans and due to banks	\$ 37,077,346	\$ -	\$ -	\$ 37,077,346
Securities sold under agreements to repurchase	9,440,268	-	-	9,440,268
Payables	16,576,500	-	-	16,576,500
Deposits and remittances	423,877,101	17,239,232	-	441,116,333
Bank debentures	5,492,750	26,800,000	4,000,000	36,292,750
	<u>\$ 492,463,965</u>	<u>\$ 44,039,232</u>	<u>\$ 4,000,000</u>	<u>\$ 540,503,197</u>

	December 31, 2004			
	Due in One Year	Due Between One Year and Five Years	Due After Five Years	Total
Assets				
Cash and cash equivalents	\$ 9,247,320	\$ -	\$ -	\$ 9,247,320
Due from the Central Bank and other banks	35,964,349	-	-	35,964,349
Securities purchased	95,918,174	-	-	95,918,174
Receivables	32,289,314	-	-	32,289,314
Securities purchased under agreements to resell	19,423,913	-	-	19,423,913
Loans, discounts and bills purchased	95,767,251	43,358,785	158,295,624	297,421,660
Other long-term investments	7,205,671	1,014,300	-	8,219,971
	<u>\$ 295,815,992</u>	<u>\$ 44,373,085</u>	<u>\$ 158,295,624</u>	<u>\$ 498,484,701</u>

Liabilities				
Call loans and due to banks	\$ 43,190,326	\$ -	\$ -	\$ 43,190,326
Securities sold under agreements to repurchase	18,274,840	-	-	18,274,840
Payables	20,468,099	-	-	20,468,099
Deposits and remittances	362,366,191	9,746,828	-	372,113,019
Bank debentures	-	23,900,000	9,378,755	33,278,755
	<u>\$ 444,299,456</u>	<u>\$ 33,646,828</u>	<u>\$ 9,378,755</u>	<u>\$ 487,325,039</u>

Maturity analysis of IBT:

	December 31, 2005			
	Due in One Year	Due Between after One Year and Seven Years	Due after Seven Years	Total
Assets				
Cash and cash equivalents	\$ 11,431,443	\$ -	\$ -	\$ 11,431,443
Due from the Central Bank and other banks	24,225,015	-	-	24,225,015
Securities purchased	67,825,083	-	-	67,825,083
Receivables	13,214,458	-	-	13,214,458
Short-term bills purchased under agreement to resell	3,881,120	-	-	3,881,120
Loans, discounts and bills purchased	99,988,016	103,386,830	104,213,893	307,588,739
Other long-term investments	85,748	346,058	-	431,806
	<u>\$ 220,650,883</u>	<u>\$ 103,732,888</u>	<u>\$ 104,213,893</u>	<u>\$ 428,597,664</u>

Liabilities				
Short-term bills and bonds sold under agreement to repurchase	\$ 16,675,616	\$ -	\$ -	\$ 16,675,616
Due to banks	22,059,589	-	-	22,059,589
Payables	10,681,576	-	-	10,681,576
Deposits and remittances	329,171,016	6,589,985	-	335,761,001
Due to the Central Bank and other banks	4,588,454	-	-	4,588,454
Bonds payable	5,849,080	-	-	5,849,080
	<u>\$ 389,025,331</u>	<u>\$ 6,589,985</u>	<u>\$ -</u>	<u>\$ 395,615,316</u>

December 31, 2004				
	Due in One Year	Due Between after One Year and Seven Years	Due after Seven Years	Total
<u>Assets</u>				
Cash and cash equivalents	\$ 7,204,244	\$ -	\$ -	\$ 7,204,244
Due from the Central Bank and other banks	20,267,916	-	-	20,267,916
Securities purchased	87,513,709	-	-	87,513,709
Receivables	12,128,791	-	-	12,128,791
Short-term bills purchased under agreement to resell	2,203,684	-	-	2,203,684
Loans, discounts and bills purchased	96,138,133	87,163,100	91,369,688	274,670,921
Other long-term investments	-	300,000	-	300,000
	<u>\$ 225,456,477</u>	<u>\$ 87,463,100</u>	<u>\$ 91,369,688</u>	<u>\$ 404,289,265</u>
<u>Liabilities</u>				
Short-term bills and bonds sold under agreement to repurchase	\$ 20,267,739	\$ -	\$ -	\$ 20,267,739
Due to banks	9,522,822	-	-	9,522,822
Payables	7,482,894	-	-	7,482,894
Deposits and remittances	307,841,674	8,713,725	-	316,555,399
Due to the Central Bank and other banks	13,376,884	-	-	13,376,884
Bonds payable	-	5,718,240	-	5,718,240
	<u>\$ 358,492,013</u>	<u>\$ 14,431,965</u>	<u>\$ -</u>	<u>\$ 372,923,978</u>

44. DISCLOSURE OF FINANCIAL INSTRUMENTS

a. Derivative financial instruments

SPH

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

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

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

Financial Instruments	December 31					
	2005			2004		
	Contract (Notional) Amount	Credit Risk	Fair Value	Contract (Notional) Amount	Credit Risk	Fair Value
For hedging purpose:						
Cross-currency swap contracts	\$ -	\$ -	\$ -	\$ 2,260,530	\$ -	\$ (187,698)

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 years ended December 31, 2005 and 2004 were as follows:

Account	For the Years Ended December 31	
	2005	2004
For hedging purpose:		
Cross-currency swap contracts		
Realized	Interest revenue \$ 26,570	\$ 52,443
	Interest expense (14,039)	21,135
For the purpose of managing SPH's exposures:		
Currency swap contracts		
Realized	Interest expense (446)	-

Bank SinoPac and its subsidiaries

Bank SinoPac and its subsidiary SinoPac Bancorp, as consolidated with FENB (Bank SinoPac and subsidiaries), engage in foreign exchange and interest derivative transactions mainly for accommodating customers' needs and managing their exposure positions. They also entered into cross-currency swaps, interest rate swaps, futures, foreign currency options and asset swaps to hedge the effects of foreign exchange or interest rate fluctuations on their foreign-currency assets. Bank SinoPac and its subsidiaries' strategy is to hedge most of the market risk exposures using hedging instruments with market value changes that have a highly negative correlation with the changes in the market of the exposures being hedged. Bank SinoPac and its subsidiaries also evaluate the hedge effectiveness periodically.

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

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

Financial Instruments	December 31					
	2005			2004		
	Contract (Notional) Amount	Credit Risk	Fair Value	Contract (Notional) Amount	Credit Risk	Fair Value
For hedging purposes:						
Interest rate swap contracts	\$ 12,616,000	\$ 68,613	\$ (361,497)	\$ 16,244,022	\$ 279,484	\$ 278,575
Cross-currency swap contracts	14,300,000	152,354	21,380	14,300,000	1,195,636	1,190,878
For the purposes of accommodating customers' needs or managing Bank SinoPac and its subsidiaries' exposures:						
Forward contracts						
- Buy	55,624,065	407,937	74,201	98,072,598	306,698	(1,545,844)
- Sell	49,634,061	318,631	104,305	97,074,585	1,720,574	1,682,115
Forward rate agreements	-	-	-	1,900,000	-	(486)
Currency swap contracts	192,546,664	470,464	110,797	171,481,336	1,809,323	(134,723)
Interest rate swap contracts	129,275,697	139,355	(11,883)	69,836,423	917,748	(22,922)
Cross-currency swap contracts	9,473,275	77,962	452	13,675,871	80,880	3,288
Interest rate futures contracts						
- Long position	367,462	-	475	-	-	-
- Short position	1,169,066	-	(2,469)	95,751	-	501
Commodity-linked interest rate swap	115,632	219	-	-	-	-
Credit-linked deposit	4,300,000	-	(43,978)	-	-	-

Financial Instruments	December 31					
	2005			2004		
	Contract (Notional) Amount	Credit Risk	Value of Options Purchased/ Written	Contract (Notional) Amount	Credit Risk	Value of Options Purchased/ Written
Foreign currency options contracts						
- Long position	\$ 52,616,576	\$ 369,175	\$ 916,996	\$ 149,271,260	\$ 150,288	\$ 3,910,028
- Short position	55,810,711	-	866,096	133,169,281	-	2,551,603
Equity options contracts						
- Long position	146,600	9,556	-	-	-	-
- Short position	146,600	-	821	-	-	-

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

As of December 31, 2005 and 2004, Bank SinoPac and its subsidiaries had entered into asset swap contracts for hedging purposes, with notional amounts of \$1,204,700 and \$2,102,502, respectively. Since Bank SinoPac and its subsidiaries had entered into these contracts with counter-parties with splendid worldwide rankings and credit ratings, no significant credit risk is expected.

As of December 31, 2005 and 2004, Bank SinoPac and its subsidiaries entered into credit default swap contracts for the purposes of accommodating customers' needs, with notional amounts at \$359,059 and \$377,132, respectively. Since Bank SinoPac and its subsidiaries entered into these contracts with counter-parties with splendid worldwide ranking and credit rating, insignificant credit risk is expected.

The notional amounts of derivative contracts are used solely for the purpose of calculating receivables and payables to all contract parties. Thus, the notional amounts do not represent the actual cash inflows or outflows nor the need for cash of Bank SinoPac and its subsidiaries. The possibility that derivative financial instruments held or issued by Bank SinoPac and its subsidiaries cannot be sold at reasonable prices is remote; thus, insignificant cash demand is expected.

The gains and losses on derivative financial instruments of Bank SinoPac and its subsidiaries for the years ended December 31, 2005 and 2004 were as follows:

	Account	For the Years Ended	
		December 31	
		2005	2004
For hedging purposes:			
Cross-currency swap contracts			
- Realized	Interest revenue	\$ 252,649	\$ 286,447
	Interest expense	(459,472)	(192,934)
Interest rate swap contracts			
- Realized	Interest revenue	48,328	133,063
	Interest expense	(88,297)	(30,177)
	Income from derivative financial transactions	12,669	-
	Foreign exchange gain	41,967	-
Interest rate futures contracts	Loss on derivative financial transactions	-	(7,195)
Foreign currency options contracts	Income from derivative financial transactions	-	20,101
		<u>(192,156)</u>	<u>209,305</u>
For the purposes of accommodating customers' needs or managing Bank SinoPac and its subsidiaries' exposures:			
Forward contracts			
- Realized	Interest revenue	260,306	71,640
	Interest expense	(83,018)	(14,463)
- Realized	Foreign exchange gains (losses)	274,154	(7,209)
- Unrealized	Foreign exchange gains (losses)	539,171	(580,888)
- Unrealized	Income from (loss on) derivative financial transactions	(1,972)	30,474
Forward rate agreements			
- Realized	Loss on derivative financial transactions	(487)	(3,513)
- Unrealized	Income from derivative financial transactions	486	3,039
Currency swap contracts			
- Realized	Interest revenue	2,160,289	778,153
	Interest expense	(1,748,995)	(728,396)
- Unrealized	Income from (loss on) derivative financial transactions	90,949	(9,014)
Interest rate swap contracts			
- Realized	Interest revenue	736,466	228,293
	Interest expense	(787,770)	(285,815)
- Realized	Income from derivative financial transactions	10,575	78,746
- Unrealized	Income from derivative financial transactions	8,980	22,662
Foreign currency options contracts			
- Realized	Loss on derivative financial transactions	(409,989)	(3,247,298)
	Foreign exchange gain (losses)	(244,412)	3,679,833
- Unrealized	Income from (loss on) derivative financial transactions	(660,359)	273,996
Interest rate futures contracts			
- Realized	Loss on derivative financial transactions	(2,422)	(40,710)
- Unrealized	Income from (loss on) derivative financial transactions	(2,495)	949
Cross-currency swap contracts			
- Realized	Interest revenue	408,070	33,199
	Interest expense	(406,123)	(31,715)
- Unrealized	Loss on derivative financial transactions	(2,836)	(224)
Credit default swap contract			
- Realized	Income from derivative financial transactions	4,900	5,274
Commodity-linked interest rate swap contract			
- Realized	Income from derivative financial transactions	1,125	-
		<u>144,593</u>	<u>257,013</u>
Net gains (losses)		<u>\$ (47,563)</u>	<u>\$ 466,318</u>

IBT

IBT engages in derivative transactions mainly for accommodating customers' needs and managing its exposure positions. It also enters into asset swap contracts and interest rate swap contracts to hedge the effects of foreign exchange or interest rate fluctuations on its foreign-currency net assets. IBT'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. IBT also evaluates the hedge effectiveness periodically.

IBT is exposed to credit risk in the event of defaults on contracts by counter-parties. IBT enters into contracts with customers that have satisfied the credit approval process and have provided the necessary collaterals. The transactions are then made within each customer's credit limit, and guarantee deposits may be required, depending on the customers' credit standing. Transactions with other banks are made within the trading limit set for each bank based on the Basis of the Bank's credit rating and its worldwide ranking. The associated credit risk has been considered in the evaluation of the provision for credit losses.

As of December 31, 2005 and 2004, contract (notional) amounts, fair values, and credit risks on IBT's outstanding derivative financial instruments were as follows:

	December 31					
	2005			2004		
	Contract (Notional) Amounts	Credit Risk	Fair Value	Contract (Notional) Amounts	Credit Risk	Fair Value
<u>For hedging purposes</u>						
Asset swap contracts	\$ 2,401,836	\$ 53,821	\$ (32,630)	\$ 3,095,616	\$ 8,749	\$ (194,013)
Interest rate swap contracts	1,000,000	190	(899)	1,000,000	361	(1,801)
<u>For accommodating customers' needs or managing IBT's exposure</u>						
Forward exchange contracts	7,230,318	66,473	6,054	15,902,783	75,756	(407,776)
Foreign-currency swap contracts	22,629,347	231,414	6,609	32,445,566	801,156	229,978
Margin trading	-	-	-	14,897	980	880
Interest rate swap contracts	45,554,320	115,214	(5,776)	36,371,216	97,040	(2,965)
Cross-currency swap contracts	14,655,560	74,634	73,667	508,288	15,935	(175)

	December 31					
	2005			2004		
	Contract (Notional) Amounts	Credit Risk	Value of Options Purchased/ Written	Contract (Notional) Amounts	Credit Risk	Value of Options Purchased/ Written
<u>For accommodating customers' needs or managing IBT's exposure</u>						
Foreign currency options contracts						
Long position	\$ 4,926,395	\$ 19,930	\$ 135,533	\$ 8,184,840	\$ 101,800	\$ 444,317
Short position	4,713,907	-	(131,922)	8,343,680	-	(430,481)

The fair value of each contract is determined using the quotation from Reuters or the Moneyline Telerate Information System.

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 IBT. The possibility that derivative financial instruments held or issued by IBT cannot be sold at reasonable prices is remote; thus, insignificant cash demand is expected.

The net gains (losses) on derivative financial instrument for the years ended December 31, 2005 and 2004 were as follows:

	2005	2004
<u>Hedging purposes</u>		
Asset swap contracts (under interest income (expense))	\$ 23,481	\$ (3,985)
Interest rate swap contracts (under interest expense)	(4,558)	(3,499)
	<u>18,923</u>	<u>(7,484)</u>
<u>For accommodating customers' needs or managing IBT's exposures</u>		
Cross-currency swap contracts (under derivative transaction gain (loss))	271,266	(44)
Currency options contracts (under derivative transaction gain)	14,578	60,901
Foreign-currency contracts (under interest revenue (expense))	(165,150)	56,993
Interest rate swap contracts (under derivative transaction gain (loss))	(1,428)	5,622
Interest futures contracts (under derivative transaction gain)	336	661
Margin trading (under foreign exchange gain (loss))	(1,165)	5,081
	<u>118,437</u>	<u>129,214</u>
Net gains	<u>\$ 137,360</u>	<u>\$ 121,730</u>

SinoPac Securities and its subsidiaries

1) Warrants

a) The objective of issuing warrants and strategies:

SinoPac Securities and its subsidiaries issue warrants for trading purposes.

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

evaluate and adjusts the positions held periodically (see Notes 2, 9 and 19).

b) Credit risk

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

c) Market risk

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

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

The premium of the warrants issued by SinoPac Securities and its subsidiaries is collected in advance, and SinoPac Securities and its subsidiaries establish 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 and its subsidiaries have 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 risk to cash flows is low.

Warrants will expire between January 2006 to June 2006. Except for the cash inflows and outflows arising from hedging, no additional cash is needed.

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

2) Interest rate swap

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

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

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

	December 31					
	2005			2004		
	Nominal Amount	Fair Value	Credit Risk	Nominal Amount	Fair Value	Credit Risk
For trading purposes	\$ 4,300,000	\$ (18,416)	\$ 74,596	\$ 1,700,000	\$ (10,311)	\$ 4,354

SinoPac Securities and its subsidiaries established high standards for monitoring the counter-parties and rating their credits under strict criteria. It has also set upper limits for total value of credits granted to control credit risks. Thus, insignificant credit risk is expected. 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 December 31, 2005 and 2004 were recognized as derivative financial assets - GTSM at \$9,796 thousand and \$9,725 thousand, respectively, and derivative financial liabilities - GTSM at \$28,212 thousand and \$20,036 thousand, respectively.

c) Market risk

SinoPac Securities and its subsidiaries use value-at-risks (VAR), based on statistical analysis of market data and foreign industrial standards, in evaluating market risks of the IRS contracts. As of December 31, 2005 and 2004, the VARs were \$1,279 thousand and \$581 thousand, respectively.

d) Cash flows and demands

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

e) For the year ended December 31, 2005, losses of \$11,959 and gains of \$4,356 from IRS valuation were recognized (presented as gains or losses from derivative financial instruments transactions - GTSM).

3) Futures and options

a) The objective of using futures and options and related strategies:

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

b) Carrying value, fair value and credit risk

		December 31, 2005			
Item	Transaction Type	Opening Positions		Carrying Value/ Premium Paid (Received)	Fair Value
		Long/ Short	Volume		
Futures	TAIFEX Futures	Long	162	\$ 213,914	\$ 213,678
	Finance Sector Index Futures	Long	10	9,057	8,940
	Electronic Sector Index Futures	Long	4	4,642	4,638
	TOCOM Kerosene Futures	Long	1	663	773
	SGX MSCI Taiwan Index Futures	Short	245	223,092	223,280
	TSE 10-year JGB Futures	Short	4	152,576	153,142
	SGX Mini Japanese Government Bond	Short	21	80,037	80,400
	Banking and Insurance Sector Index Futures	Short	2	1,801	1,788
	TOCOM Gasoline Futures	Short	1	733	835
Options	TAIFEX Options - call and put	Long	1,764	2,130	1,976
	Electronic Sector Index Futures - put	Long	20	1	1
	TAIFEX Options - call and put	Short	4,951	(10,652)	(10,043)
	Electronic Sector Index Options - put	Short	100	-	-
	Banking and Insurance Sector Index Options - call and put	Short	260	(4)	(8)
		December 31, 2004			
Item	Transaction Type	Opening Positions		Carrying Value/ Premium Paid (Received)	Fair Value
		Long/ Short	Volume		
Futures	Finance Sector Index Futures	Long	46	\$ 47,581	\$ 48,116
	TAIFEX Futures	Long	17	20,980	21,039
	Electronic Sector Index Futures	Short	14	12,775	12,930
Options	TAIFEX Options - put	Long	68	146	157
	TAIFEX Options - call and put	Short	122	(389)	(286)
	Equity Options (BAO) - call	Short	10	(30)	(43)
	Equity Options (BDO) - call	Short	10	(30)	(5)

The market value of contract as of balance sheet dates was based on the closing price published by the Taiwan Futures Exchange (TAIFEX), The Tokyo Commodity Exchange (TOCOM), Singapore Exchange Ltd. (SGX) and Tokyo Stock Exchange, Inc. (TSE). SinoPac Securities and its subsidiaries expect insignificant exposure to credit risks since the counterparty are TAIFEX, TOCOM, SGX and TSE.

As of December 31, 2005 and 2004, the fair values of premiums from option transactions were recognized at \$1,977 and \$157, respectively, paid for long options - non-hedging and at \$10,051 and \$334, respectively, received from short options - futures.

c) Market risk

Market risk is the fluctuation in market prices of stock index futures and options. SinoPac Securities and its subsidiaries have appropriate risk control management and have 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 and its subsidiaries will recognize a loss by either settling the deal or putting in more deposits to the initial margin.

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

SinoPac Securities and its subsidiaries have 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.

e) Gain (loss) from stock index futures and options transactions

Gains or losses for the years ended December 31, 2005 and 2004 are summarized as follows:

	For the Year Ended December 31, 2005			
	Gains (Losses) from Futures Transactions	Nonoperating Losses from Futures Transactions	Gains from Option Transactions	Nonoperating Gains from Options Transactions
Non-hedging and realized	\$ (13,483)	\$ -	\$ 46,204	\$ -
Non-hedging and unrealized	(1,415)	-	451	-
	<u>\$ (14,898)</u>	<u>\$ -</u>	<u>\$ 46,655</u>	<u>\$ -</u>

	For the Year Ended December 31, 2004			
	Gains (Losses) from Futures Transactions	Nonoperating Losses from Futures Transactions	Gains from Option Transactions	Nonoperating Gains from Options Transactions
Non-hedging and realized	\$ (209,661)	\$ (79)	\$ 159,401	\$ 356
Non-hedging and unrealized	439	-	126	-
	<u>\$ (209,222)</u>	<u>\$ (79)</u>	<u>\$ 159,527</u>	<u>\$ 356</u>

4) Asset swap transactions - convertible bonds

a) The objective of convertible bonds swap transactions and strategies:

SinoPac Securities and its subsidiaries 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 and its subsidiaries took the pre-agreed upon interest rate in exchange for the coupon rate and the interest compensation on the convertible bonds with counter-parties. It also acquired the right to purchase the convertible bonds from the counter-parties anytime before the expiration date of the contract.

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

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

	December 31, 2005			
	Nominal Amount	Premiums Paid (Received)	Fair Value	Credit Risk
i. Fixed income transactions				
Interest rate swap	\$ 493,743	\$ -	\$ 2,418	\$ 2,736
Long call option on convertible bonds		18,592	12,467	16,757
ii. Short call option on convertible bonds	1,358,696	(118,274)	(99,119)	-
	December 31, 2004			
	Nominal Amount	Premiums Paid (Received)	Fair Value	Credit Risk
i. Fixed income transactions				
Interest rate swap	\$ 1,893,513	\$ -	\$ (11,157)	\$ 1,332
Long call option on convertible bonds	-	159,682	125,357	127,199
ii. Short call option on convertible bonds	2,979,220	(512,337)	(295,901)	-

The fair value is computed using the model approved by the ROC GTSM or local competent authority. 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 and its subsidiaries established high standards for monitoring the counter-parties of fixed income transactions and rating their credits under strict criteria. SinoPac Securities and its subsidiaries have 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 insignificant credit risk is expected.

The fair values of fixed income convertible bonds swap transactions as of December 31, 2005 and 2004 were recognized as derivative financial assets - GTSM at \$2,736 thousand and \$2,448 thousand, respectively, and derivative financial liabilities - GTSM at \$318 thousand and \$13,605 thousand, respectively.

c) Market risk

SinoPac Securities and its subsidiaries use value-at-risks (VAR), based on statistical analysis of market data (including interest rate, convertible bond market prices and theoretical value of options) and foreign industrial standards in evaluating market risks of convertible bond swap transactions. As of December 31, 2005 and 2004, the VAR were \$591 thousand and \$2,110 thousand, respectively.

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

The underlying convertible bonds, acquired from dealing and underwriting transactions, were sold to counter-parties and SinoPac Securities and its subsidiaries received related payments. In addition, SinoPac Securities and its subsidiaries took the pre-agreed interest rate in exchange for the coupon rate and the interest compensation of convertible bonds from counter-parties. Further, SinoPac Securities and its subsidiaries acquired the right to repurchase convertible bonds from counter-parties. Thus, there are insignificant liquidity risks and the cash demand is insignificant.

e) Gain (loss) from convertible bonds swap transactions

For the years ended December 31, 2005 and 2004, marking to market of convertible bond swap transactions resulted in losses of \$16,186 and gains of \$198,672 (presented as gains and losses from derivative financial instruments transactions - GTSM), respectively.

5) Structured note transactions

a) The objective of structured note transactions and strategies:

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

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

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

		December 31, 2005		
		Nominal Amount	Premiums Paid (Received)	Fair Value
i. Principal-guaranteed note transactions				
	Fixed - income instruments	\$ 87,000	\$ -	\$ (86,752)
	Short call option on underlying assets	-	(647)	(25)
ii. Equity-linked note transactions				
	Fixed - income instruments	118,700	-	(118,106)
	Long put option on linked underlying assets	-	557	9,762
		December 31, 2004		
		Nominal Amount	Premiums Paid (Received)	Fair Value
i. Principal-guaranteed note transactions				
	Fixed - income instruments	\$ 86,600	\$ -	\$ (84,363)
	Short call option on underlying assets	-	(2,237)	(1,721)
ii. Equity-linked note transactions				
	Fixed - income instruments	124,200	-	(123,820)
	Long put option on linked underlying assets	-	347	5,166

The fair value is computed using the model approved by the ROC GTSM. The parameters used in the model (including underlying asset market prices and interest rates, etc.) are based on public information available in the market; thus, only insignificant risk-free arbitrage opportunity exists.

SinoPac Securities and its subsidiaries have strict criteria on the types of fixed income assets to be used and controls the investment amounts. In addition, the premium from short option transactions is collected in advance. Thus, insignificant credit risk is expected.

c) Market risk

The market risk of structured note transactions is mainly from adverse fluctuations of the underlying assets market price. Thus, option hedging models are used to hedge market risk. As of December 31, 2005 and 2004, the amounts corresponding to market risk were \$3,847 thousand and 8,058 thousand, respectively.

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

To enable investors to execute the contract before maturity, SinoPac Securities and its subsidiaries take 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.

- e) For the years ended December 31, 2005 and 2004, gains of \$11,949 thousand and \$6,097 thousand, respectively, from structured note transactions were recognized (presented as gains or losses from derivative transactions - GTSM).

6) Bond option transactions

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

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

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

- b) Outstanding bond options were as follows:

		December 31, 2005			
		Nominal Amount	Premiums Paid (Received)	Fair Value	Credit Risk
i.	Long option - call	\$ 300,000	\$ 105	\$ -	\$ 11,250
ii.	Short option - call	1,500,000	(1,097)	(3,333)	-

The fair value is computed by theory model. The parameters used in the model (including bond market prices and interest rates, etc.) are based on public information available in the market, thus, the possibility of existing a risk-free arbitrage opportunity is minimal.

The counter-parties of SinoPac Securities and its subsidiaries are reputable securities firms. In addition, SinoPac Securities and its subsidiaries have strict criteria for screening the counter-parties of bond option transactions. Thus, the possibility of exposure to credit risks is minimal.

- c) Market risk

The price of bond option is determined by fluctuations of interest rate and structures of market interest rate. SinoPac Securities and its subsidiaries subsume the rate risk position resulting from the bond option transactions into interest position to evaluate the market risk and calculate the quantity of the position, analysis of rate-sensitive, duration and profit. As of December 31, 2005, the amount corresponding to market risk was \$52,367 thousand.

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

The bond option position held by SinoPac Securities and its subsidiaries is monitored by the risk control mechanism. Future cash demand is supported by sufficient working capital. Thus, the risk of cash flows is insignificant.

- e) Gain (loss) from bond option transactions

For the year ended December 31, 2005, losses of \$15,452 thousand from bond option transactions were recognized (presented as losses from derivative transactions - GTSM) by SinoPac Securities and its subsidiaries.

7) Stock index swap

- a) The object of using the stock index swap and related strategies:

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

- b) Carrying value, fair value and credit risk

There were no outstanding stock index swap contracts as of December 31, 2005 and 2004.

- c) Gains (loss) from stock index swap

Losses from stock index swap transactions were \$15,605 thousand in 2005 and \$28,280 thousand in 2004 (presented as gain from or loss on derivative financial instruments transactions - GTSM).

AnShin Card Services

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

- 1) As of December 31, 2005 and 2004, the nominal amount, credit risk and fair value of outstanding IRS contracts were as follows:

December 31, 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	\$ 1,600,000	3-month NTD CP rate in secondary market	1.675%-2.030%	Quarterly	2006.11.6-2008.9.16	\$(4,273)	\$ 534
Floating 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	738	738
Floating interest rate received/ floating interest rate paid	500,000	6-month NTD CP rate in secondary market	6-month USD London Bank's rate call loans minus 0.9%	Semiannually	2006.4.26	(4,896)	-

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

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

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

2) Market risk

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

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

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

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

4) For the years ended December 31, 2005 and 2004, AnShin Card Services recognized realized interest expenses as operating expenses in the statements of income amounting to \$13,954 and \$31,804, respectively. The unrealized revaluation losses, recognized as the debit balance of stockholders' equity and other liabilities, were marked to market at \$8,431 and \$15,165 as of December 31, 2005 and 2004, respectively.

b. Fair values of nonderivative financial instruments

	December 31			
	2005		2004	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Assets</u>				
Financial assets - with fair values approximating carrying amounts	\$ 215,338,315	\$ 215,338,315	\$ 180,923,713	\$ 180,923,713
Securities purchased	154,067,305	154,932,988	185,936,861	187,083,715
Operating securities	25,794,447	26,361,367	20,324,708	20,448,994
Loans, discounts and bills purchased	647,962,858	647,962,858	575,727,569	575,727,569
Long-term equity investments	4,018,190	4,019,438	4,878,670	4,877,574
Other long-term investments	10,377,240	10,174,302	8,570,293	8,418,430
Other assets - guarantee deposits	8,607,049	8,735,984	6,542,373	6,572,249

	December 31			
	2005		2004	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Liabilities</u>				
Financial liabilities - with fair values approximating carrying amounts	\$ 171,471,687	\$ 171,471,687	\$ 184,702,990	\$ 184,702,990
Deposits and remittances	770,692,634	770,692,634	682,016,830	682,016,830
Bank debentures	36,242,750	36,242,750	33,228,755	33,228,755
ECBs (ECBs redeemable within one year)	8,849,797	9,315,947	15,040,305	16,532,711
Other liabilities	2,181,230	2,181,230	1,647,753	1,647,753

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

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

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

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

Bank SinoPac and its subsidiaries had significant credit commitments principally relating to customer financing activities and credit card business. The terms of most of the credit commitments were under seven years and loan interest rates for the years ended December 31, 2005 and 2004, both ranging from 0.01% to 20.00%. Bank SinoPac and its subsidiaries also issued financial guarantees and standby letters of credit to guarantee the performance of a customer obligated to a third party. These guarantees were usually with terms of less than one year and with maturity dates not in any particular period.

The contract amounts of financial instruments with off-balance-sheet credit risks as of December 31, 2005 and 2004 were as follows:

	December 31			
	2005		2004	
Undrawn loan commitments	\$	18,530,720	\$	19,310,260
Financial guarantees and standby letters of credit		14,657,107		15,767,734
Credit card commitments for credit cards		70,189		75,133

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

Bank SinoPac and its subsidiaries make credit commitments and issue financial guarantees and standby letters of credit only after evaluation of customers' credit standings. Based on the result of the credit evaluation, Bank SinoPac and its subsidiaries may require collateral before draw down against the credit facilities. As of December 31, 2005 and 2004, ratios of secured loans to total loans were 72% and 74%, respectively. Collaterals held vary but may include cash, inventories, marketable securities, and other properties. When the customers default, Bank SinoPac and its subsidiaries will, as required by circumstances, foreclose the collateral or execute other rights arising out of the guarantees given.

IBT has significant credit commitments on loans extended and credit cards issued. Most of the credit commitments are for one year. The interest on loans ranged from 1% to 20% in 2005 and 2004, and the interest on credit card loans reached as high as 19.71%. IBT also issued financial guarantees and standby letters of credit to guarantee clients' commitments to third parties. The terms of these guarantees are usually one year, and their maturity dates are not concentrated in any particular period.

The amounts of financial contracts with off-balance-sheet credit risks were as follows:

	December 31			
	2005		2004	
Undrawn loan commitments	\$	17,377,354	\$	15,469,810
Credit card commitments for credit cards		45,505,477		42,620,736
Financial guarantees and standby letters of credit		11,692,244		10,249,654

Since many of the commitments are expected to expire without being drawn upon, the total committed amounts do not necessarily represent future cash requirements. IBT's maximum credit risk on these commitments is the amount of the commitment, assuming that the customer has used the full amount of the commitment, and the collateral and other securities prove to be of no value to IBT.

IBT makes credit commitments and issues financial guarantees and standby letters of credit only after careful evaluation of customers' credit standings. Based on the result of the credit evaluation, collaterals may be required before the credit facilities are drawn upon. As of December 31, 2005 and 2004, secured loans amounted to about 54.56% and 57.31% of the total loans, respectively. Collaterals held varied but generally included cash, inventories, marketable securities, and other property. If customers default, IBT will, as the case requires, foreclose the collateral or exercise other rights on the guarantees given.

Collateral is not required in credit card commitments. However, the credit rating of cardholders is reviewed periodically and the commitments are revised if deemed necessary.

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

Bank SinoPac and its subsidiaries have no concentrated credit risk in any industry, individual counter-party or group who engaged in similar business activities. Industries with 5% or more of the outstanding loans as of December 31, 2005 and 2004 were as follows:

	December 31			
	2005		2004	
	Amount	%	Amount	%
Natural person	\$ 202,060,845	59	\$ 170,908,585	57
Manufacturing	50,433,500	15	46,467,640	15
Real estate	24,953,821	7	26,391,937	9

The net positions on major foreign-currency transactions of Bank SinoPac as of December 31, 2005 and 2004 were as follows:

	December 31					
	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)	JPY	3,945,804	\$ 1,103,247	MYR	108,238	\$ 909,116
	CAD	19,719	556,771	JPY	2,872,678	893,404
	USD	15,946	523,827	USD	25,064	799,961
	ZAR	21,530	482,910	THB	638,683	523,911
	EUR	3,024	117,813	EUR	10,114	440,071

IBT had no credit risk concentration on individuals or groups. Industries that accounted for at least 10% of the outstanding loans, discounts and bills purchased as of December 31, 2005 and 2004 are listed below:

	December 31			
	2005		2004	
	Foreign-currency Amounts	New Taiwan Dollar Amounts (in Thousands)	Foreign-currency Amounts	New Taiwan Dollar Amounts (in Thousands)
Domestic				
Corporate customers				
Manufacturing			\$ 54,945,891	\$ 56,260,762
Wholesaling			26,279,648	25,326,272
Service industry			4,183,186	3,088,783
Natural person			142,066,536	119,009,328

The net position of foreign currencies as of December 31, 2005 and 2004 was as follows:

	December 31					
	2005		2004			
	Foreign-currency Amounts	New Taiwan Dollar Amounts (in Thousands)	Foreign-currency Amounts	New Taiwan Dollar Amounts (in Thousands)		
Net positions of major foreign currencies with market risk	USD	33,812,202	\$ 1,111,069	EUR	17,885,738	\$ 772,972
	HKD	143,044,557	606,251	USD	10,642,215	338,082
	EUR	9,293,482	361,635	MOP	50,530,926	200,385
	MOP	51,742,494	212,910	HKD	7,075,701	28,901
	ZAR	32,443,144	167,767	JPY	14,957,600	4,623

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

a. Condensed balance sheets

Bank SinoPac and its Subsidiaries					
Condensed Consolidated Balance Sheets					
December 31, 2005 and 2004					
(In Thousands of New Taiwan Dollars)					
Assets	2005	2004	Liabilities	2005	2004
Cash and cash equivalents	\$ 9,951,164	\$ 9,621,731	Call loans and due to banks	\$ 37,077,346	\$ 43,190,326
Due from the Central Bank and other banks	76,475,234	35,964,349	Short-term borrowing	8,159,231	10,538,606
Securities purchased, net	86,672,846	96,998,680	Commercial payable	1,124,529	1,038,191
Accounts, interest and other receivables, net	30,488,183	33,935,771	Securities sold under agreements to repurchase	9,440,268	18,274,840
Acceptances	2,062,098	3,045,568	Accounts, interest and other payables	14,809,966	18,516,215
Securities purchased under agreements to resell	8,143,070	19,505,472	Acceptances payable	2,062,098	3,045,568
Prepayments	335,637	695,713	Deposits and remittances	441,116,333	372,029,054
Loans, discounts and bills purchased, net	343,677,495	302,716,687	Bank debentures	36,292,750	33,278,755
Long-term investments, net	10,398,514	10,566,365	Long-term borrowings	2,373,125	631,669
Properties, net	5,258,687	7,101,592	Other liabilities	<u>8,541,713</u>	<u>5,411,941</u>
Properties held for lease, net	3,701,824	1,844,971	Total liabilities	<u>560,997,359</u>	<u>505,955,165</u>
Long-term lease and installment receivables	1,136,592	939,661	Stockholders' equity		
Other assets	<u>10,308,761</u>	<u>11,346,064</u>	Capital stock	19,728,068	19,443,976
			Capital surplus	118,404	125,208
			Retained earnings	7,723,205	8,906,523
			Equity adjustments	24,539	(296,110)
			Minority interest	<u>18,530</u>	<u>93,862</u>
			Total stockholders' equity	<u>27,612,746</u>	<u>28,327,459</u>
Total	<u>\$ 588,610,105</u>	<u>\$ 534,282,624</u>	Total	<u>\$ 588,610,105</u>	<u>\$ 534,282,624</u>

International Bank of Taipei					
Condensed Balance Sheets					
December 31, 2005 and 2004					
(In Thousands of New Taiwan Dollars)					
Assets	2005	2004	Liabilities	2005	2004
Cash and cash equivalents	\$ 11,431,671	\$ 7,204,329	Call loans and due to Central bank and other banks	\$ 22,059,589	\$ 9,522,822
Due from the Central Bank and other banks	24,225,015	20,267,916	Securities sold under agreements to repurchase	16,675,616	20,267,739
Securities purchased, net	67,469,213	87,498,307	Accounts payables	10,735,979	7,517,527
Accounts, interest and other receivables, net	12,549,680	11,494,745	Advances received and other current liabilities	106,077	128,443
Securities purchased under agreements to resell	3,881,120	2,203,684	Deposits and remittances	335,500,275	316,366,247
Prepayments	992,771	729,588	Due to the Central Bank and other banks	4,588,454	13,376,884
Loans, discounts and bills purchased, net	305,215,670	273,510,882	Bonds payable	5,849,080	5,718,240
Long-term investments, net	1,171,014	1,051,267	Other liabilities	<u>2,381,748</u>	<u>2,799,698</u>
Other financial assets	526,495	665,683	Total liabilities	<u>397,896,818</u>	<u>375,697,600</u>
Properties, net	4,848,764	4,951,168	Stockholders' equity		
Other assets	<u>2,125,660</u>	<u>2,120,978</u>	Capital stock	22,233,110	22,233,110
			Capital surplus	1,034,916	611,662
			Retained earnings	13,480,971	13,253,247
			Equity adjustments	(208,742)	(97,072)
			Total stockholders' equity	<u>36,540,255</u>	<u>36,000,947</u>
Total	<u>\$ 434,437,073</u>	<u>\$ 411,698,547</u>	Total	<u>\$ 434,437,073</u>	<u>\$ 411,698,547</u>

SinoPac Securities and its Subsidiaries

Condensed Consolidated Balance Sheets
December 31, 2005 and 2004
(In Thousands of New Taiwan Dollars)

Assets	2005	2004	Liabilities	2005	2004
Current assets	\$ 57,204,446	\$ 52,476,019	Current liabilities	\$ 39,446,820	\$ 34,706,168
Long-term equity investments	761,221	767,037	Long-term interest bearing		
Properties, net	2,490,603	2,671,992	liabilities	900,000	2,000,000
Other assets	2,882,723	3,162,022	Other liabilities	559,826	483,382
Securities brokerage debit			Securities brokerage accounts,		
account, net	<u>83,889</u>	<u>94,064</u>	net		
			Total liabilities	<u>40,906,646</u>	<u>37,189,550</u>
			Stockholders' equity		
			Capital stock	15,269,020	15,269,020
			Capital surplus	2,342,425	2,342,425
			Retained earnings	4,926,596	4,509,638
			Equity adjustments	<u>(45,988)</u>	<u>(162,475)</u>
			Stockholders' equity of parent		
			company	22,492,053	21,958,608
			Minority interest	<u>24,183</u>	<u>22,976</u>
			Total stockholders' equity	<u>22,516,236</u>	<u>21,981,584</u>
Total	<u>\$ 63,422,882</u>	<u>\$ 59,171,134</u>	Total	<u>\$ 63,422,882</u>	<u>\$ 59,171,134</u>

SinoPac Life Insurance Agent Co., Ltd.

Condensed Balance Sheets
December 31, 2005 and 2004
(In Thousands of New Taiwan Dollars)

Assets	2005	2004	Liabilities	2005	2004
Current assets	\$ 173,997	\$ 118,598	Current liabilities	\$ 55,156	\$ 45,042
Properties, net	8,907	662	Other liabilities	<u>132</u>	<u>-</u>
Other assets	<u>1,945</u>	<u>2,438</u>		<u>55,288</u>	<u>45,042</u>
			Stockholders' equity		
			Capital stock	3,000	3,000
			Retained earnings	<u>126,561</u>	<u>73,656</u>
			Total stockholders' equity	<u>129,561</u>	<u>76,656</u>
Total	<u>\$ 184,849</u>	<u>\$ 121,698</u>	Total	<u>\$ 184,849</u>	<u>\$ 121,698</u>

SinoPac Property Insurance Agent Co., Ltd.

Condensed Balance Sheets
December 31, 2005 and 2004
(In Thousands of New Taiwan Dollars)

Assets	2005	2004	Liabilities	2005	2004
Current assets	\$ 15,456	\$ 10,900	Current liabilities	\$ 3,126	\$ 2,493
Other assets	<u>600</u>	<u>600</u>			
			Stockholders' equity		
			Capital stock	3,000	3,000
			Retained earnings	<u>9,930</u>	<u>6,007</u>
			Total stockholders' equity	<u>12,930</u>	<u>9,007</u>
Total	<u>\$ 16,056</u>	<u>\$ 11,500</u>	Total	<u>\$ 16,056</u>	<u>\$ 11,500</u>

AnShin Card Services Co., Ltd.

Condensed Balance Sheets
December 31, 2005 and 2004
(In Thousands of New Taiwan Dollars)

Assets	2005	2004	Liabilities	2005	2004
Current assets	\$ 13,687,374	\$ 15,641,367	Current liabilities	\$ 5,704,874	\$ 4,493,609
Long-term investments	451,022	-	Long-term liabilities	5,891,475	9,148,340
Properties, net	157,425	177,348	Accrued pension cost	17,024	14,633
Other assets	<u>460,646</u>	<u>610,216</u>	Other liabilities	<u>8,431</u>	<u>15,165</u>
			Total liabilities	<u>11,621,804</u>	<u>13,671,747</u>
			Stockholders' equity		
			Capital stock	3,610,000	3,610,000
			Capital surplus	20	20
			Accumulated deficits	(466,926)	(837,671)
			Unrealized revaluation losses	<u>(8,431)</u>	<u>(15,165)</u>
			Total stockholders' equity	<u>3,134,663</u>	<u>2,757,184</u>
Total	<u>\$ 14,756,467</u>	<u>\$ 16,428,931</u>	Total	<u>\$ 14,756,467</u>	<u>\$ 16,428,931</u>

b. Condensed statements of income

Bank SinoPac and its Subsidiaries

Condensed Consolidated Statements of Income
Years Ended December 31, 2005 and 2004
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2005	2004
Operating revenues and gains	\$ 25,629,713	\$ 23,308,383
Operating costs, expenses and losses	<u>23,012,836</u>	<u>18,228,676</u>
Operating income	2,616,877	5,079,707
Nonoperating income and gains	399,416	313,947
Nonoperating expenses and losses	<u>182,213</u>	<u>78,801</u>
Income before income tax	<u>\$ 2,834,080</u>	<u>\$ 5,314,853</u>
Net income	<u>\$ 2,119,871</u>	<u>\$ 4,287,585</u>
Pretax earnings per share	<u>\$ 1.34</u>	<u>\$ 2.55</u>
After tax earnings per share	<u>\$ 1.03</u>	<u>\$ 2.05</u>

International Bank of Taipei

Condensed Statements of Income
For the Years Ended December 31, 2005 and 2004
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2005	2004
Operating revenues and gains	\$ 16,856,932	\$ 13,615,314
Operating costs, expenses and losses	<u>13,894,520</u>	<u>9,852,678</u>
Operating income	2,962,412	3,762,636
Nonoperating income and gains	179,813	455,918
Nonoperating expenses and losses	<u>6,890</u>	<u>6,805</u>
Income before income tax	<u>\$ 3,135,335</u>	<u>\$ 4,211,749</u>
Net income	<u>\$ 2,451,035</u>	<u>\$ 3,280,828</u>
Pretax earnings per share	<u>\$ 1.41</u>	<u>\$ 1.89</u>
After tax earnings per share	<u>\$ 1.10</u>	<u>\$ 1.48</u>

SinoPac Securities and its Subsidiaries

Condensed Consolidated Statements of Income
Years Ended December 31, 2005 and 2004
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2005	2004
Operating revenues and gains	\$ 6,223,417	\$ 7,466,465
Operating costs, expenses and losses	<u>4,743,191</u>	<u>5,921,359</u>
Operating income	1,480,226	1,545,106
Nonoperating income and gains	387,839	229,060
Nonoperating expenses and losses	<u>188,212</u>	<u>127,526</u>
Income before income tax	<u>\$ 1,679,853</u>	<u>\$ 1,646,640</u>
Net income	<u>\$ 1,063,308</u>	<u>\$ 941,759</u>
Pre-tax earnings per share	<u>\$ 1.10</u>	<u>\$ 1.06</u>
After tax earnings per share	<u>\$ 0.69</u>	<u>\$ 0.60</u>

SinoPac Life Insurance Agent Co., Ltd.

Condensed Statements of Income
For the Years Ended December 31, 2005 and 2004
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2005	2004
Operating revenues and gains	\$ 374,452	\$ 195,573
Operating costs, expenses and losses	<u>220,084</u>	<u>109,545</u>
Operating income	154,368	86,028
Nonoperating income and gains	<u>3,440</u>	<u>610</u>
Income before income tax	<u>\$ 157,808</u>	<u>\$ 86,638</u>
Net income	<u>\$ 118,356</u>	<u>\$ 65,118</u>
Pretax earnings per share	<u>\$ 526.03</u>	<u>\$ 288.79</u>
After tax earnings per share	<u>\$ 394.52</u>	<u>\$ 217.06</u>

SinoPac Property Insurance Agent Co., Ltd.

Condensed Statements of Income
For the Years Ended December 31, 2005 and 2004
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2005	2004
Operating revenues and gains	\$ 19,969	\$ 11,957
Operating costs, expenses and losses	<u>8,338</u>	<u>4,585</u>
Operating income	11,631	7,372
Nonoperating income and gains	<u>234</u>	<u>22</u>
Income before income tax	<u>\$ 11,865</u>	<u>\$ 7,394</u>
Net income	<u>\$ 8,922</u>	<u>\$ 5,555</u>
Pretax earnings per share	<u>\$ 39.55</u>	<u>\$ 24.65</u>
After tax earnings per share	<u>\$ 29.74</u>	<u>\$ 18.52</u>

AnShin Card Services Co., Ltd.
Condensed Statements of Income
For the Years Ended December 31, 2005 and 2004
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2005	2004
Operating revenues and gains	\$ 3,549,312	\$ 2,943,847
Operating costs, expenses and losses	<u>3,243,660</u>	<u>2,648,617</u>
Operating income	305,652	295,230
Nonoperating income and gains	86,194	59,952
Nonoperating expenses and losses	<u>63</u>	<u>157</u>
Income before income tax	<u>\$ 391,783</u>	<u>\$ 355,025</u>
Net income	<u>\$ 370,745</u>	<u>\$ 373,659</u>
Pretax earnings per share	<u>\$ 1.81</u>	<u>\$ 1.93</u>
After tax earnings per share	<u>\$ 1.70</u>	<u>\$ 2.05</u>

47. THE SIGNIFICANT FINANCIAL AND OPERATING PROFILE - BANK SINOPAC AND IBT

a. Statement of capital adequacy

Bank SinoPac

	(%)	
Item	December 31, 2005	December 31, 2004
Capital adequacy ratios (Note)	13.01	12.64
Ratios of debt to net worth	1,793.55	1,569.79

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	(%)	
Item	December 31, 2005	December 31, 2004
Capital adequacy ratios (Note)	12.10	13.30
Ratios of debt to net worth	1,089.48	1,044.00

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

b. Assets quality

Bank SinoPac

(In Thousands of New Taiwan Dollars, %)

	December 31, 2005	December 31, 2004
Overdue loans (including nonperforming loans) (Note 1)	3,070,340	1,942,504
Nonperforming loans	2,903,286	1,880,686
Overdue loans ratio (Note 2)	1.01%	0.74%
Loans under surveillance (Note 3)	-	820,014
Ratios of classified loans to total loans	-	0.31%
Allowance for credit losses	1,595,866	1,174,898
Write-off amounts of credits (Note 4)	341,030	932,811

IBT

	December 31, 2005	December 31, 2004
Overdue loans (including nonperforming loans) (Note 1)	5,844,604	3,994,991
Nonperforming loans	4,578,095	4,220,110
Overdue loans ratio (Note 2)	1.90%	1.45%
Loans under surveillance (Note 3)	-	581,792
Ratios of classified loans to total loans	-	0.21%
Allowance for credit losses	2,373,069	1,160,039
Write-off amounts of credits (Note 4)	1,768,717	1,504,507

Note 1: Before June 30, 2005, 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). Since July 1, 2005, overdue loans (including non-accrual loans) represent the amounts of reported overdue loans as required by the MOF letters dated January 6, 2004 (Ref. No. Tai-Tsai-Zong 928011826)

Note 2: Overdue loans ratio = Overdue loans (including nonperforming loans)/(Outstanding loan balance + Nonperforming loans).

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: Write-off amounts of credits = Accumulated write-off amounts of credits for the years ended December 31, 2005 and 2004.

c. Management Information

1) Concentration of credit extensions

a) Bank SinoPac

(In Thousands of New Taiwan Dollars, %)

Item	December 31, 2005		December 31, 2004	
Credit extensions to interested parties	\$4,021,871		\$4,065,567	
Ratios of credit extensions to interested parties	1.15		1.30	
Ratios of credit extensions secured by pledged stocks	0.13		1.25	
Industry concentration (the prior three industries of percentage)	Industry	Percentage	Industry	Percentage
	Natural person	76.44%	Natural person	77.47%
	Manufacturing	9.45%	Manufacturing	9.00%
	Wholesaling and retail	4.48%	Wholesaling and retail	3.96%

b) IBT

Item	December 31, 2005		December 31, 2004	
Credit extensions to interested parties	\$2,315,526		\$2,725,117	
Ratios of credit extensions to interested parties	0.73		0.96	
Ratios of credit extensions secured by pledged stocks	1.73		0.74	
Industry concentration (the prior three industries of percentage)	Industry	Percentage	Industry	Percentage
	Natural person	48.53%	Natural person	45.79%
	Manufacturing	18.77%	Manufacturing	21.56%
	Wholesaling and retail	8.98%	Wholesaling and retail	9.75%

Note 1: Consist of loans, discounts and bills purchased (including import and export bill negotiations), acceptances and guarantees.

Note 2: Ratio of credit extensions to interested parties = Credit extensions to interested parties/Total credit extensions.

Note 3: Ratio of credit extensions secured by pledged stocks = Credit extensions secured by pledged stocks/Total credit extensions.

Note 4: The amounts of credit extensions to interested parties are required to be computed pursuant to the Banking Law.

2) Information on concentrations of risk: Please refer to Note 45.

3) Policy of provisions on credit and investment losses

Allowance for credit losses and provision for losses on guarantees

In determining the allowance for credit losses and provision for losses on guarantees, Bank SinoPac and IBT 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 "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" (the "Regulations") issued by the MOF, Bank SinoPac and IBT evaluates credit losses on the basis of its borrowers'/clients' financial positions, Bank SinoPac and IBT's prior experiences, repayments for principal and interest by borrowers/clients, collateral provided, and estimated collectibility.

In accordance with the Regulations stated above, 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. Since July 2005, the Regulations amended the classification of loan assets, which divided the loan assets into different class subjects to assets that require special mention, assets that are substandard, assets that are doubtful, and assets for which there is loss. The minimum allowance for credit losses and provision for losses on guarantees for the aforementioned classes should be 2%, 10%, 50% and 100% of outstanding credits, respectively. The amendments on the classification of loan assets have no significant impact on the Bank SinoPac's financial statements.

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.

Provision for investment losses

Stocks, beneficiary certificates, structured product and bonds are stated at the lower of cost or market prices. Market prices are determined as follows: (a) listed stocks - average daily closing prices for the last month of the accounting period; (b) beneficiary certificates (open-end fund), net asset values as of the balance sheet dates; (c) GTSM stocks - average daily closing prices for the last month of the accounting period, published by the GTSM; (d) bonds - period-end reference prices published by the GTSM; (e) structured instruments - period-end prices quoted by counter party.

According to SFAS No. 30, "Accounting for Treasury Stocks," for applying the lower of cost or market method, SPH's shares held by Bank SinoPac and IBT should be evaluated separately from the other listed and GTSM stocks.

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

4) Operating risk and litigation risk

Bank SinoPac**Matters Requiring Special Notation
December 31, 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.	<p>1. The Financial Supervisory Commission (FSC) imposed strict corrective measures on the factory business transacted at Tunpei Branch on July 13, 2005. FSC consider the Tunpei Branch helped the client increase bank deposits in false, window dress the financial statements and insufficient disclosure with respect to letters for confirmation on bank deposits with restricted usage from auditors. On December 23, 2005, FSC restricted Bank SinoPac for accepting any factoring business from new clients and only dealing within the credit limited for existing clients for the period of January to June 2006. Bank SinoPac has filing the appeal on the matter of punishment, and asked the related business units follow the rulings established by FSC. For the disclosure requirement, Bank SinoPac has set up a standard operating procedure for all business units to follow.</p> <p>2. Bank SinoPac's affiliate company, Grand Capital International Limited (Grand Capital), had granted short-term loans to Addie International Limited. On October 26, 2004, the FSC imposed strict corrective measure 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 Bank SinoPac had followed the FSC's instructions to strengthen plan on the investees' management.</p>
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	<p>Cause of the case: The Securities and Futures Investors Protection Center (SFIPC) added the Bank and SPL as additional defendants for joint and several compensation liabilities to the Procomp Informatics Ltd. case on the ground that Procomp Informatics Ltd. provided US\$10 million deposit with the Bank's Sunshan Branch and limited the usage as a condition for short-term loan to Addie International Limited granted by SPL.</p> <p>The value of the object of litigation: \$4,470,000.</p> <p>Period to bring up a litigation state - first session was August 1, 2005.</p> <p>Main parties: SFIPC, Procomp Informatics Ltd., Yeh Shu-Fei, the Bank and SPL.</p> <p>Status: Under the investigation on first court instance.</p>

IBT

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 IBT 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.	<p>1. A staff advertised unregistered fund to the customers and caused the customers to be defrauded. The authorities charged IBT of negligence of their supervisory duties and administration of internal control.</p> <p>2. Most of the consumer loan businesses granted by two marketing staff of Shisheng Branch are transferred from other banks or from scriveners. These newly loan cases were considered no geographical relationship with the branch, thus the branch was instructed sternly to avoid granting those unqualified consumer loans.</p>
Within the past one year, the loss from one incident or the total losses from employee corruption, periodic events of a material nature, or failure to abide by the "Guidelines for the Maintenance of Soundness of Financial Institutions" exceeded NT\$50 million dollars.	None
Other	None

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

d. Profitability

1) Bank SinoPac

Item	(%)	
	For the Year Ended December 31, 2005	For the Year Ended December 31, 2004
Return on total assets	0.54	1.11
Return on net worth	9.26	18.03
Profit margin	10.21	21.74

2) IBT

Item		
	For the Year Ended December 31, 2005	For the Year Ended December 31, 2004
Return on total assets	0.72	1.07
Return on net worth	8.44	11.95
Profit margin	14.65	24.26

Note 1: Return on total assets = Income before income tax/Average total assets.

Note 2: Return on net worth = Income before income tax/Average net worth.

Note 3: Profit margin = Income after income tax/Total operating revenues.

Note 4: Income before income tax represents income for the years ended December 31, 2005 and 2004.

e. Information of average amount and average interest rate of interest-earning assets and interest-bearing liabilities: Please refer to Note 42.

f. Maturity analysis of assets and liabilities

1) Bank SinoPac

December 31, 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	\$ 493,666	\$ 144,671	\$ 44,977	\$ 37,765	\$ 28,332	\$ 237,921
Liabilities	494,724	104,833	92,679	85,972	102,115	109,125
Gap	(1,058)	39,838	(47,702)	(48,207)	(73,783)	128,796
Accumulated gap	(1,058)	39,838	(7,864)	(56,071)	(129,854)	(1,058)

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

2) IBT

	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	\$ 471,251	\$ 96,681	\$ 42,929	\$ 26,848	\$ 37,276	\$ 267,517
Liabilities	471,379	103,466	51,330	54,898	79,713	181,972
Gap	(128)	(6,785)	(8,401)	(28,050)	(42,437)	85,545
Accumulated gap	(128)	(6,785)	(15,186)	(43,236)	(85,673)	(128)

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

g. Interest-rate sensitivity information

1) Bank SinoPac

Item	(%)	
	December 31, 2005	December 31, 2004
Ratio of interest-rate sensitive assets to liabilities	95.76	86.02
Ratio of interest-rate sensitive gap to net worth	(53.55)	(143.04)

2) IBT

Item	(%)	
	December 31, 2005	December 31, 2004
Ratio of interest-rate sensitive assets to liabilities	82.68	83.71
Ratio of interest-rate sensitive gap to net worth	(158.01)	(137.22)

- Note 1: Interest-rate sensitive assets and liabilities mean the revenues or costs of interest earnings assets and interest bearing liabilities are affected by the changes of interest-rates.
- Note 2: Ratio of interest-rate sensitive assets to liabilities = Interest-rate sensitive assets/Interest-rate sensitive liabilities (with maturities of less than one year in New Taiwan dollars).
- Note 3: Interest-rate sensitive gap = Interest-rate sensitive assets — Interest-rate sensitive liabilities

h. The net positions on major foreign-currency transactions: Please refer to Note 45.

48. ADDITIONAL DISCLOSURES

a. Followings are the additional disclosures required by the SFB for the Company and investees:

- 1) Financing provided: Table 1;
- 2) Endorsement/guarantee provided: Table 2;
- 3) Marketable securities held: Table 3 (the related disclosures for SinoPac Securities are excluded from disclosure requirement under the Criteria Governing the Preparation of Financial Reports by Securities Firms);
- 4) Marketable securities acquired and disposed of, at costs or prices of at least NT\$100 million or 20% of the issued capital: Table 4 (the related disclosures of Bank SinoPac and its investees and IBT and its investees follow the disclosure requirement under the Criteria Governing the Preparation of Financial Reports by Public Banks, the marketable securities acquired and disposed of, at costs or prices of at least NT\$300 million or 10% of the issued capital. The related disclosures for SinoPac Securities are excluded from disclosure requirement under the Criteria Governing the Preparation of Financial Reports by Securities Firms);
- 5) Acquisition of individual real estate at costs of at least NT\$100 million or 20% of the issued capital: Table 5 (the related disclosure of Bank SinoPac and IBT follow the disclosure requirement under the Criteria Governing the Preparation of Financial Reports by Public Banks);
- 6) Disposal of individual real estate at prices of at least NT\$100 million or 20% of the issued capital: Table 6 (the related disclosures of Bank SinoPac and IBT follow the disclosure requirement under the Criteria Governing the Preparation of Financial Reports by Public Banks);
- 7) Receivables from related parties amounting to at least NT\$100 million or 20% of the issued capital: Table 7;
- 8) Names, locations, and other information of investees on which the Company exercises significant influences: Table 8;
- 9) Derivative financial transactions: Please refer to Note 44.

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

49. DISCLOSURES REQUIRED BY MINISTRY OF FINANCE, RULING OF NO. 0920004507 DATED OCTOBER 31, 2003

The Corporation's investees which registered in the Cayman Islands and the British Virgin Islands include SinoPac Securities (Cayman) Holdings Limited, SinoPac Asset Management Corp. (B.V.I.), SPS Asia Ltd., SinoPac Asia Limited and SPS Asset Management Limited. SinoPac Asset Management Corp. (B.V.I.) completed the legal dissolution procedure in June 2005, and transferred its residual assets with book values to SinoPac Securities (Cayman) Holdings Limited. Information on these investees' operating activities are as follows:

- a. Balance sheets: Table 12 to 16 (attached).
- b. Statements of income: Except for SPS Asia Ltd., which was not operating since 2004, and generated no operating revenue and operating expenses of HK\$4,758 for the years ended 2005 and 2004, other investees' statements of income please refer to Table 17 to 20 (attached).
- c. Securities held: Except that SPS Asia Ltd. held no securities at the end of 2004, for others please see Table 21 to 23 (attached).
- d. Derivative financial instruments transactions and the source of capital: Except that SinoPac Securities (Cayman) Holdings Limited, SinoPac Asset Management Corp. (B.V.I.), and SPS Asia Ltd. did not invest in derivative financial instruments, for others please see Table 24 (attached).
- e. Revenues from assets management business, service contents and litigation:
 - 1) Except that SPS Asset Management Limited had the revenues from assets management business amounted to HK\$11,304,633 and \$12,134,997 for the years ended 2005 and 2004, respectively, for others did not have the aforementioned revenues.
 - 2) Litigation: None.

50. SEGMENT AND GEOGRAPHIC INFORMATION

a. Segment information

The segment information about the Company for the year ended December 31, 2005 is as follows:

	Banking	Securities	Other	Adjustments and Eliminations	Total
Revenue from third parties	\$ 42,005,306	\$ 6,405,616	\$ 4,467,034	\$ -	\$ 52,877,956
Revenue from the Company and consolidated subsidiaries	<u>240,353</u>	<u>54,001</u>	<u>(83,115)</u>	<u>(211,239)</u>	<u>-</u>
Total revenue	<u>\$ 42,245,659</u>	<u>\$ 6,459,617</u>	<u>\$ 4,383,919</u>	<u>\$ (211,239)</u>	<u>\$ 52,877,956</u>
Segment income	<u>\$ 5,966,631</u>	<u>\$ 1,677,049</u>	<u>\$ 193,199</u>	<u>\$ (65,285)</u>	\$ 7,771,594
Investment income under the equity method					<u>6,592</u>
Income before income tax					<u>\$ 7,778,186</u>
Identifiable assets	<u>\$ 1,022,875,947</u>	<u>\$ 63,421,551</u>	<u>\$ 23,461,778</u>	<u>\$ (11,436,214)</u>	\$ 1,098,323,062
Long-term equity investments under the equity method					<u>483,240</u>
Total assets					<u>\$ 1,098,806,302</u>
Depreciation and amortization expenses	<u>\$ 940,461</u>	<u>\$ 311,744</u>	<u>\$ 124,085</u>		
Capitalized expenditures	<u>\$ 797,199</u>	<u>\$ 222,811</u>	<u>\$ 229,142</u>		

The segment information about the Company for the year ended December 31, 2004 is as follows:

	Banking	Securities	Other	Adjustments and Eliminations	Total
Revenue from third parties	\$ 36,300,487	\$ 6,299,733	\$ 3,208,542	\$ -	\$ 45,808,762
Revenue from the Company and consolidated subsidiaries	<u>547,335</u>	<u>63,121</u>	<u>248,789</u>	<u>(859,245)</u>	<u>-</u>
Total revenue	<u>\$ 36,847,822</u>	<u>\$ 6,362,854</u>	<u>\$ 3,457,331</u>	<u>\$ (859,245)</u>	<u>\$ 45,808,762</u>
Segment income (loss)	<u>\$ 9,515,148</u>	<u>\$ 1,624,225</u>	<u>\$ 261,927</u>	<u>\$ (829,341)</u>	\$ 10,571,959
Investment income under the equity method					<u>21,481</u>
Income before income tax					<u>\$ 10,593,440</u>
Identifiable assets	<u>\$ 945,679,122</u>	<u>\$ 59,163,987</u>	<u>\$ 26,890,974</u>	<u>\$ (11,690,076)</u>	\$ 1,020,044,007
Long-term equity investments under the equity method					<u>568,370</u>
Total assets					<u>\$ 1,020,612,377</u>
Depreciation and amortization expenses	<u>\$ 926,898</u>	<u>\$ 305,693</u>	<u>\$ 139,243</u>		
Capitalized expenditures	<u>\$ 1,782,128</u>	<u>\$ 277,217</u>	<u>\$ 112,366</u>		

b. Geographic information

The geographic information about the Company for the year ended December 31, 2005 is as follows:

	Domestic	United States	Hong Kong	Adjustments and Eliminations	Total
Revenue from third parties	\$ 45,981,481	\$ 3,927,507	\$ 2,968,968	\$ -	\$ 52,877,956
Revenue from the Company and consolidated subsidiaries	<u>209,231</u>	<u>-</u>	<u>2,008</u>	<u>(211,239)</u>	<u>-</u>
Total revenue	<u>\$ 46,190,712</u>	<u>\$ 3,927,507</u>	<u>\$ 2,970,976</u>	<u>\$ (211,239)</u>	<u>\$ 52,877,956</u>
Segment income	<u>\$ 6,329,835</u>	<u>\$ 1,093,987</u>	<u>\$ 413,057</u>	<u>\$ (65,285)</u>	\$ 7,771,594
Investment income under the equity method					<u>6,592</u>
Income before income tax					<u>\$ 7,778,186</u>
Identifiable assets	<u>\$ 994,740,938</u>	<u>\$ 73,563,229</u>	<u>\$ 41,455,109</u>	<u>\$ (11,436,214)</u>	\$ 1,098,323,062
Long-term equity investments under the equity method					<u>483,240</u>
Total assets					<u>\$ 1,098,806,302</u>

The geographic information about the Company for the year ended December 31, 2004 is as follows:

	Domestic	United States	Hong Kong	Adjustments and Eliminations	Total
Revenue from third parties	\$ 40,586,616	\$ 3,462,692	\$ 1,759,454	\$ -	\$ 45,808,762
Revenue from the Company and consolidated subsidiaries	<u>857,587</u>	<u>-</u>	<u>1,658</u>	<u>(859,245)</u>	<u>-</u>
Total revenue	<u>\$ 41,444,203</u>	<u>\$ 3,462,692</u>	<u>\$ 1,761,112</u>	<u>\$ (859,245)</u>	<u>\$ 45,808,762</u>
Segment income	<u>\$ 10,254,823</u>	<u>\$ 966,931</u>	<u>\$ 179,546</u>	<u>\$ (829,341)</u>	\$ 10,571,959
Investment income under the equity method					<u>21,481</u>
Income before income tax					<u>\$ 10,593,440</u>
Identifiable assets	<u>\$ 707,951,717</u>	<u>\$ 67,476,347</u>	<u>\$ 256,306,019</u>	<u>\$ (11,690,076)</u>	\$ 1,020,044,007
Long-term equity investments under the equity method					<u>568,370</u>
Total assets					<u>\$ 1,020,612,377</u>

TABLE 1**SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEES****FINANCING PROVIDED YEAR ENDED****DECEMBER 31, 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	\$145,242 (Note)	\$ 145,242 (Note)	US: 4.21%-4.75% HK: 4.18%-4.38%	Short-term financing	\$ -	Working capital	\$ -	-	\$ -	\$ 246,375 (Note 1)	\$ 246,375 (Note 1)
2	SinoPac Leasing Corporation	Wal-Tech International Corporation	Other receivable-related parties	433,500	179,000	2.1%-2.2%	Short-term financing		Repay of borrowings	895	-	-	568,000	11,534,409

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

TABLE 2**SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEES****ENDORSEMENT/GUARANTEE PROVIDED****YEAR ENDED DECEMBER 31, 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)	\$ 4,560,787 (Note 1)	\$ 4,390,776 (Note 1)	-	12.38%	(Note 3)
		Wal Tech International Corporation	Affiliate	(Note 2)	338,500	10,000	-	0.03%	(Note 3)
2	SinoPac Securities (Cayman) Holding Co., Ltd. (SinoPac Securities (Cayman))	SinoPac Financing (Asia) Co., Ltd.	Subsidiary of SinoPac Securities (Cayman)	\$ 1,408,594 (Note 5)	328,500 (US\$10,000)		-	-	\$ 1,408,594 (Note 5)

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 December 31, 2005, the limit was \$2,269,005.

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 December 31, 2005, the maximum allowance was \$5,672,511.

Note 4: The net asset value of SinoPac Leasing Corporation was based on its audited financial statements as of December 31, 2005.

Note 5: In accordance with the operating procedure of SinoPac Securities (Cayman), the total amount of endorsement or guarantee and the limit on individual endorsement or guarantee amount can not exceed the 40% of SinoPac Securities' net worth.

TABLE 3**SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEEES****MARKETABLE SECURITIES HELD****DECEMBER 31, 2005**
(In Thousands of New Taiwan Dollars)

Name of Holding Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	December 31, 2005			Market Value or Net Asset Value (Note 1)	Note
				Shares/Units/Face Amount (In Thousand)	Carrying Amount (Note 1)	Percentage of Ownership		
SinoPac Financial Holdings Company Limited	<u>Stock (common stock)</u>							
	International Bank of Taipei	Subsidiary	Long-term equity investments	2,223,311	\$ 34,571,746	100.00%	\$ 34,540,255	Note 4
	Bank SinoPac	Subsidiary	Long-term equity investments	1,972,807	27,594,216	100.00%	27,594,216	Note 4
	SinoPac Securities Corporation	Subsidiary	Long-term equity investments	1,526,902	22,492,053	100.00%	22,492,053	Note 4
	AnShin Card Services Co., Ltd.	Subsidiary	Long-term equity investments	193,000	2,227,974	100.00%	3,134,663	Note 4
	SinoPac Venture Capital Co., Ltd.	Subsidiary	Long-term equity investments	180,000	1,789,493	100.00%	1,789,493	Note 4
	SinoPac Securities Investment Trust Co., Ltd.	Subsidiary	Long-term equity investments	30,591	308,341	100.00%	322,831	Note 4
	SinoPac Call Center Co., Ltd.	Subsidiary	Long-term equity investments	10,000	105,644	100.00%	105,644	Note 4
	SinoPac Asset Management International	Subsidiary	Long-term equity investments	10,000	103,148	100.00%	103,148	Note 4
	SinoPac Life Insurance Agent Co., Ltd.	Subsidiary	Long-term equity investments	300	129,561	100.00%	129,561	Note 4
	SinoPac Marketing Consulting Co., Ltd.	Subsidiary	Long-term equity investments	5,000	44,522	100.00%	44,522	Note 4
	SinoPac Property Insurance Agent Co., Ltd.	Subsidiary	Long-term equity investments	300	12,930	100.00%	12,930	Note 4
	Li-Seng Develop company	Investee accounted for by the cost method	Long-term equity investments	12,709	125,000	5.00%	140,791	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%	20,666	Note 4
	<u>Stock (preferred stock)</u>							
	AnShin Card Services-A	-	Long-term equity investments	48,000	480,000	100.00%	480,000	Note 5
	AnShin Card Services-B	-	Long-term equity investments	120,000	1,200,000	100.00%	1,200,000	Note 5
IBT Life Insurance Agent Co., Ltd.	<u>Bond</u> Taiwan Government Bond (A88103)	-	Refundable guarantee deposits	-	654	-	815	Pledged Note 7
IBT Property Insurance Agent Co., Ltd.	<u>Bond</u> Taiwan Government Bond (A88103)	-	Refundable guarantee deposits	-	654	-	815	Pledged Note 7
SinoPac Bancorp	<u>Stock</u> Far East National Bank	Subsidiary	Long-term equity investments	180	5,964,254	100.00%	5,964,254	Note 3

Name of Holding Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	December 31, 2005				Note	
				Shares/Units/ Face Amount (In Thousand)	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)		
Far East Capital Corporation	SinoPac Financial Service (USA) Ltd.	Subsidiary	Long-term equity investments	2.5	\$ 26,306	100.00%	\$ 26,306	Note 3	
	<u>Stock (common stock)</u> PCRS Capital Partners, LLC	Investee accounted for by the cost method	Long-term equity investments	-	1,353	4.00%	1,353	Note 5	
	TVIA, Inc.	Investee accounted for by the cost method	Long-term equity investments	33	2,409	0.20%	2,409	Note 6	
	<u>Stock (preferred stock)</u> AgraQuest, Inc.	-	Long-term equity investments	100	891	0.80%	891	Note 5	
	Silicon Motion, Inc.	-	Long-term equity investments	11	1,806	0.10%	1,806	Note 5	
	Zone Reactor, Inc.	-	Long-term equity investments	300	1,106	1.50%	1,106	Note 5	
	SinoPac Leasing Corporation	<u>Stock</u> Grand Capital International Limited	Subsidiary	Long-term equity investments	29,900	547,418	100.00%	547,418	Note 4
Global Securities Finance Corp.		Investee accounted for by the cost method	Long-term equity investments	1,423	15,664	0.19%	15,442	Note 3	
Z-Com, Inc.		Investee accounted for by the cost method	Long-term equity investments	1	10	0.001%	-	Note 4	
SinoPac Capital Limited		<u>Stock</u> SinoPac Capital (B.V.I.) Ltd.	Subsidiary	Long-term equity investments	4,450	199,639	100.00%	431,024	Note 3
	SinoPac Insurance Brokers Ltd.	Subsidiary	Long-term equity investments	100	1,280	100.00%	1,862	Note 3	
	SinoPac (Hong Kong) Nominees Ltd.	Subsidiary	Long-term equity investments	0.001	0.004	100.00%	0.004	Note 3	
	HC	-	Short-term investments	7,998	53,207	1.72%	56,250	Note 2	
	Suga International	-	Short-term investments	7,080	43,410	3.11%	23,697	Note 2	
	ZZNode	-	Short-term investments	12,004	29,974	3.00%	23,395	Note 2	
	Norstar	-	Short-term investments	6,908	56,882	0.71%	70,742	Note 2	
	Hans Energy	-	Short-term investments	21,000	48,948	0.80%	44,486	Note 2	
	Bestfield Enterprises Ltd.	-	Short-term investments	38	49,275	-	49,275	Note 2	
	China-Metal	-	Short-term investments	300	1,805	0.03%	2,764	Note 2	
	Wealthmark	-	Short-term investments	15,327	35,066	5.11%	38,962	Note 2	
	MagnaChip	-	Short-term investments	16	65,700	-	65,700	Note 2	
	SinoPac Capital (B.V.I.) Ltd.	<u>Fund</u> China Enterprise Capital	-	Short-term investments	US\$ 1,000	32,850	-	32,850	Note 5
		<u>Stock</u> Cyberpac Holding Ltd. (B.V.I.)	Subsidiary	Long-term equity investments	4,000	131,400	100.00%	1,678	Note 3

Name of Holding Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	December 31, 2005				Note
				Shares/Units/Face Amount (In Thousand)	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
Allstar Venture Ltd. (B.V.I.)	Shanghai International Asset Management (Hong Kong) Co., Ltd.	Subsidiary	Long-term equity investments	4,800	\$ 37,071	60.00%	\$ 40,649	Note 3
	Pinnacle Investment Management Ltd.	Subsidiary	Long-term equity investments	200	6,570	100.00%	3,739	Note 3
	RSP Information Service Company Limited	Subsidiary	Long-term equity investments	1,000	4,212	100.00%	2,063	Note 3
	<u>Venture fund</u> InveStar Excelsus Venture Capital (Int'l) Inc., LDC	-	Long-term investments	1,529	57,557	6.25%	57,557	Note 5
	UOB Venture Technology Investments Limited	-	Long-term investments	26	35,369	8.62%	35,369	Note 5
	MDS Life Sciences Technology Fund - Barbados	-	Long-term investments	50	26,108	25.00%	26,108	Note 5
	Biotechnology Development Fund II, L.P.	-	Long-term investments	-	14,910	2.30%	14,910	Note 5
	North America Venture Fund II, L.P.	-	Long-term investments	-	11,960	2.07%	11,960	Note 5
	<u>Stock (common stock)</u> Enhance Biotech	Investee accounted for by the cost method	Long-term equity investments	104	1,984	42.00%	1,984	Note 5
	DiCon Fiberoptics, Inc.	Investee accounted for by the cost method	Long-term equity investments	221	6,976	0.20%	6,976	Note 5
	<u>Stock (preferred stock)</u> Tanox	-	Long-term equity investments	9	4,825	0.08%	4,825	Note 5
	Altor	-	Long-term equity investments	100	1,708	0.87%	1,708	Note 5
	Phytoceutica, Inc.	-	Long-term equity investments	200	8,475	1.45%	8,475	Note 5
	Immusol, Inc.	-	Long-term equity investments	25	10,075	0.05%	10,075	Note 5
	Wal Tech International Corporation	<u>Stock</u> Intellisys Corp.	Subsidiary	Long-term equity investments	7,197	78,701	62.58%	98,073
	Multiwin Asset Management Co., Ltd.	Investee accounted for by the equity method	Long-term equity investments	1,800	10,947	30.00%	10,947	Note 3
	Webi & Neti Internet Services Inc.	Investee accounted for by the cost method	Long-term equity investments	63	477	2.63%	477	Note 3
	SynTest Technologies, Inc., Taiwan	Investee accounted for by the cost method	Long-term equity investments	79	354	0.35%	430	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%	15,370	Note 3

Name of Holding Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	December 31, 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.	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%	\$ 24,941	Note 3	
	SonicEdge Industries Corporation	Investee accounted for by the cost method	Long-term equity investments	290	1,238	1.16%	1,239	Note 3	
	Maximum Venture I, Inc., Taiwan	Investee accounted for by the cost method	Long-term equity investments	17,500	175,350	8.33%	158,935	Note 3	
	Silicon Motion Inc.	Investee accounted for by the cost method	Long-term equity investments	13	6,219	-	5,228	Note 6	
	<u>Stock</u> Orion Financial Tech. Ltd.	Investee accounted for by the cost method	Long-term equity investments	81	-	2.31%	21	Note 3	
SinoPac Futures Corporation	<u>Stock</u> Taiwan Future Exchange Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	499	4,990	0.25%	12,450	Note 5	
	SinoPac Managed Futures Co., Ltd.	Investee accounted for by the equity method	Long-term equity investments	14,000	131,999	70.00%	131,999	Note 5	
	<u>Fund</u> Fuh-Hwa Omni Fund	-	Short-term investments	1,000	10,000	0.26%	10,320	Note 6	
	Fuh-Hwa Small Capital Fund	-	Short-term investments	583	13,000	0.61%	13,000	Note 6	
	Fuh-Hwa Aegis Fund	-	Short-term investments	1,000	10,000	0.10%	10,046	Note 6	
	Sheng-Hua 100% Principal Guaranteed Fund	-	Short-term investments	1,000	10,000	1.28%	9,976	Note 6	
	SinoPac New Century Fund	-	Short-term investments	4,528	24,000	10.00%	27,171	Note 6	
	The First Global Investment Trust Global Asset Allocation Fund	-	Short-term investments	1,000	10,000	0.12%	10,457	Note 6	
	SinoPac Capital Management Corporation	<u>Beneficiary certificate</u> Grand Cathay Bond Fund	-	Short-term investments	3,911	50,000	0.21%	50,005	Note 6
		SinoPac Life Insurance Agent Co., Ltd.	<u>Beneficiary certificate</u> Fuh-hwa Yu-Li Fund	-	Short-term investments	1,328	15,015	-	16,247
Fuh-hwa Bond Fund	-		Short-term investments	164	2,000	-	2,151	Note 6	
Prudential Aggressive Growth 2 Bond Fund	-		Short-term investments	1,689	24,746	-	25,912	Note 6	
Truswell Premier Fund	-		Short-term investments	1,076	11,503	-	11,822	Note 6	
SinoPac Property Insurance Agent Co., Ltd.	<u>Beneficiary certificate</u> Fuh-hwa Albatross Fund	-	Short-term investments	109	1,200	-	1,212	Note 6	
	ABN AMRO Bond Fund Cap	-	Short-term investments	71	1,000	-	1,056	Note 6	
SinoPac Venture Capital Co., Ltd.	<u>Beneficiary certificate</u> SinoPac Genesis Fund	Fund under management of subsidiary	Short-term investments	6,771	52,678	15.35%	58,027	Note 6	

Name of Holding Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	December 31, 2005				Note
				Shares/Units/Face Amount (In Thousand)	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
	<u>Convertible bonds</u>							
	Ardentec Corporation	-	Short-term investments	400	\$ 40,000	-	\$ 44,424	Note 6
	Creative Sensor Inc.	-	Short-term investments	75	7,500	-	9,011	Note 6
	<u>Stock</u>							
	Telexpress Corp. (BVI)	Investee accounted for by the equity method	Long-term equity investments	3,900	46,345	34.21%	46,345	Note 4
	Wal Tech International Corporation	Investee accounted for by the equity method	Long-term equity investments	26,500	148,053	100.00%	148,053	Note 4
	Allstar Venture Ltd. (B.V.I.)	Investee accounted for by the equity method	Long-term equity investments	2	179,417	100.00%	166,537	Note 4
	SinoPac Leasing Corporation	Investee accounted for by the equity method	Long-term equity investments	410	2,629	0.23%	2,629	Note 4
	SinoPac Financial Consulting Corporation	Investee accounted for by the equity method	Long-term equity investments	6	69	3.00%	69	Note 4
	Prudence Venture Investment Corp.	Investee accounted for by the equity method	Long-term equity investments	5,000	35,600	2.50%	35,600	Note 5
	Z-com	Investee accounted for by the equity method	Long-term equity investments	1,560	10,436	2.01%	10,436	Note 5
	Taiwan Leader Advanced Technology Corp.	Investee accounted for by the equity method	Long-term equity investments	1,103	10,765	1.07%	10,765	Note 5
	3V Source One	Investee accounted for by the equity method	Long-term equity investments	-	92,235	-	92,235	Note 5
	e21	Investee accounted for by the cost method	Long-term equity investments	200	3,285	-	3,285	Note 5
	Chain Yarn Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	2,067	28,655	1.65%	28,655	Note 5
	Telexpress Corp.	Investee accounted for by the cost method	Long-term equity investments	525	6,282	4.70%	6,282	Note 5
	Tekcon, Corp.	Investee accounted for by the cost method	Long-term equity investments	349	943	1.51%	943	Note 5
	Walton Advanced Engineering, Inc.	Investee accounted for by the cost method	Long-term equity investments	1,527	11,300	0.34%	11,300	Note 5
	ATM Electronic Corp.	Investee accounted for by the cost method	Long-term equity investments	546	10,000	2.16%	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

Name of Holding Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	December 31, 2005				Note
				Shares/Units/ Face Amount (In Thousand)	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
	De Poan Pneumatic Corp.	Investee accounted for by the cost method	Long-term equity investments	352	\$ 11,260	0.92%	\$ 15,257	Note 2
	Pandisk Technology Company Ltd.	Investee accounted for by the cost method	Long-term equity investments	695	9,980	2.93%	9,980	Note 5
	Skanhex Technology Inc.	Investee accounted for by the cost method	Long-term equity investments	68	2,650	0.06%	2,650	Note 5
	Nanya PCB Corporation	Investee accounted for by the cost method	Long-term equity investments	191	12,736	0.04%	12,736	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	1,121	14,395	3.84%	14,395	Note 5
	Bcom Electronics Inc.	Investee accounted for by the cost method	Long-term equity investments	384	6,226	0.43%	6,226	Note 5
	Sunnic Technology & Merchandise Inc.	Investee accounted for by the cost method	Long-term equity investments	950	25,120	2.81%	25,120	Note 5
	Ampire Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	139	1,808	0.27%	1,292	Note 2
	AME, Inc.	Investee accounted for by the cost method	Long-term equity investments	17	502	0.04%	390	Note 2
	TennRich International Corp.	Investee accounted for by the cost method	Long-term equity investments	538	9,988	1.05%	9,988	Note 5
	Exploit Technology Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	584	11,773	1.46%	11,773	Note 5
	Asia Electronic Material Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	2,650	34,750	6.46%	34,750	Note 5
	Princo Corp.	Investee accounted for by the cost method	Long-term equity investments	299	19,967	0.08%	5,849	Note 2
	Light Master System, Inc.	Investee accounted for by the cost method	Long-term equity investments	150	8,870	-	8,870	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	598	17,500	1.01%	5,049	Note 2
	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

Name of Holding Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	December 31, 2005				Note
				Shares/Units/ Face Amount (In Thousand)	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
	BioAsia BDF IV	Investee accounted for by the cost method	Long-term equity investments	-	\$ 29,668	-	\$ 29,668	Note 5
	Laster Tech Ltd.	Investee accounted for by the cost method	Long-term equity investments	619	19,735	2.18%	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	438	13,997	1.61%	13,997	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	952	18,438	1.14%	18,438	Note 5
	FEEI Chemg Enterprise Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	410	25,500	0.92%	25,500	Note 5
	Ritdisplay Corporation	Investee accounted for by the cost method	Long-term equity investments	112	1,976	0.02%	1,976	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
	FuPo Electronics Corporation	Investee accounted for by the cost method	Long-term equity investments	388	7,019	0.35%	4,818	Note 2
	ID Solutions Inc.	Investee accounted for by the cost method	Long-term equity investments	833	8,213	-	8,213	Note 5
	Ultra Chip, Inc.	Investee accounted for by the cost method	Long-term equity investments	1,119	28,817	1.45%	28,817	Note 5
	Skymedi Corporation	Investee accounted for by the cost method	Long-term equity investments	50	1,000	0.18%	1,000	Note 5
	Goyatek Technology Inc.	Investee accounted for by the cost method	Long-term equity investments	500	6,075	1.59%	6,075	Note 5
	Uniwill Computer International Corporation	Investee accounted for by the cost method	Long-term equity investments	880	9,944	0.24%	9,944	Note 5
SinoPac Asset Management International	Stock							
	Powerchip Semiconductor Corp.	-	Short-term investments	239	5,688	0.0043%	4,854	Note 2
	Evergreen Marine Corp. (Taiwan) Ltd.	-	Short-term investments	110	3,635	0.0041%	2,482	Note 2

Name of Holding Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	December 31, 2005				Note
				Shares/Units/Face Amount (In Thousand)	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
SinoPac Securities Investment Trust Co., Ltd.	U-Ming Marine Transport Corp.	-	Short-term investments	120	\$ 5,408	0.014%	\$ 4,128	Note 2
	Career Technology (MFG) Co., Ltd.	-	Short-term investments	118	5,257	0.0458%	4,063	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
	Beneficiary certificate							
	Jih Sun Foresight Balance Fund Balanced Fund	-	Short-term investments	300	3,000	-	3,042	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 December 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 December 31, 2005.

Note 7: The closing price provided by GreTai Securities Market as of December 31, 2005.

TABLE 4

SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE ISSUED CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2005
(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counter-party	Relationship	Beginning Balance		Acquisition		Disposal			Ending Balance		
					Shares/Units/Face Value (in Thousand)	Amount	Shares/Units/Face Amount (in Thousand)	Amount	Shares/Units/Face Amount (in Thousand)	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares/Units/Face Amount (in Thousand)	Amount
SinoPac Financial Holdings Company Limited	Stocks (common)	Long-term equity investments	National Investment Bank of Taipei		-	\$ -	2,223,311	\$ 36,000,947	-	\$ -	\$ -	\$ -	2,223,311	\$34,571,746
	SinoPac Venture Capital Co., Ltd.		-	100,000	1,000,000	80,000	800,000	-	-	-	-	180,000	1,789,493	
SinoPac Venture Capital Co., Ltd.	Stocks	Long-term equity investments	Cyberpac Holding Ltd. (B.V.I)	Related party in substance	-	-	26,500	147,341	-	-	-	-	26,500	147,341
	Allstar Venture Ltd. (B.V.I)		SinoPac Capital (B.V.I)	Related party in substance	-	-	0.002	180,968	-	-	-	-	0.002	180,968

TABLE 5**SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEEES****ACQUISITION OF INDIVIDUAL REAL ESTATES AT COSTS OF AT LEAST NT\$100 MILLION OR 20% OF THE ISSUED CAPITAL FOR THE YEAR ENDED DECEMBER 31, 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 superficies from 2005.

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

TABLE 6**SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEEES****DISPOSAL OF INDIVIDUAL REAL ESTATE AT COST OF AT LEAST NT\$100 MILLION OR 20% OF THE ISSUED CAPITAL FOR THE YEAR ENDED DECEMBER 31, 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	\$231,040	\$ 184,443	Collected	\$ (46,596)	AnHong Co., Ltd.	None	Appraisal report of real estate	For business	-
	Property hold for lease - building	March 4, 2005	June 28, 2001	103,639	95,016 (Note 1)	Collected	(13,148)	AnHong Co., Ltd.	None	Appraisal report of real estate	For business	-
SinoPac Securities Corporation	Property - land and buildings	November 15, 2005	October 23, 2001	169,751	139,905	Received all amount in January 9, 2006	(29,846)	Mr. Chen	None	Increase working capital and enhance assets efficiency	Refer to expertise's report and the approval of the Corporation's board of directors	None

TABLE 7**SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEEES****RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE ISSUED CAPITAL DECEMBER 31, 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	\$ 96,642	-	\$ -	-	\$ -	\$ -
	SinoPac Securities	Subsidiary of SinoPac Financial Holdings Company Limited	471,542	-	-	-	-	-
	Bank SinoPac	Subsidiary of SinoPac Financial Holdings Company Limited	32,188	-	-	-	-	-
	SinoPac Venture Capital	Subsidiary of SinoPac Financial Holdings Company Limited	933	-	-	-	-	-

Company Name	Related Party	Relationship	Ending Balance (Note)	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
	SinoPac Asset Management International	Subsidiary of SinoPac Financial Holdings Company Limited	410	-	-	-	-	-
	SinoPac Call Center	Subsidiary of SinoPac Financial Holdings Company Limited	909	-	-	-	-	-
	SinoPac Securities Investment Trust	Subsidiary of SinoPac Financial Holdings Company Limited	206	-	-	-	-	-
	SinoPac Life	Insurance Agent Co., Ltd.	28,662	-	-	-	-	-
	SinoPac Property	Insurance Agent Co., Ltd.	1,735	-	-	-	-	-
	Far East National Bank	Subsidiary of Bank SinoPac	130	-	-	-	-	-
International Bank of Taipei	Grand Capital International Limited	Affiliate	525,760	-	-	-	-	-
	BoardTek Electronics	Related parties in reality	344,000	-	-	-	-	-
SinoPac Call Center	Anshin Card Services	Affiliate	8,261	-	-	-	-	-
SinoPac Leasing Corporation	Wal-Tech International Corporation	Affiliate	179,000	2.6	-	-	-	895

Note: The receivable mainly comes from the adoption of the linked-tax system for 2004 tax filing, dividend income from preferred stock and other receivable - related parties.

TABLE 8**SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEEES**

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE YEAR ENDED DECEMBER 31, 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 December 31, 2005			Net Income (Loss) of the Investee (Note 2)	Investment Gains (Loss) (Note 2)	Note
				December 31, 2005 (Note 1)	December 31, 2004 (Note 1)	Shares (Thousand)	Percentage of Ownership (%)	Carrying Amount (Note 2)			
SinoPac Financial Holdings Company Limited	International Bank of Taipei	Taipei	Commercial bank	\$ 35,159,843	\$ -	2,223,311	100.00	\$ 34,571,746	\$ 2,451,035	\$ 2,669,605	Subsidiary
	Bank SinoPac	Taipei	Commercial bank	23,976,716	23,976,716	1,972,807	100.00	27,594,216	2,117,164	1,967,835	Subsidiary
	SinoPac Securities Corporation	Taipei	Brokerage, dealing and underwriting of securities	21,566,517	21,566,517	1,526,902	100.00	22,492,053	1,060,500	1,024,055	Subsidiary
	AnShin Card Services Co., Ltd.	Taipei	Credit card business	1,719,164	1,719,164	193,000	100.00	2,227,974	370,745	258,913	Subsidiary
	SinoPac Life Insurance Agent Co., Ltd.	Taipei	Life insurance agent	81,909	81,909	300	100.00	129,561	118,356	117,705	Subsidiary
	SinoPac Property Insurance Agent Co., Ltd.	Taipei	Property insurance agent	3,919	3,919	300	100.00	12,930	8,922	8,872	Subsidiary
	SinoPac Venture Capital Co., Ltd.	Taipei	Venture capital investment	1,800,000	1,000,000	180,000	100.00	1,789,492	27,514	27,514	Subsidiary
	SinoPac Call Center Co., Ltd.	Kaohsiung	Data processing, manpower and agency services	100,000	100,000	10,000	100.00	105,644	4,840	4,790	Subsidiary
	SinoPac Asset Management International	Taipei	Business management advisory, investment and venture capital investment advisory	100,000	100,000	10,000	100.00	103,148	670	623	Subsidiary

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2005			Net Income (Loss) of the Investee (Note 2)	Investment Gains (Loss) (Note 2)	Note
				December 31, 2005 (Note 1)	December 31, 2004 (Note 1)	Shares (Thousand)	Percentage of Ownership (%)	Carrying Amount (Note 2)			
International Bank of Taipei	SinoPac Marketing Consulting Co., Ltd.	Taipei	Agent service, investment advisory and overdue accounts receivable management	\$ 50,000	\$ 50,000	5,000	100.00	\$ 44,522	\$ (1,643)	\$ (1,643)	Subsidiary
	SinoPac Securities Investment Trust Corporation	Taipei	Establish and manage securities investment trust funds by issuing beneficiary certificates and render discretionary investment service.	323,500	298,500	30,591	100.00	308,341	(14,122)	(13,078)	Subsidiary
	IBT Life Insurance Agent Co., Ltd.	Taipei	Life insurance agent	2,000	2,000	200,000	100.00	249,594	216,663	-	Affiliate
	IBT Property Insurance Agent Co., Ltd.	Taipei	Property insurance agent	2,000	2,000	200,000	100.00	14,387	9,947	-	Affiliate
Bank SinoPac	Grand Cathay Securities Investment Trust Co.	Taipei	Securities investment	225,000	225,000	8,250,000	24.68	168,977	(14,370)	-	Affiliate
	SinoPac Bancorp	California	Stock holding	US\$112,306	US\$112,306	20	100.00	5,871,192	549,938	-	Affiliate
	SinoPac Leasing Corporation	Taipei	Oversea trading, leasing, lending and financing	999,940	999,940	176,689.62	99.7683	1,106,265	(798,181)	-	Affiliate
SinoPac Bancorp	SinoPac Capital Limited	Hong Kong	Financial advisory	HK\$229,998	HK\$229,998	229,998	99.9991	898,128	(285,990)	-	Affiliate
	SinoPac Financial Consulting Co., Ltd.	Taipei	Investment advisory and business management advisory	\$ 1,940	\$ 1,940	194	97.00	2,255	80	-	Affiliate
	Far East National Bank	California	Commercial bank	US\$112,714	US\$112,714	180	100.00	5,964,254	572,714	-	Affiliate
Far East National Bank	SinoPac Financial Service (USA) Ltd.	California	Securities brokerage	US\$ 25	US\$ 25	2.5	100.00	26,306	(15,197)	-	Affiliate
	Far East Capital Corporation	California	Investment bank	US\$ 3,500	US\$ 3,500	350	100.00	54,815	2,997	-	Affiliate
SinoPac Leasing Corporation	Grand Capital International Limited	British Virgin Islands	Oversea trading, leasing, lending and financing	US\$29,900	US\$29,900	29,900	100.00	547,418	(994,971)	-	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	199,639	18,712	-	Affiliate
	SinoPac Insurance Brokers Ltd.	Hong Kong	Insurance brokerage	HK\$ 300	HK\$ 300	100	100.00	1,280	1,131	-	Affiliate
SinoPac Capital (B.V.I.) Ltd.	SinoPac (Hong Kong) Nominees Ltd.	Hong Kong	Custody securities	HK\$ 0.001	HK\$ 0.001	0.001	100.00	0.004	-	-	Affiliate
	Cyberpac Holding Ltd.	British Virgin Islands	Investment and advisory	US\$ 4,000	US\$ 4,000	4,000	100.00	131,400	5,584	-	Affiliate

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2005			Net Income (Loss) of the Investee (Note 2)	Investment Gains (Loss) (Note 2)	Note
				December 31, 2005 (Note 1)	December 31, 2004 (Note 1)	Shares (Thousand)	Percentage of Ownership (%)	Carrying Amount (Note 2)			
SinoPac Venture Capital Co., Ltd.	Shanghai International Asset Management (Hong Kong) Co., Ltd.	Hong Kong	Asset management	HK\$10,000	HK\$10,000	4,800	60.00	\$ 37,071	\$ 11,040	\$ -	Affiliate
	Pinnacle Investment Management Ltd.	Hong Kong	Asset management, trust and consulting	US\$ 200	US\$ 200	200	100.00	6,570	136	-	Affiliate
	RSP Information Service Company Limited	Hong Kong	General trading and providing internet - based service	HK\$999,999	HK\$999,999	1,000	100.00	4,212	(19)	-	Affiliate
	Allstar Venture Ltd. (B.V.I.)	British Virgin Islands	Investment corporation	US\$ 5,462	-	0.002	100.00	179,417	350,437	-	-
	Telexpress	Cayman Islands, British West Indies	Investment corporation	US\$1,337,310	-	3,900	34.21	46,345	15,989	-	-
Wal Tech International Corporation	Wal Tech International Corp.	Taipei	Leasing, international trading, and sale of machinery equipment	\$ 4,447	\$ -	26,500	100.00	148,053	(6,688)	-	-
Wal Tech International Corporation	Intellisys Corp.	Taipei	Computer and peripheral system integration engineering, software development and design	258,836	258,836	7,197	62.58	78,701	527	-	Affiliate
	Multiwin Asset Management Co., Ltd.	Taipei	Asset management	18,000	18,000	1,800	30.00	10,947	5,308	-	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	1,330,025	157,263	-	Affiliate
	SinoPac Securities (Cayman) Holdings Ltd.	Cayman Islands, British West Indies	Stock holding	3,066,055	3,066,055	87,753	100.00	3,521,485	143,064	-	Affiliate
	SinoPac Capital Management Corporation	Taipei	Investment consulting	112,028	112,028	17,600	100.00	185,424	4,712	-	Affiliate
SinoPac Futures Corporation	SinoPac Managed Futures Co., Ltd.	Taipei	Futures Management	200,000	200,000	20,000	100.00	56,325	(6,971)	-	-
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\$ 2,210	US\$ (507)	-	Affiliate
	SinoPac Securities (Asia) Ltd.	Hong Kong	Hong Kong stock brokerage	US\$57,920	US\$57,920	45	100.00	US\$ 68,882	US\$ (357)	-	Affiliate
	SinoPac Futures (Asia) Ltd.	Hong Kong	Futures brokerage business	US\$ 1,205	US\$ 1,205	10,000	100.00	US\$ 2,329	US\$ (33)	-	Affiliate
	SinoPac Capital (Asia) Ltd.	Hong Kong	IPO underwriting business	US\$ 3,862	US\$ 3,862	30,000	100.00	US\$ 5,352	US\$ 542	-	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 3)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2005			Net Income (Loss) of the Investee (Note 2)	Investment Gains (Loss) (Note 2)	Note
				December 31, 2005 (Note 1)	December 31, 2004 (Note 1)	Shares (Thousand)	Percentage of Ownership (%)	Carrying Amount (Note 2)			
SinoPac Asset Management Corp. (B.V.I.)	SPS Asia Ltd.	British Virgin Islands	Derivatives instruments business	US\$ 744	US\$ 744	1	100.00	US\$ 41	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\$ 3,379	US\$ 289	Affiliate	
	SinoPac Securities (U.S.A.) Ltd.	California	U.S.A. agent business	US\$ 1,848	US\$ 1,848	2	100.00	US\$ 156	US\$ (387)	Affiliate	
	SinoPac Securities (H.K.) Limited	Hong Kong	Securities brokerage, investment advisory, fund management and security business	-	US\$ 256	-	-	-	US\$ (5)	Affiliate (Note 3)	
	SinoPac Asia Limited	British Virgin Islands	Securities brokerage, investment advisory and consulting business	US\$ 6,000	US\$ 6,000	6,000	100.00	US\$ 17,941	US\$ 5,266	Affiliate	
SinoPac Securities (Asia) Ltd.	SinoPac Securities (Asia) Nominees Ltd.	Hong Kong	Hong Kong stock trust business	HK\$ 0.002	HK\$ 0.002	0.002	100.00	HK\$ -	-	Affiliate	
	SinoPac (Asia) Nominees Ltd.	Hong Kong	Nominee trust account for overseas stock holdings	HK\$ 0.002	HK\$ 0.002	0.002	100.00	HK\$ -	-	Affiliate	
SinoPac Asset Management (Asia) Ltd.	SPS Asset Management Limited	British Virgin Islands	Asset management and investment consulting	HK\$ 39	HK\$ 39	5	100.00	HK\$ 5,025	HK\$ 3,543	Affiliate	

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

Note 2: Foreign-currency amounts were translated at the exchange rate as of the balance sheet date, except for foreign-currency-denominated income and expenses, which are translated to New Taiwan dollars at the average exchange rate for the year ended December 31, 2005.

Note 3: As of December 31, 2005, both of SinoPac Asset Management Corp. (B.V.I.) and SinoPac Securities (H.K.) Limited had finished the dissolution process.

TABLE 9

SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEES

CONSOLIDATED ENTITIES

NINE MONTHS ENDED DECEMBER 31, 2005

Investor Company	Subsidiaries	Main Businesses	Percentage of Ownership		Note
			December 31, 2005	December 31, 2004	
SinoPac Financial Holdings Company Limited	International Bank of Taipei	Commercial bank	100.00%	100.00%	Note 1
	Bank SinoPac	Commercial bank	100.00%	100.00%	Note 2
	SinoPac Securities Corporation	Brokerage, dealing and underwriting of securities	100.00%	100.00%	-
	AnShin Card Services Co., Ltd.	Credit card business	100.00%	100.00%	Note 3
	SinoPac Life Insurance Agent Co., Ltd.	Life insurance agent	100.00%	100.00%	-
	SinoPac Property Insurance Agent Co., Ltd.	Property insurance agent	100.00%	100.00%	-
	SinoPac Venture Capital Co., Ltd.	Venture capital investment	100.00%	100.00%	-
SinoPac Securities Investment Trust Corporation	SinoPac Securities Investment Trust Corporation	Establish and manage securities - investment - trust funds by issuing beneficiary certificates and render discretionary investment service.	100.00%	-	Note 4
	International Bank of Taipei	Life insurance agent	100.00%	-	
International Bank of Taipei	IBT Life Insurance Agent Co., Ltd.	Life insurance agent	100.00%	-	
	IBT Property Insurance Agent Co., Ltd.	Property insurance agent	100.00%	-	
Bank SinoPac	SinoPac Bancorp	Bank stock holding	100.00%	100.00%	-
	SinoPac Leasing Corporation	Oversea trading, leasing, lending and financing	99.7683%	99.7683%	-
	SinoPac Capital Limited	Financial advisory	99.9991%	99.9991%	-
SinoPac Bancorp	Far East National Bank	Commercial bank	100.00%	100.00%	-
	SinoPac Financial Services (USA) Ltd.	Securities brokerage	100.00%	100.00%	-
Far East National Bank	Far East Capital Corporation	Investment bank	100.00%	100.00%	-

Investor Company	Subsidiaries	Main Businesses	Percentage of Ownership		Note
			December 31, 2005	December 31, 2004	
SinoPac Leasing Corporation	Grand Capital International Limited	Oversea trading, leasing, lending and financing	100.00%	100.00%	-
SinoPac Capital Limited	SinoPac Capital (B.V.I.) Ltd.	Financial advisory	100.00%	100.00%	-
	SinoPac Insurance Brokers Ltd.	Insurance brokerage	100.00%	100.00%	-
	SinoPac (Hong Kong) Nominees Ltd.	Custody securities	100.00%	100.00%	-
SinoPac Capital (B.V.I.) Ltd.	Cyberpac Holding Ltd. (B.V.I.)	Investment and advisory	100.00%	100.00%	-
	Shanghai International Asset Management (Hong Kong) Co., Ltd.	Asset management	60%	60%	-
	Pinnacle Investment Management Ltd.	Asset management, trust and consulting	100.00%	99.9995%	-
	RSP Information Service Company Limited	General trading and providing internet - based service	100.00%	99.9999%	-
Wal Tech International Corporation	Intellisys Corp.	Computer and peripheral system integration engineering, software development and design	62.58%	62.58%	-
SinoPac Securities Corporation	SinoPac Futures Corporation	Brokerage and dealing of futures contracts	98.21%	98.21%	-
	SinoPac Capital Management Corporation	Investment consulting	100.00%	100.00%	Note 5
	SinoPac Securities (Cayman) Holdings Ltd.	Stock holding	100.00%	100.00%	Note 6
	SinoPac Asset Management Corp. (B.V.I.)	Securities brokerage	-	100.00%	-
SinoPac Futures Corporation	SinoPac Managed Futures Co., Ltd.	Futures Management	100.00%	100.00%	Note 6
SinoPac Securities (Cayman) Holdings Ltd.	SinoPac Capital (Asia) Ltd.	IPO underwriting business	100.00%	100.00%	-
	SinoPac Futures (Asia) Ltd.	Futures brokerage business	100.00%	100.00%	-
	SinoPac Securities (Europe) Ltd.	European agent business	100.00%	100.00%	Note 9
	SinoPac Asset Management (Asia) Ltd.	Asset management and investment consulting	100.00%	29.92%	Note 7
	SinoPac Securities (U.S.A.) Ltd.	U.S.A. agent business	100.00%	100.00%	-
	SinoPac Securities (Asia) Ltd.	Hong Kong stock brokerage	100.00%	94.89%	Note 8
	SinoPac Asia Limited	Securities brokerage, investment advisory and consulting business	100.00%	-	Note 6
	SinoPac Securities (Asia) Limited	Hong Kong stock brokerage	-	5.11%	Note 8
SinoPac Asset Management (Asia) Ltd.	SPS Asset Management Limited	Asset management and investment consulting	100.00%	100.00%	-
SinoPac Securities (Asia) Ltd.	SinoPac Securities (Asia) Nominees Ltd.	Hong Kong stock trust business	100.00%	100.00%	-
	SinoPac (Asia) Nominees Ltd.	Nominee trust account for overseas stock holdings	100.00%	100.00%	-
SinoPac Venture Capital Co., Ltd.	Wal Tech International Corporation	Leasing, international trading, and sale of machinery equipment	100.00%	-	-
	Allstar Venture Ltd. (B.V.I.)	Investment corporation	100.00%	-	-

Note 1: SinoPac Financial Holdings Company Limited acquired International Bank of Taipei through a share swap on December 26, 2005. Under an explanation issued by the Accounting Research and Development and Foundation of the R.O.C., SinoPac Financial Holdings Company Limited adopted the pooling of interest method and retroactively restated the financial statements as of December 31, 2004 and for the year then ended.

Note 2: As of September 30, 2004, Bank SinoPac held SinoPac Financial Holdings Company Limited 226,495,430 shares, representing 5.74% of its outstanding shares.

Note 3: SinoPac Financial Holdings Company Limited purchased 17,092,258 and 139,000 common shares of AnShin Card Services from other shareholders in June 2004 and December 2004, respectively. Moreover, SinoPac Financial Holdings Company Limited converted 30,000,000 shares preferred stocks of AnShin Card Services into 30,000,000 common shares of AnShin Card Services.

Note 4: SinoPac Financial Holdings Company Limited acquired 100% ownership, 30,000,000 shares of SinoPac Securities Investment Trust Corporation in October 2004.

Note 5: SinoPac Capital Management Corporation deducted capital amounting to \$34,000 to offset accumulative deficits on December 20, 2004. Then, the capital of SinoPac Capital Management Corporation was decreased to \$176,000, and SinoPac Securities owned 100% of its common shares.

Note 6: SinoPac Securities subscribed all the cash capital increase conducted by SinoPac Securities (Cayman) for US\$20,000 thousand (NT\$666,024). SinoPac Securities adjusted its investment structure by subscribed the capital increase with its investments in SinoPac Asset Management Corp. (B.V.I.) for US\$22,914 thousand (NT\$762,770). After this capital increase, the issued capital of SinoPac Securities (Cayman) increased to US\$87,753 thousand and became a wholly owned subsidiary of SinoPac Securities. SinoPac Asset Management Corp. (B.V.I.) completed the legal dissolution procedure in June 2005, and transferred its residual assets with book values to SinoPac Securities (Cayman) Holding Limited.

Note 7: SinoPac Securities (Cayman) bid the 70.08% of SinoPac Asset Management Corp. (Asia)'s equity (HK\$4.6788 per share) for HK\$32,820 thousand (approximate US\$4,209 thousand). After the bidding, SinoPac Asset Management Corp. (Asia) became a wholly owned subsidiary of SinoPac Securities (Cayman).

Note 8: SinoPac Securities (Asia) raised its capital in cash amounted to HK\$78,000 thousand (approximate US\$10,000 thousand) and HK\$49,210 thousand (approximate US\$6,390 thousand) in May and December 2004, respectively. All the new shares were purchased by SinoPac Securities (Cayman) Holdings Limited. Besides, SinoPac Securities (H.K.) Limited returned the capital to its parent company - SinoPac Asset Management Corp. (B.V.I.) in the shares of SinoPac Securities (Asia) held by SinoPac Securities (H.K.) Limited. As of December 31, 2005, SinoPac Securities (Cayman) Holdings Limited held 100.00% of the common shares of SinoPac Securities (Asia) Ltd.

Note 9: SinoPac Securities (Cayman) subscribed all the cash capital increase conducted by SinoPac Securities (Europe) for GBP1,000 thousand (approximate US\$1,839 thousand) in June 2005.

TABLE 10**SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEEES****SUBSIDIARIES EXCLUDED IN CONSOLIDATED ENTITIES****NINE MONTHS ENDED DECEMBER 31, 2005**

Investor Company	Subsidiaries	Main Businesses	Percentage of Ownership		Note
			December 31, 2005	December 31, 2004	
SinoPac Financial Holdings Company Limited	SinoPac Call Center Co., Ltd.	Data processing, manpower and agency services	100.00%	100.00%	Note 1
	SinoPac Asset Management International	Business management advisory, investment and venture capital investment advisory	100.00%	100.00%	Note 1
	SinoPac Marketing Consulting Co., Ltd.	Agent service, investment advisory and overdue accounts receivable management	100.00%	100.00%	Note 1
SinoPac Securities (Cayman) Holdings Ltd.	SPS Asia Ltd.	Derivatives instruments business	100.00%	100.00%	Note 2
SinoPac Asset Management Corp. (B.V.I.)	SinoPac Securities (H.K.) Limited	Securities brokerage, investment advisory, fund management and securities business	-	100.00%	Note 3
Bank SinoPac	SinoPac Financial Consulting Co., Ltd.	Investment advisory and business management advisory	97.00%	97.00%	Note 4
Cyberpac Holding Ltd. (B.V.I.)	Telexpress	Investment corporation	-	34.21%	-
SinoPac Venture Capital	Telexpress	Investment corporation	34.21%	-	-
Wal Tech International Corporation	Multiloan Asset Management Co., Ltd.	Asset management	30.00%	30.00%	-
	Monmon Medza Technology Co., Ltd.	Software products retail, distribution and service	-	32.39%	-

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

Note 2: As of December 31, 2005, SinoPac Securities (Cayman) Holdings Ltd. owns 100% ownership and has ability to control SPS Asia Ltd. However, the total assets of SPS Asia Ltd. amounted to \$1,332, representing only 0.003% of total assets of SinoPac Securities corporation. Moreover, SPS Asia Ltd. was not operating since 2004, and generated no operating revenues for the nine months ended December 31, 2005 and 2004. The SPS Asia Ltd. is not included in the consolidated entities.

Note 3: SinoPac Asset Management Corp. (B.V.I.) owned 100% ownership and had ability to control SinoPac Securities (H.K.) Limited. However, SinoPac Securities (H.K.) Limited generated no operating revenues for the nine months ended December 31, 2005 and 2004, and finished a dissolution process on December 31, 2005. The SinoPac Securities (H.K.) is not included in the consolidated entities.

Note 4: Bank SinoPac acquired 97% ownership of and had ability to control SinoPac Financial Consulting Co., Ltd. However, the total capital of SinoPac Financial Consulting Co., Ltd. amounted to \$2,000, representing less than 0.1% of the Company, and the total assets is less than 0.05% of the total assets of the Company. Thus, the SinoPac Financial Consulting Co., Ltd. is not included in the consolidated entities.

TABLE 11**SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEEES****RELATED PARTIES TRANSACTIONS****NINE MONTHS ENDED DECEMBER 31, 2005****(In Thousands of New Taiwan Dollars)**

2005

No. (Note 1)	Transaction Company	Counter-party	Nature of Relationship (Note 2)	Description of Transactions			Percentage of Consolidated Revenue/Assets (Note 3)
				Financial Statement Account	Transaction Amount	Transaction Item	
0	SinoPac Financial Holdings Company Limited	Bank SinoPac and subsidiaries	1	Cash and cash equivalents	\$ 3,040,618	(Note 4)	0.28%
		SinoPac Securities and subsidiaries	1	Interest revenue	2,061	(Note 4)	-
		Bank SinoPac and subsidiaries	1	Interest receivables	9,904	(Note 4)	-
		Bank SinoPac and subsidiaries	1	Interest revenue	58,192	(Note 4)	0.11%
		SinoPac Securities and subsidiaries	1	Securities purchased under agreements to resell	155,008	(Note 4)	0.01%
		Bank SinoPac and subsidiaries	1	Operating and administrative expenses	11,640	(Note 4)	0.02%
		Bank SinoPac and subsidiaries	1	Other assets	27,980	(Note 4)	-
		Bank SinoPac and subsidiaries	1	Other payables	102,577	(Note 4)	0.01%
		SinoPac Securities and subsidiaries	1	Operating and administrative expenses	2,377	(Note 4)	-
1	Bank SinoPac and subsidiaries	SPH	2	Deposits and remittances	3,040,618	(Note 4)	0.28%
		SinoPac Securities and subsidiaries	3	Deposits and remittances	1,952,306	(Note 4)	0.18%
		SinoPac Life Insurance Agent	3	Deposits and remittances	120,482	(Note 4)	0.01%
		AnShin Card Services	3	Deposits and remittances	50,926	(Note 4)	-
		SinoPac Property Insurance Agent	3	Deposits and remittances	13,256	(Note 4)	-
		SinoPac Venture	3	Deposits and remittances	547,291	(Note 4)	0.05%
		International Bank of Taipei	3	Cash and cash equivalents	1,992	(Note 4)	-
		SinoPac Life Insurance Agent	3	Operating revenue	19,142	(Note 4)	0.04%

No. (Note 1)	Transaction Company	Counter-party	Nature of Relationship (Note 2)	Description of Transactions			Percentage of Consolidated Revenue/Assets (Note 3)
				Financial Statement Account	Transaction Amount	Transaction Item	
		SinoPac Securities and subsidiaries	3	Securities purchased	\$ 146,600	(Note 4)	0.01%
		AnShin Card Services	3	Other receivables	38,353	(Note 4)	-
		AnShin Card Services	3	Operating revenue	3,651	(Note 4)	0.01%
		AnShin Card Services	3	Operating revenue	9,122	(Note 4)	0.02%
		SinoPac Life Insurance Agent	3	Operating revenue	11,357	(Note 4)	0.02%
		SPH	2	Operating revenue	11,640	(Note 4)	0.02%
		SinoPac Securities and subsidiaries	3	Bank debentures	50,000	(Note 4)	-
		SPH	2	Other liabilities	27,980	(Note 4)	-
		SinoPac Securities and subsidiaries	3	Loans, discounts and bills purchased	730,607	(Note 4)	0.07%
		International Bank of Taipei	3	Long-term borrowings	922,700	(Note 4)	0.08%
		International Bank of Taipei	3	Interest revenue	6	(Note 4)	-
		International Bank of Taipei	3	Interest expense	29,334	(Note 4)	0.06%
		SPH	2	Interest payable	9,904	(Note 4)	-
		SPH	2	Other receivable	102,577	(Note 4)	0.01%
		SinoPac Securities and subsidiaries	3	Operating revenue	36,601	(Note 4)	0.07%
		SinoPac Securities and subsidiaries	3	Operating revenue	2,520	(Note 4)	-
		SinoPac Securities and subsidiaries	3	Interest revenue	7,052	(Note 4)	0.01%
		SPH	2	Interest expense	58,192	(Note 4)	0.11%
		SinoPac Investment Trust	3	Operating costs, expenses and losses	4,301	(Note 4)	0.01%
		SinoPac Securities and subsidiaries	3	Interest expense	50,432	(Note 4)	0.10%
		SinoPac Venture	3	Interest expense	1,812	(Note 4)	-
		SinoPac Securities and subsidiaries	3	Nonoperating income and gains	2,469	(Note 4)	-
2	SinoPac Securities and subsidiaries	Bank SinoPac and subsidiaries	3	Cash and cash equivalents	1,122,306	(Note 4)	0.10%
		Bank SinoPac and subsidiaries	3	Pledged time deposits	830,000	(Note 4)	0.08%
		Bank SinoPac and subsidiaries	3	Short-term borrowings	730,607	(Note 4)	0.07%
		Bank SinoPac and subsidiaries	3	Interest revenue	50,432	(Note 4)	0.10%
		Bank SinoPac and subsidiaries	3	Interest expense	7,052	(Note 4)	0.01%
		Bank SinoPac and subsidiaries	3	Operating and administrative expenses	41,590	(Note 4)	0.08%
		SPH	2	Interest expense	2,061	(Note 4)	-
		SPH	2	Securities sold under agreements to repurchase	155,008	(Note 4)	0.01%
		Bank SinoPac and subsidiaries	3	Other liabilities	146,600	(Note 4)	0.01%
		SPH	2	Stock affairs agent fees	2,377	(Note 4)	-
		Bank SinoPac and subsidiaries	3	Securities purchased	50,000	(Note 4)	-
3	SinoPac Life Insurance Agent	Bank SinoPac and subsidiaries	3	Cash and cash equivalents	120,482	(Note 4)	0.01%
		Bank SinoPac and subsidiaries	3	Operating and administrative expenses	30,499	(Note 4)	0.06%
		AnShin Card Services	3	Operating and administrative expenses	32,195	(Note 4)	0.06%
		AnShin Card Services	3	Other payables	8,547	(Note 4)	-
4	SinoPac Property Insurance Agent	Bank SinoPac and subsidiaries	3	Cash and cash equivalents	13,256	(Note 4)	-
5	AnShin Card Services	Bank SinoPac and subsidiaries	3	Cash and cash equivalents	50,926	(Note 4)	-
		Bank SinoPac and subsidiaries	3	Operating costs, expenses and losses	7,297	(Note 4)	0.01%
		Bank SinoPac and subsidiaries	3	Other payables	38,353	(Note 4)	-
		Bank SinoPac and subsidiaries	3	Service charge	5,476	(Note 4)	0.01%
		SinoPac Life Insurance Agent	3	Operating revenue	32,195	(Note 4)	0.06%
		SinoPac Life Insurance Agent	3	Other receivables	8,547	(Note 4)	-
6	SinoPac Venture	Bank SinoPac and subsidiaries	3	Operating and administrative expense	547,291	(Note 4)	1.03%
		Bank SinoPac and subsidiaries	3	Interest revenue	1,812	(Note 4)	-
7	SinoPac Securities Investment Trust Co., Ltd.	Bank SinoPac and subsidiaries	3	Operating and administrative expense	4,301	(Note 4)	0.01%
8	International Bank of Taipei	Bank SinoPac and subsidiaries	3	Loan, discount and bills purchased	922,700	(Note 4)	0.08%
		Bank SinoPac and subsidiaries	3	Interest expenses	6	(Note 4)	-
		Bank SinoPac and subsidiaries	3	Deposits and remittances	1,992	(Note 4)	-
		Bank SinoPac and subsidiaries	3	Interest revenue	29,334	(Note 4)	0.06%

2004

No. (Note 1)	Transaction Company	Counter-party	Nature of Relationship (Note 2)	Description of Transactions					
				Financial Statement Account	Transaction Amount	Transaction Item	Percentage of Consolidated Revenue/Assets (Note 3)		
0	SinoPac Financial Holdings Company Limited	Bank SinoPac and subsidiaries	1	Cash and cash equivalents	\$ 3,004,989	(Note 4)	0.29%		
		Bank SinoPac and subsidiaries	1	Interest revenue	60,059	(Note 4)	0.13%		
		Bank SinoPac and subsidiaries	1	Interest receivable	6,544	(Note 4)	-		
		Bank SinoPac and subsidiaries	1	Securities purchased under agreements to resell	700,000	(Note 4)	0.07%		
		SinoPac Securities and subsidiaries	1	Securities purchased under agreements to resell	490,917	(Note 4)	0.05%		
		SinoPac Securities and subsidiaries	1	Interest revenue	1,621	(Note 4)	-		
		SinoPac Securities and subsidiaries	1	Operating and administrative expenses	6,785	(Note 4)	0.01%		
1	Bank SinoPac and subsidiaries	SPH	2	Deposits and remittances	3,004,989	(Note 4)	0.29%		
		SinoPac Securities and subsidiaries	3	Deposits and remittances	3,133,070	(Note 4)	0.31%		
		SinoPac Life Insurance Agent	3	Deposits and remittances	41,299	(Note 4)	-		
		AnShin Card Services	3	Deposits and remittances	49,767	(Note 4)	-		
		SinoPac Venture	3	Deposits and remittances	140,946	(Note 4)	-		
		SinoPac Property Insurance Agent	3	Deposits and remittances	8,400	(Note 4)	0.01%		
		SinoPac Securities and subsidiaries	3	Loans, discounts and bills purchased	500,000	(Note 4)	0.05%		
		AnShin Card Services	3	Other receivables	28,930	(Note 4)	-		
		AnShin Card Services	3	Operating revenue	3,937	(Note 4)	0.01%		
		SPH	2	Interest payables	6,544	(Note 4)	-		
		SPH	2	Securities purchased	700,000	(Note 4)	0.07%		
		SPH	2	Interest expense	60,059	(Note 4)	0.13%		
		SinoPac Securities and subsidiaries	3	Interest revenue	2,909	(Note 4)	0.01%		
		SinoPac Securities and subsidiaries	3	Interest expense	55,656	(Note 4)	0.12%		
		SinoPac Securities and subsidiaries	3	Other operating revenue	10,624	(Note 4)	0.02%		
		SinoPac Securities and subsidiaries	3	Securities purchased under agreements to resell	63,953	(Note 4)	0.01%		
				SinoPac Securities and subsidiaries	3	Nonoperating revenue and gains	50,000	(Note 4)	-
				SinoPac Securities and subsidiaries	3	Operating and administrative	2,085	(Note 4)	-
		SinoPac Securities and subsidiaries	3	Bank debentures	2,545	(Note 4)	0.01%		
2	SinoPac Securities and subsidiaries	Bank SinoPac and subsidiaries	3	Cash and cash equivalents	1,973,070	(Note 4)	0.19%		
		Bank SinoPac and subsidiaries	3	Pledged time deposits	1,160,000	(Note 4)	0.11%		
		Bank SinoPac and subsidiaries	3	Securities purchased	50,000	(Note 4)	-		
		Bank SinoPac and subsidiaries	3	Short-term borrowings	500,000	(Note 4)	0.05%		
		Bank SinoPac and subsidiaries	3	Securities sold under agreements to repurchase	63,953	(Note 4)	0.01%		
				SPH	2	Securities sold under agreements to repurchase	490,917	(Note 4)	0.05%
				SPH	2	Interest expense	1,621	(Note 4)	-
				Bank SinoPac and subsidiaries	3	Operating and administrative expenses	13,169	(Note 4)	0.03%
				Bank SinoPac and subsidiaries	3	Nonoperating revenue and gains	2,085	(Note 4)	-
				SPH	2	Stock affairs agent fees	6,785	(Note 4)	0.01%
				SinoPac Life Insurance Agent	3	Service charges	3,053	(Note 4)	0.01%
				Bank SinoPac and subsidiaries	3	Interest revenue	55,656	(Note 4)	0.12%
				Bank SinoPac and subsidiaries	3	Interest expense	2,909	(Note 4)	0.01%
3	SinoPac Life Insurance Agent	Bank SinoPac and subsidiaries	3	Cash and cash equivalents	41,299	(Note 4)	-		
		AnShin Card Services	3	Other payable	31,480	(Note 4)	-		
		AnShin Card Services	3	Operating and administrative expenses	40,330	(Note 4)	0.09%		
		SinoPac Securities and subsidiaries	3	Operating and administrative expenses	3,053	(Note 4)	0.01%		
4	SinoPac Property Insurance Agent	Bank SinoPac and subsidiaries	3	Cash and cash equivalents	8,400	(Note 4)	-		
5	AnShin Card Services	Bank SinoPac and subsidiaries	3	Cash and cash equivalents	20,987	(Note 4)	-		
		Bank SinoPac and subsidiaries	3	Refundable guarantee deposits	28,780	(Note 4)	-		
		Bank SinoPac and subsidiaries	3	Other payables	28,930	(Note 4)	-		
		SinoPac Life Insurance Agent	3	Other receivables	31,480	(Note 4)	-		
		Bank SinoPac and subsidiaries	3	Service charge	3,937	(Note 4)	0.01%		

No. (Note 1)	Transaction Company	Counter-party	Nature of Relationship (Note 2)	Description of Transactions			Percentage of Consolidated Revenue/Assets (Note 3)
				Financial Statement Account	Transaction Amount	Transaction Item	
		SinoPac Life Insurance Agent	3	Service revenue	40,330	(Note 4)	0.09%
6	SinoPac Venture	Bank SinoPac and subsidiaries	3	Cash and cash equivalents	140,946	(Note 4)	0.01%

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

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

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

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

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

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

TABLE 12

SINOPAC SECURITIES (CAYMAN) HOLDINGS LIMITED

**BALANCE SHEETS
DECEMBER 31, 2005 AND 2004
(In U.S. Dollars)**

ASSETS	2005		2004	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash	\$ 6,932,316	6	\$ 1,951,093	2
Prepaid expense	3,550	-	-	-
Total current assets	6,935,866	6	1,951,093	2
LONG-TERM EQUITY INVESTMENTS	100,290,335	94	100,847,010	98
PROPERTIES				
Equipment	143,164	-	-	-
Less: Accumulated depreciation	127,257	-	-	-
Properties, net	15,907	-	-	-
TOTAL	<u>\$ 107,242,108</u>	<u>100</u>	<u>\$ 102,798,103</u>	<u>100</u>
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES				
Accrued expenses	\$ 2,870	-	\$ 2,530	-
Other current liabilities	40,293	-	40,903	-
Total current liabilities	43,163	-	43,433	-
STOCKHOLDERS' EQUITY				
Capital stock	87,72,581	82	87,752,581	85
Capital surplus	4,214,027	4	4,214,027	4
Retained earnings	14,860,443	14	10,413,734	10
Cumulative translation adjustments	371,894	-	374,328	1
Total stockholders' equity	107,198,945	100	102,754,670	100
TOTAL	<u>\$ 107,242,108</u>	<u>100</u>	<u>\$ 102,798,103</u>	<u>100</u>

TABLE 13**SINOPAC ASSET MANAGEMENT CORP. (B.V.I.)****BALANCE SHEETS
DECEMBER 31, 2004
(In U.S. Dollars)**

	<u>2004</u>	
	Amount	%
ASSETS		
CURRENT ASSETS		
Cash	\$ 6,488,170	28
Bonds purchased under resale agreements		
Other receivables		
Total current assets		
LONG-TERM EQUITY INVESTMENTS	<u>16,387,985</u>	<u>72</u>
PROPERTIES		
Computer equipment	143,164	1
Less - accumulated depreciation	<u>103,396</u>	<u>1</u>
Properties, net	<u>39,768</u>	<u>-</u>
TOTAL	<u>\$ 22,915,923</u>	<u>100</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accrued expenses	\$ 2,189	-
STOCKHOLDERS' EQUITY		
Capital stock	16,000,000	70
Retained earnings	6,916,647	30
Cumulative translation adjustments	<u>(2,913)</u>	<u>-</u>
Total stockholders' equity	<u>22,913,734</u>	<u>100</u>
TOTAL	<u>\$ 22,915,923</u>	<u>100</u>

TABLE 14**SPS ASIA LTD.****BALANCE SHEETS
DECEMBER 31, 2005 AND 2004
(In H.K. Dollars)**

	<u>2005</u>		<u>2004</u>	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Other receivables	\$ 314,286	100	\$ 319,044	100
TOTAL	<u>\$ 314,286</u>	<u>100</u>	<u>\$ 319,044</u>	<u>100</u>
LIABILITIES AND STOCKHOLDERS' EQUITY				
STOCKHOLDERS' EQUITY				
Capital stock	\$ 7,734	2	\$ 7,734	2
Retained earnings	<u>306,552</u>	<u>98</u>	<u>311,310</u>	<u>98</u>
Total stockholders' equity	<u>314,286</u>	<u>100</u>	<u>319,044</u>	<u>100</u>
TOTAL	<u>\$ 314,286</u>	<u>100</u>	<u>\$ 319,044</u>	<u>100</u>

TABLE 15**SINOPAC ASIA LIMITED****BALANCE SHEETS
DECEMBER 31, 2005 AND 2004
(In U.S. Dollars)**

ASSETS	2005		2004	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 3,743,483	6	\$ 6,168,332	9
Operating securities - dealing	51,485,947	78	57,478,817	84
Margin deposits - futures and options	1,973,886	3	2,596,060	4
Accounts receivable	1,025,342	1	-	-
Other receivables	261,623	-	175,551	-
Pledged time deposits	7,000,000	11	1,000,000	2
Other current assets	111,446	-	63,784	-
Total current assets	65,601,727	99	67,482,544	99
PROPERTIES				
Advance payments on equipment	25,000	-	39,340	-
OTHER ASSTS				
Deferred charges	656,250	1	881,250	1
TOTAL	<u>\$ 66,282,977</u>	<u>100</u>	<u>\$ 68,403,134</u>	<u>100</u>
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES				
Short-term loans	\$ 28,270,000	43	\$ 16,710,000	24
Bonds sold under repurchase agreements	19,982,386	30	38,794,237	57
Other payables	89,173	-	223,729	-
Other current liabilities	387	-	125	-
Total liabilities	48,341,946	73	55,728,091	81
STOCKHOLDERS' EQUITY				
Capital stock	6,000,000	9	6,000,000	9
Retained earnings	11,941,031	18	6,675,043	10
Total stockholders' equity	17,941,031	27	12,675,043	19
TOTAL	<u>\$ 66,282,977</u>	<u>100</u>	<u>\$ 68,403,134</u>	<u>100</u>

TABLE 16**SPS ASSET MANAGEMENT LIMITED****BALANCE SHEETS
DECEMBER 31, 2005 AND 2004
(In H.K. Dollars)**

ASSETS	2005		2004	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash	\$ 14,238,746	1	\$ 7,466,665	2
Operating securities - dealing	1,225,276,037	96	321,645,704	93
Accounts receivable	1,144,316	-	1,985,287	1
Other receivables	38,789,855	3	45,861	-
Other financial assets	-	-	15,546,000	4
Other current assets	37,363	-	26,639	-
Total current assets	1,279,486,317	100	346,716,156	100
LONG-TERM EQUITY INVESTMENTS	775	-	775	-
TOTAL	<u>\$ 1,279,487,092</u>	<u>100</u>	<u>\$ 346,716,931</u>	<u>100</u>

(Continued)

LIABILITIES AND STOCKHOLDERS' EQUITY	2005		2004	
	Amount	%	Amount	%
CURRENT LIABILITIES				
Bonds sold under repurchase agreements	\$ 1,252,277,617	98	\$ 226,549,014	65
Derivative financial liabilities	-	-	3,122,138	1
Accounts payable	12,208,494	1	5,463,274	2
Other payables	9,975,995	1	1,091,588	1
Other financial liabilities	-	-	108,822,000	31
Other current liabilities	-	-	186,552	-
Total liabilities	<u>1,274,462,106</u>	<u>100</u>	<u>345,234,566</u>	<u>100</u>
STOCKHOLDERS' EQUITY				
Capital stock	38,750	-	38,750	-
Retained earnings	<u>4,986,236</u>	<u>-</u>	<u>1,443,615</u>	<u>-</u>
Total stockholders' equity	<u>5,024,986</u>	<u>-</u>	<u>1,482,365</u>	<u>-</u>
TOTAL	<u>\$ 1,279,487,092</u>	<u>100</u>	<u>\$ 346,716,931</u>	<u>100</u>

TABLE 17**SINOPAC SECURITIES (CAYMAN) HOLDINGS LIMITED**
STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2005 AND 2004
(In U.S. Dollars)

	2005		2004	
	Amount	%	Amount	%
REVENUES				
Investment income	\$ 4,346,821	97	\$ 1,215,623	99
Nonoperating revenue and income	<u>125,353</u>	<u>3</u>	<u>7,491</u>	<u>1</u>
Total revenues	4,472,174	100	1,223,114	100
EXPENSES				
Operating expenses	<u>25,465</u>	<u>1</u>	<u>18,591</u>	<u>2</u>
NET INCOME	<u>\$ 4,446,709</u>	<u>99</u>	<u>\$ 1,204,523</u>	<u>98</u>

TABLE 18**SINOPAC ASSET MANAGEMENT CORP. (B.V.I.)**
STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2005 AND 2004
(In U.S. Dollars)

	2005		2004	
	Amount	%	Amount	%
REVENUES				
Investment income	\$ 3,063,427	99	\$ 1,324,802	95
Interest income	-	-	75,183	5
Nonoperating revenue and income	<u>39,549</u>	<u>1</u>	<u>1,812</u>	<u>-</u>
Total revenues	<u>3,102,796</u>	<u>100</u>	<u>1,401,797</u>	<u>100</u>
COSTS AND EXPENSES				
Loss from futures transactions	-	-	-	-
Operating expenses	10,157	-	34,002	2
Nonoperating expenses and losses	-	-	88	-
Total costs and expenses	<u>10,157</u>	<u>-</u>	<u>34,090</u>	<u>2</u>
NET INCOME	<u>\$ 3,092,639</u>	<u>100</u>	<u>\$ 1,367,707</u>	<u>98</u>

Note: SinoPac Asset Management Corp. (B.V.I.) completed the legal dissolution procedure in June 2005, and transferred its residual assets with book values to SinoPac Securities (Cayman) Holding Limited.

TABLE 19

SINOPAC ASIA LIMITED
STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2005 AND 2004
(In U.S. Dollars)

	2005		2004	
	Amount	%	Amount	%
REVENUES				
Commissions and fees - brokerage	\$ 42,906	1	\$ 258,572	6
Gain on sales of securities - dealing	6,588,272	78	1,954,872	48
Interest income	824,157	10	1,491,833	37
Dividend income	206,832	2	-	-
Gain from derivatives financial instruments transactions	485,040	6	-	-
Nonoperating revenue and income	<u>265,118</u>	<u>3</u>	<u>340,886</u>	<u>9</u>
Total revenues	<u>8,412,325</u>	<u>100</u>	<u>4,046,163</u>	<u>100</u>
COSTS AND EXPENSES				
Interest expenses	1,017,343	12	1,507,595	37
Loss from futures transactions	370,789	4	908,879	22
Exchange clearing expenses - futures	45,768	1	47,094	1
Loss from derivative financial instruments transactions	-	-	26,634	1
Operating expenses	1,040,590	12	308,584	8
Nonoperating expenses and losses	<u>671,847</u>	<u>8</u>	<u>35,259</u>	<u>1</u>
Total costs and expenses	<u>3,146,337</u>	<u>37</u>	<u>2,834,045</u>	<u>70</u>
NET INCOME	<u>\$ 5,265,988</u>	<u>63</u>	<u>\$ 1,212,118</u>	<u>30</u>

TABLE 20

SPS ASSET MANAGEMENT LIMITED
STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2005 AND 2004
(In H.K. Dollars)

	2005		2004	
	Amount	%	Amount	%
REVENUES				
Commissions and fees - brokerage	\$ 567,763	2	\$ 2,265,612	10
Gain on sales of securities - dealing	15,754,611	51	3,447,778	15
Interest income	71,733	-	960,581	4
Gain from derivative financial instruments transactions	3,132,983	10	4,459,472	19
Other operating income - others	11,304,633	37	12,141,237	52
Nonoperating revenue and income	<u>66,061</u>	<u>-</u>	<u>54,909</u>	<u>-</u>
Total revenues	<u>30,897,784</u>	<u>100</u>	<u>23,329,589</u>	<u>100</u>
COSTS AND EXPENSES				
Commissions and fees - brokerage	967,683	3	1,718,483	7
Interest expenses	19,318,797	63	6,289,059	27
Other operating costs	5,747,357	19	6,163,327	27
Operating expenses	1,237,904	4	779,509	3
Nonoperating expenses and losses	<u>83,422</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total costs and expenses	<u>27,355,163</u>	<u>89</u>	<u>14,950,378</u>	<u>64</u>
NET INCOME	<u>\$ 3,542,621</u>	<u>11</u>	<u>\$ 8,379,211</u>	<u>36</u>

TABLE 21**SINOPAC SECURITIES (CAYMAN) HOLDINGS LIMITED****SECURITIES HELD
DECEMBER 31, 2005
(In U.S. Dollars, Unless Stated Otherwise)**

Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2005				Note
			Shares	Carrying Value	Percentage of Ownership (%)	Net Worth	
Stock							
SinoPac Securities (Europe) Ltd.	Subsidiary	Long-term equity investments	2,000,000	\$ 2,209,701	100.00	\$ 2,209,701	
SinoPac Securities (Asia) Ltd.	Subsidiary	Long-term equity investments	45,021	68,882,352	100.00	68,882,352	
SinoPac Futures (Asia) Ltd.	Subsidiary	Long-term equity investments	10,000,000	2,329,310	100.00	2,329,310	
SinoPac Capital (Asia) Ltd.	Subsidiary	Long-term equity investments	30,000,000	5,352,329	100.00	5,352,329	
SPS Asia Ltd.	Subsidiary	Long-term equity investments	1,000	40,536	100.00	40,536	
SinoPac Asset Management (Asia) Ltd.	Subsidiary	Long-term equity investments	10,000,000	3,379,476	100.00	1,802,600	
SinoPac Securities (U.S.A.) Ltd.	Subsidiary	Long-term equity investments	2,000	155,600	100.00	155,600	
SinoPac Asia Limited	Subsidiary	Long-term equity investments	6,000,000	17,941,031	100.00	17,941,031	

Note: Except that of SPS Asia Ltd., net worth was calculated using the investees' audited financial statements for the same period.

TABLE 22**SINOPAC ASIA LIMITED****SECURITIES HELD
DECEMBER 31, 2005
(In U.S. Dollars, Unless Stated Otherwise)**

Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2005			Note
			Units/Par Value	Carrying Value	Market Value	
Overseas convertible bonds						
United Microelectronics Cv	None	Operating securities - dealing	1,250,000	\$ 1,477,161	\$ 1,379,167	
United Microelectronics Cv	None	Operating securities - dealing	1,500,000	1,513,438	1,555,000	
Asustek Computer Inc. Cv	None	Operating securities - dealing	5,000,000	5,676,874	6,196,281	
Shin Kong Fin. Hold. Ltd. (Cv)	None	Operating securities - dealing	500,000	512,000	498,125	
Federal Corporation (Cv)	None	Operating securities - dealing	200,000	204,000	200,000	
Siliconware Precision Ind.	None	Operating securities - dealing	500,000	498,750	599,167	
Powchi	None	Operating securities - dealing	750,000	799,067	810,937	
Cheng Uei Precision (Cv)	None	Operating securities - dealing	1,250,000	1,345,332	1,422,916	
Catche	None	Operating securities - dealing	1,750,000	1,990,078	2,200,625	
Corporate bonds						
Lehman Bros. Hold. Inc.	None	Operating securities - dealing	1,000,000	1,119,900	1,047,285	
Wells Fargo And Co.	None	Operating securities - dealing	2,000,000	2,003,400	1,975,425	
Bank Of America Corp.	None	Operating securities - dealing	500,000	486,150	500,343	
Sony Capital Corp.	None	Operating securities - dealing	1,000,000	966,800	1,001,721	
Hewlett-Pack Co	None	Operating securities - dealing	1,000,000	998,900	1,007,530	
J.P.Morgan & Co.	None	Operating securities - dealing	1,000,000	1,037,500	1,006,083	
Goldman Sachs Group Inc	None	Operating securities - dealing	4,000,000	4,030,000	4,059,113	
Cred.Suisse First Boston	None	Operating securities - dealing	2,000,000	1,975,760	1,986,672	
Hsbc	None	Operating securities - dealing	5,000,000	5,000,600	4,966,233	
Hsbc	None	Operating securities - dealing	2,000,000	2,006,200	2,003,880	
Nanya	None	Operating securities - dealing	9,500,000	9,499,603	9,500,000	
Jpm	None	Operating securities - dealing	3,000,000	2,999,400	2,999,149	
Citi Group Inc.	None	Operating securities - dealing	1,000,000	1,014,200	1,004,547	
McDonald's Corp.	None	Operating securities - dealing	1,000,000	924,437	1,284,910	
Stocks						
Formosa Petrochemical Corp.	None	Operating securities - dealing	178,330	321,875	315,945	
Lite-On Technology Corp.	None	Operating securities - dealing	711,166	839,467	968,788	
Asustek Computer Inc.	None	Operating securities - dealing	609,651	1,706,922	1,874,422	
Cheng Uei Precision Industry Co., Ltd.	None	Operating securities - dealing	181,988	538,133	590,007	

Note: Market value was calculated at the closing price on the last trading day in December 2005.

TABLE 23**SPS ASSET MANAGEMENT LIMITED****SECURITIES HELD
DECEMBER 31, 2005
(In H.K. Dollars, Unless Stated Otherwise)**

Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2005			Note
			Units/Par Value	Carrying Value	Market Value	
Beneficiary certificate						
NAM Short-term Fixed Income Fund	None	Operating securities - dealing	9,875,951	\$ 1,044,932,833	\$ 1,045,030,740	Note 1
NAM PRSF - Asteroids Fund	None	Operating securities - dealing	2,173,165	180,343,204	180,343,204	Note 1
NAM Multi - Series Fund	None	Long-term investment	100	775	775	Note 2

Note 1: Market value was calculated by the net worth on the last trading day in December 2005.

Note 2: Market value was calculated by the carrying value of investment.

TABLE 24**DERIVATIVE FINANCIAL INSTRUMENTS TRANSACTIONS AND
THE SOURCE OF CAPITAL
YEARS ENDED DECEMBER 31, 2005 AND 2004****SinoPac Asia Limited**

1. Futures and options

a. The objective of using futures and options and related strategies:

SinoPac Asia Limited uses futures and option contracts for trading purposes to increase the investment instruments, aggressively develops various services and heightens working capital efficiency.

b. Carrying value, fair value and credit risk

Item	Transaction Type	December 31, 2005					In U.S. Dollars
		Opening Position		Carrying Value	Fair Value		
		Long/Short	Volume				
Futures	SGX Mini Japanese Government Bond Futures	Short	21	\$ 2,436,445	\$ 2,447,476		
	SGX MSCI Taiwan Index Futures	Short	230	6,375,100	6,380,200		
	TSE 10-year JGB Futures	Short	4	4,644,633	4,661,858		

There were no outstanding futures and option contracts as of December 31, 2004.

The market value of futures contracts as of balance sheet dates was based on the closing price published by Singapore Exchange Ltd. (SGX) and Tokyo Stock Exchange, Inc. (TSE). SinoPac Asia Limited expects no exposure to credit risks since the counter-party is SGX and TSE, which is a solid financial institution.

c. Market risk

Market risk is the fluctuation in market prices of futures. SinoPac Asia Limited 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 Asia Limited will recognize a loss by either settling the deal or putting in more deposits to the initial margin.

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

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

e. Gain (loss) from futures transactions

Gains or losses for the years ended December 31, 2005 and 2004 are summarized as follows:

	In U.S. Dollars	
	Year Ended December 31 2005	Year Ended December 31 2004
Non-hedging and realized losses	\$ (337,433)	\$ (908,879)
Non-hedging and unrealized gains	(33,356)	-
	<u>\$ (370,789)</u>	<u>\$ (908,879)</u>

2. Asset swap transactions - convertible bonds

a. The objective of convertible bonds swap transactions and strategies:

SinoPac Asia Limited bought convertible bonds from counter-parties. The purchasing price paid was taken as a nominal amount. During the contract term, SinoPac Asia Limited took the coupon rate and the interest compensation on the convertible bonds in exchange for the pre-agreed interest rate with counter-parties. It also sold to counter parties the right to purchase convertible bonds anytime before the expiration date of the contract.

b. There were no outstanding convertible bond swap contracts as of December 31, 2005 and 2004.

c. Gain (loss) from convertible bonds swap transactions

There were no convertible bonds swap transactions in 2005. For the year ended December 31, 2004, marking to market of convertible bonds swap transactions resulted in gains of US\$819,560 (presented as losses from derivative transactions).

3. Stock index swap

a. The object of using the stock index swap and related strategies:

SinoPac Asia Limited uses stock index swaps to hedge the Corporation's risks on new derivative transactions and warrants issued.

b. Carrying value, fair value and credit risk

There were no outstanding stock index swap contracts as of December 31, 2005 and 2004.

c. Gain (loss) from stock index swap

For the years ended December 31, 2005 and 2004, gains of US\$485,040 and losses of US\$846,194, respectively, from stock index swap transactions were recognized (presented as gains or losses from derivative transactions).

SPS Asset Management Limited

Asset swap transactions - convertible bonds:

1. The objective of convertible bonds swap transactions and strategies:

SPS Asset Management Limited separated convertible bonds, which were acquired from dealing transactions, into bonds and options, and sold these two to investors with different needs. The proceeds from selling corporate bonds was presented as other financial liabilities, and the premiums received from selling options was presented as derivative financial liabilities. SPS Asset Management Limited engaged in this transaction to lower capital pressure of holding convertible bonds and reduce risks.

2. Outstanding convertible bond swaps transaction is as follows:

	December 31, 2004			In H.K. Dollars
	Nominal Amount	Premiums Received	Fair Value	Credit Risk
Short call option on convertible bonds	\$ 93,276,000	\$ (4,210,310)	\$ (3,122,138)	\$ -

There were no outstanding convertible bond swap contracts as of December 31, 2005.

The premium from short option transaction is collected in advance, thus, SPS Asset Management Limited expects no exposure to credit risks.

3. Market risk

SPS Asset Management Limited holds the convertible bonds at the same time, the market risks are insignificant as a whole.

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

SPS Asset Management Limited holds the convertible bonds, there are no significant liquidity risks and the cash demand is insignificant.

5. Gain (loss) from convertible bonds swap transactions

For the years ended December 31, 2005 and 2004, marking to market of convertible bond swap transactions resulted in gains of HK\$3,132,983 and HK\$4,459,472 (presented as gains from derivative transactions, respectively).

SinoPac Asia Limited and SPS Asset Management Limited used their own capital in engaging in the above derivative transactions.

II. Parent Company Financial Statements

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 December 31, 2005 and 2004, and the related statements of income, changes in stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of AnShin Card Services Co., Ltd., the investment in which is reflected in the accompanying financial statements as a long-term equity investments accounted for by the equity method. The carrying amount of this investment was 2.02% (NT\$1,962,329 thousand) of the total assets (restated) as of December 31, 2004, respectively, and the related investment income was 3.19% (NT\$253,078 thousand) of the income before income tax in 2004. The investee's financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the investee, is based solely on the report of the other auditors.

We conducted our audits in accordance with Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China (R.O.C.). 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 the other auditors provide a reasonable basis for our opinion.

In our opinion, based on the results of our audits and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of SinoPac Financial Holdings Company Limited as of December 31, 2005 and 2004, and the results of its operations and its cash flows for the years then ended, 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.

As stated in Note 2, SinoPac Financial Holdings Company Limited acquired International Bank of Taipei through a share swap on December 26, 2005. Under an explanation issued by the Accounting Research and Development Foundation of the R.O.C., SinoPac Financial Holdings Company Limited adopted the pooling of interest method and retroactively restated the financial statements as of December 31, 2004 and for the year then ended.

Under 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 as of December 31, 2005 and 2004 and for the years then ended, on which we have issued unqualified and modified unqualified opinion respectively thereon in our report dated February 22, 2006.



February 22, 2006

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

STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2005		2004 (Restated - Note 2)	
	Amount	%	Amount	%
OPERATING REVENUES				
Interest (Notes 2, 17 and 22)	\$ 106,312	2	\$ 122,838	2
Income from long-term equity investments under the equity method (Notes 2 and 5)	6,079,912	97	8,104,008	98
Dividend income (Notes 2, 5 and 17)	<u>43,200</u>	<u>1</u>	<u>37,692</u>	<u>-</u>
Total operating revenues	<u>6,229,424</u>	<u>100</u>	<u>8,264,538</u>	<u>100</u>
OPERATING COSTS AND EXPENSES				
Interest (Notes 2 and 22)	175,834	3	328,605	4
Loss on long-term equity investments under the equity method (Notes 2 and 5)	14,721	-	11,438	-
Operating and administrative expenses (Notes 2, 13, 14 and 17)	<u>298,409</u>	<u>5</u>	<u>273,513</u>	<u>3</u>
Total operating costs and expenses	<u>488,964</u>	<u>8</u>	<u>613,556</u>	<u>7</u>
OPERATING INCOME	5,740,460	92	7,650,982	93
NONOPERATING INCOME AND GAINS	1,582	-	278,106	3
NONOPERATING EXPENSES AND LOSSES	<u>33,756</u>	<u>-</u>	<u>4</u>	<u>-</u>
INCOME BEFORE INCOME TAX	5,708,286	92	7,929,084	96
INCOME TAX EXPENSE (BENEFIT) (Notes 2 and 15)	<u>78,731</u>	<u>1</u>	<u>(24,785)</u>	<u>-</u>
NET INCOME	<u>\$ 5,787,017</u>	<u>93</u>	<u>\$ 7,904,299</u>	<u>96</u>

	2005		2004	
	Pretax	After Tax	Pretax	After Tax
EARNINGS PER SHARE (Note 16)				
Basic	\$ 0.81	\$ 0.82	\$ 1.17	\$ 1.17
Diluted	\$ 0.77	\$ 0.78	\$ 1.13	\$ 1.12

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

	2005	2004
INCOME BEFORE INCOME TAX - DILUTED	<u>\$ 5,577,912</u>	<u>\$ 8,699,597</u>
NET INCOME - DILUTED	<u>\$ 5,650,483</u>	<u>\$ 8,674,298</u>

	2005		2004	
	Pretax	After Tax	Pretax	After Tax
EARNINGS PER SHARE				
Basic	\$ 0.75	\$ 0.75	\$ 1.20	\$ 1.19
Diluted	\$ 0.72	\$ 0.73	\$ 1.15	\$ 1.15

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

(With Deloitte & Touche audit report dated February 22, 2006)

SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED

BALANCE SHEETS

DECEMBER 31, 2005 AND 2004

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

ASSETS	2005		2004 (Restated - Note 2)	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 3 and 17)	\$ 3,040,629	3	\$ 3,456,268	3
Receivables	5,414	-	30,215	-
Receivables - related party (Notes 15 and 17)	633,357	-	1,106,239	1
Securities purchased under agreements to resell (Notes 2, 4 and 17)	385,096	1	2,525,909	3
Prepayments and other current assets (Notes 2 and 17)	12,402	-	13,131	-
Deferred tax assets - current (Notes 2 and 15)	37,790	-	-	-
Total current assets	<u>4,114,688</u>	<u>4</u>	<u>7,131,762</u>	<u>7</u>
LONG-TERM EQUITY INVESTMENTS (Notes 2, 5 and 17)				
Equity method	89,379,627	94	88,270,245	91
Other	1,825,000	2	1,717,670	2
Prepaid investments	-	-	107,330	-
Total long-term equity investments	<u>91,204,627</u>	<u>96</u>	<u>90,095,245</u>	<u>93</u>
PROPERTIES (Notes 2, 6 and 17)				
Cost				
Computer equipment	15,676	-	5,935	-
Transportation equipment	4,180	-	4,180	-
Office and other equipment	6,855	-	5,930	-
Leasehold improvement	32,918	-	17,459	-
Total cost	59,629	-	33,504	-
Accumulated depreciation	12,134	-	15,800	-
	47,495	-	17,704	-
Advances on acquisitions of equipment	629	-	10,837	-
Net properties	<u>48,124</u>	<u>-</u>	<u>28,541</u>	<u>-</u>
OTHER ASSETS				
Refundable guarantee deposits (Note 17)	32,007	-	3,335	-
Bond issuance cost (Note 2)	-	-	16,594	-
Deferred income tax assets - noncurrent (Notes 2 and 15)	5,086	-	6,612	-
Computer software (Note 2)	3,362	-	4,036	-
Total other assets	<u>40,455</u>	<u>-</u>	<u>30,577</u>	<u>-</u>
TOTAL	<u>\$ 95,407,894</u>	<u>100</u>	<u>\$ 97,286,125</u>	<u>100</u>

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

(With Deloitte & Touche audit report dated February 22, 2006)

LIABILITIES AND STOCKHOLDERS' EQUITY	2005		2004 (Restated - Note 2)	
	Amount	%	Amount	%
CURRENT LIABILITIES				
Short-term borrowings (Note 7)	\$ 450,000	1	\$ 600,000	1
Commercial paper payable (Note 8)	299,197	-	99,988	-
Euro-convertible bonds redeemable within one year (Notes 2 and 10)	-	-	7,322,065	8
Payables (Notes 9, 15 and 17)	1,031,394	1	1,184,909	1
Deferred tax liabilities (Notes 2 and 15)	-	-	26,967	-
Total current liabilities	<u>1,780,591</u>	<u>2</u>	<u>9,233,929</u>	<u>10</u>
LONG-TERM LIABILITIES				
Euro-convertible bonds, net (Notes 2 and 10)	3,000,717	3	-	-
Accrued pension cost (Notes 2 and 13)	17,641	-	14,365	-
Other	-	-	109,764	-
Total long-term liabilities	<u>3,018,358</u>	<u>3</u>	<u>124,129</u>	<u>-</u>
Total liabilities	<u>4,798,949</u>	<u>5</u>	<u>9,358,058</u>	<u>10</u>
STOCKHOLDERS' EQUITY				
Capital stock - \$10 par value				
Authorized (shares in thousands): 10,000,000				
Issued (shares in thousands): 7,230,038 and 7,022,012 as of December 31, 2005 and 2004, respectively	72,300,383	76	70,220,128	72
Capital surplus				
Additional paid-in capital	1,427,784	1	213,831	-
Treasury stock transactions	855,052	1	705,137	1
Revaluation increment on land	1,033,595	1	610,341	-
Other	3,609	-	3,609	-
Retained earnings	18,237,550	19	18,588,406	19
Unrealized loss on long-term equity investments	(26,334)	-	(279,805)	-
Unrealized revaluation loss on long-term equity investments	(8,431)	-	(15,163)	-
Cumulative translation adjustment	(5,115)	-	(193,388)	-
Net loss not recognized as pension cost	(227,902)	-	(100,139)	-
Treasury stock - at cost (shares in thousands): 162,010 and 136,214 as of December 31, 2005 and 2004, respectively	<u>(2,981,246)</u>	<u>(3)</u>	<u>(1,824,890)</u>	<u>(2)</u>
Total stockholders' equity	<u>90,608,945</u>	<u>95</u>	<u>87,928,067</u>	<u>90</u>
TOTAL	<u>\$ 95,407,894</u>	<u>100</u>	<u>\$ 97,286,125</u>	<u>100</u>

SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED

**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)**

	Capital Stock (Note 11)		Capital Surplus (Note 11)				Total
	Shares in Thousands	Amount	Additional Paid-in Capital	Treasury Stock	Revaluation Increment on Land	Other	
BALANCE, JANUARY 1, 2004	3,748,127	\$37,481,270	\$ 7,913,381	\$ 172,111	\$ -	\$ 2,410	\$ 8,087,902
Retroactive adjustments for shares swap	3,033,930	30,339,302	(8,106,192)	-	610,341	1,321	(7,494,530)
Appropriation of 2003 earnings	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-
Remuneration to directors and supervisors	-	-	-	-	-	-	-
Bonus to employees - stock	1,867	18,669	-	-	-	-	-
Bonus to employees - cash	-	-	-	-	-	-	-
Stock dividends - \$0.4596 per share	172,414	1,724,138	-	-	-	-	-
Cash dividends - \$0.4995 per share	-	-	-	-	-	-	-
Net income for the year ended December 31, 2004 (restated)	-	-	-	-	-	-	-
Adjustment of cash dividends from treasury stock received by the subsidiary	-	-	-	108,163	-	-	108,163
Euro-convertible bonds converted into common stock	65,674	656,749	406,642	-	-	-	406,642
Reversal of unrealized loss on long-term equity investments recognized from subsidiaries	-	-	-	-	-	-	-
Reversal of unrealized revaluation loss on long-term equity investments recognized from subsidiaries	-	-	-	-	-	-	-
Change in cumulative translation adjustment on long-term equity investments recognized from subsidiaries	-	-	-	-	-	-	-
Net loss not recognized as pension cost recognized from subsidiaries	-	-	-	-	-	-	-
Preferred stocks holding of subsidiary converted into common stocks	-	-	-	-	-	(122)	(122)
Treasury stock transactions	-	-	-	-	-	-	-
Treasury stock transactions recognized from subsidiaries	-	-	-	424,863	-	-	424,863
BALANCE, DECEMBER 31, 2004	<u>7,022,012</u>	<u>\$70,220,128</u>	<u>\$ 213,831</u>	<u>\$ 705,137</u>	<u>\$ 610,341</u>	<u>\$ 3,609</u>	<u>\$ 1,532,918</u>
BALANCE, JANUARY 1, 2005	3,988,082	\$39,880,826	\$ 8,320,023	\$ 705,137	\$ -	\$ 2,288	\$ 9,027,448
Retroactive adjustments for shares swap	3,033,930	30,339,302	(8,106,192)	105,627	1,033,595	1,321	(6,965,649)
Appropriation of 2004 earnings	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-
Remuneration to directors and supervisors	-	-	-	-	-	-	-
Bonus to employees - cash	-	-	-	-	-	-	-
Cash dividends - \$0.88 per share	-	-	(11,337)	-	-	-	(11,337)
Net income for the year ended December 31, 2005	-	-	-	-	-	-	-
Realized deferred loss on upstream transaction of long-term equity investments	-	-	-	-	-	-	-
Adjustment of cash dividends from treasury stock received by the subsidiary	-	-	-	102,577	-	-	102,577
Euro-convertible bonds converted into common stock	278,613	2,786,132	1,463,564	-	-	-	1,463,564
Reversal of unrealized loss on long-term equity investments recognized from subsidiaries	-	-	-	-	-	-	-
Reversal of unrealized revaluation loss on long-term equity investments recognized from subsidiaries	-	-	-	-	-	-	-
Change in cumulative translation adjustment on long-term equity investments recognized from subsidiaries	-	-	-	-	-	-	-
Net loss not recognized as pension cost recognized from subsidiaries	-	-	-	-	-	-	-
Stock warrants converted into common stocks	45,978	459,775	28,702	-	-	-	28,702
Treasury stock transactions	-	-	-	-	-	-	-
Capital decrease and cancellation resulting from write-off treasury stock	(116,565)	(1,165,652)	(266,976)	(58,289)	-	-	(325,265)
BALANCE, DECEMBER 31, 2005	<u>7,230,038</u>	<u>\$72,300,383</u>	<u>\$ 1,427,784</u>	<u>\$ 855,052</u>	<u>\$ 1,033,595</u>	<u>\$ 3,609</u>	<u>\$ 3,320,040</u>

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

(With Deloitte & Touche audit report dated February 22, 2006)

	Retained Earnings (Note 11)				Unrealized Loss on Long-term Equity Investments (Notes 2 and 5)	Unrealized Revaluation Loss on Long-term Equity Investments (Notes 2 and 5)	Cumulative Translation Adjustment (Notes 2 and 5)	Net Loss Not Recognized as Pension Cost (Notes 2 and 5)	Treasury Stock (Notes 2 and 12)	Total Stockholders' Equity
	Legal Reserve	Special Reserve	Unappropriated	Total						
\$	153,127	\$ 37,573	\$ 4,210,527	\$ 4,401,227	\$ (300,801)	\$ (17,016)	\$ 224,739	\$ (220)	\$ (2,896,922)	\$ 46,980,179
	9,879,938	39,098	53,383	9,972,419	-	-	18	(97,090)	-	32,720,119
	421,053	-	(421,053)	-	-	-	-	-	-	-
	-	55,726	(55,726)	-	-	-	-	-	-	-
	-	-	(54,000)	(54,000)	-	-	-	-	-	(54,000)
	-	-	(18,669)	(18,669)	-	-	-	-	-	-
	-	-	(18,669)	(18,669)	-	-	-	-	-	(18,669)
	-	-	(1,724,138)	(1,724,138)	-	-	-	-	-	-
	-	-	(1,874,063)	(1,874,063)	-	-	-	-	-	(1,874,063)
	-	-	7,904,299	7,904,299	-	-	-	-	-	7,904,299
	-	-	-	-	-	-	-	-	-	108,163
	-	-	-	-	-	-	-	-	-	1,063,391
	-	-	-	-	20,996	-	-	-	-	20,996
	-	-	-	-	-	1,853	-	-	-	1,853
	-	-	-	-	-	-	(418,145)	-	-	(418,145)
	-	-	-	-	-	-	-	(2,829)	-	(2,829)
	-	-	-	-	-	-	-	-	-	(122)
	-	-	-	-	-	-	-	-	(333,972)	(333,972)
	-	-	-	-	-	-	-	-	1,406,004	1,830,867
<u>\$</u>	<u>10,454,118</u>	<u>\$ 132,397</u>	<u>\$ 8,001,891</u>	<u>\$ 18,588,406</u>	<u>\$ (279,805)</u>	<u>\$ (15,163)</u>	<u>\$ (193,388)</u>	<u>\$ (100,139)</u>	<u>\$ (1,824,890)</u>	<u>\$ 87,928,067</u>
\$	574,180	\$ 93,299	\$ 4,667,680	\$ 5,335,159	\$ (279,805)	\$ (15,163)	\$ (193,406)	\$ (3,049)	\$ (1,824,890)	\$ 51,927,120
	10,863,763	133,064	33,108	11,029,935	-	-	12,527	(221,269)	(2,292,706)	31,902,140
	462,347	-	(462,347)	-	-	-	-	-	-	-
	-	398,124	(398,124)	-	-	-	-	-	-	-
	-	-	(54,000)	(54,000)	-	-	-	-	-	(54,000)
	-	-	(37,630)	(37,630)	-	-	-	-	-	(37,630)
	-	-	(3,711,863)	(3,711,863)	-	-	-	-	-	(3,723,200)
	-	-	5,787,017	5,787,017	-	-	-	-	-	5,787,017
	-	-	(111,068)	(111,068)	-	-	-	-	-	(111,068)
	-	-	-	-	-	-	-	-	-	102,577
	-	-	-	-	-	-	-	-	-	4,249,696
	-	-	-	-	253,471	-	-	-	-	253,471
	-	-	-	-	-	6,732	-	-	-	6,732
	-	-	-	-	-	-	175,764	-	-	175,764
	-	-	-	-	-	-	-	(3,584)	-	(3,584)
	-	-	-	-	-	-	-	-	-	488,477
	-	-	-	-	-	-	-	-	(354,567)	(354,567)
	-	-	-	-	-	-	-	-	1,490,917	-
<u>\$</u>	<u>11,900,290</u>	<u>\$ 624,487</u>	<u>\$ 5,712,773</u>	<u>\$ 18,237,550</u>	<u>\$ (26,334)</u>	<u>\$ (8,431)</u>	<u>\$ (5,115)</u>	<u>\$ (227,902)</u>	<u>\$ (2,981,246)</u>	<u>\$ 90,608,945</u>

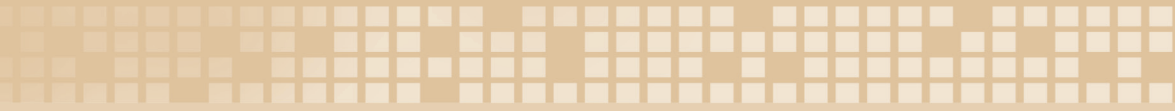
SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(In Thousands of New Taiwan Dollars)

	2005	2004 (Restated- Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 5,787,017	\$ 7,904,299
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	11,295	8,527
Amortization of Euro-convertible bonds deferred issuance cost	9,668	36,708
Accrued interest premium on Euro-convertible bonds	159,515	308,581
Income from long-term equity investments under the equity method, net	(6,065,191)	(8,092,570)
Cash dividends received from long-term equity investments under the equity method	2,105,894	3,446,746
Loss on disposal of properties, net	5,164	-
Accrued pension cost	3,276	7,455
Foreign exchange loss of convertible bonds	(186,228)	(307,344)
Decrease (increase) in receivables	24,801	(2,845)
Decrease (increase) in receivables - related party	472,882	(1,060,330)
Decrease in prepayments and other current assets	729	6,540
Deferred income taxes	(63,231)	56,108
Increase (decrease) in payables	(256,856)	952,366
Net cash provided by operating activities	<u>2,008,735</u>	<u>3,264,241</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in securities purchased under agreements to resell	2,140,813	(2,145,909)
Increase in long-term equity investments	(825,000)	(2,505,453)
Acquisition of properties	(33,564)	(12,867)
Increase in other assets	(29,711)	(1,239)
Net cash provided by (used in) investing activities	<u>1,252,538</u>	<u>(4,665,468)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Remuneration paid to directors and supervisors and bonus to employees	(91,630)	(72,669)
Cash dividends paid	(3,620,623)	(1,874,063)
Purchase of treasury stock	(354,567)	(333,972)
Increase (decrease) in short-term borrowings	(150,000)	300,000
Increase in commercial paper payable	199,209	99,988
Decrease in other liabilities	(109,764)	(164,343)
Proceeds from exercising of employee stock option	488,477	-
Redemption of Euro-convertible bonds	(38,014)	-
Net cash used in financing activities	<u>(3,676,912)</u>	<u>(2,045,059)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(415,639)	(3,446,286)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>3,456,268</u>	<u>6,902,554</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,040,629</u>	<u>\$ 3,456,268</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	<u>\$ 26,759</u>	<u>\$ 18,550</u>
Income tax paid	<u>\$ 513,156</u>	<u>\$ 1,542</u>
NONCASH INVESTING AND FINANCING ACTIVITIES		
Euro-convertible bonds converted to common stock	<u>\$ 4,249,696</u>	<u>\$ 1,063,391</u>
Euro-convertible bonds/Euro-convertible bonds redeemable within one year	<u>\$ 3,000,717</u>	<u>\$ 7,322,065</u>
Treasury stock transactions from subsidiaries	<u>\$ 2,292,706</u>	<u>\$ 1,830,867</u>
Capital decrease and cancellation resulting from write-off of treasury stock	<u>\$ 1,490,917</u>	<u>\$ -</u>
Payable for acquisition of long-term equity investments	<u>\$ 116,640</u>	<u>\$ 137,535</u>

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

(With Deloitte & Touche audit report dated February 22, 2006)



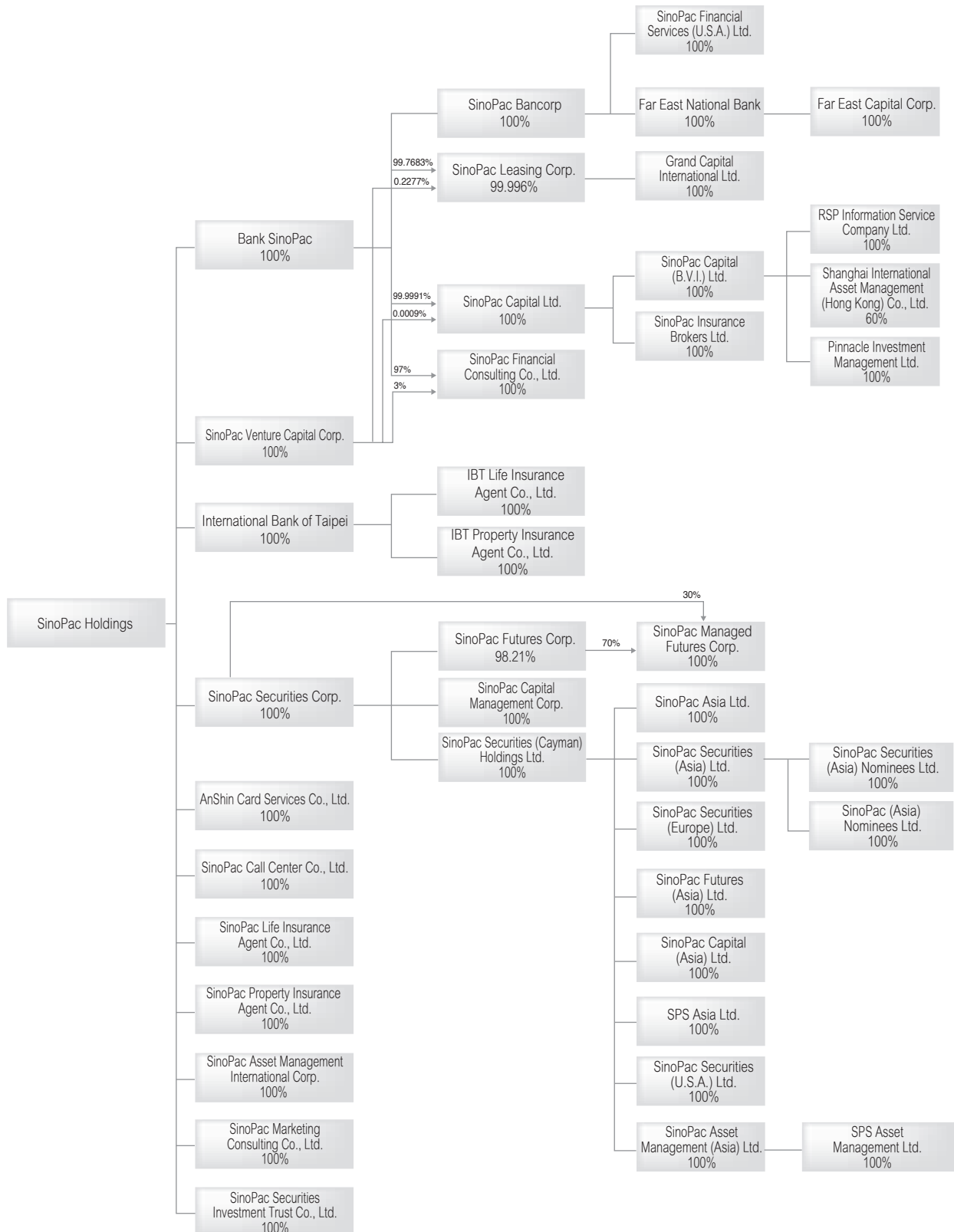
GROUP INFORMATION



Group Information

SinoPac Holdings and Affiliates

December 31, 2005



Concise Company Profile

December 31, 2005 ; Expressed in NT\$ million

Company	Date of Incorporation	Address	Capital	Main Business
SinoPac Holdings	2002.05	8-13F, No.306, Bade Road, Sec. 2, Taipei 104, Taiwan, R.O.C.	72,300	Financial holding company
Bank SinoPac	1992.01	B1-3F, No. 45, Han Ko Street , Sec. 1, Taipei, Taiwan, R.O.C.	19,728	Commercial bank
International Bank of Taipei	1948.05	No. 36 Nanking East Road, Sec. 3, Taipei, Taiwan 104 , R.O.C.	22,233	Commercial bank
SinoPac Securities Corp.	1988.10	7-8F, No. 2 Chung Ching South Road, Sec. 1, Taipei 100, Taiwan, R.O.C.	15,269	Brokerage, dealing, underwriting of securities
AnShin Card Services Co., Ltd.	2000.03	12-13F, No. 760, Sec. 4, Bade Road, Taipei 105, Taiwan, R.O.C.	3,610	Credit card business
SinoPac Marketing Consulting Co., Ltd.	2003.02	2F, No. 85, Sec. 4, Chengde Road, Taipei 111, Taiwan, R.O.C.	50	Broking, investment consulting, receivables processing
SinoPac Call Center Co., Ltd.	2002.12	7-8, 10-11F, No. 441, Yucheng Road, Tzuoying Chiu, Kaohsiung 813, Taiwan, R.O.C.	100	Data processing, manpower and agency services
SinoPac Life Insurance Agent Co., Ltd.	2000.07	3F, No. 9-1, Sec. 2, Chien Kuo North Road, Taipei, Taiwan 104, R.O.C.	3	Life insurance agent
SinoPac Property Insurance Agent Co., Ltd.	2000.07	7F, No. 306, Bade Road, Sec. 2, Taipei 104, Taiwan, R.O.C.	3	Property insurance agent
SinoPac Asset Management International Corp.	2003.01	2F, No. 2, Lane 3, Sec. 2, Chien Kuo North Road, Taipei 104, Taiwan, R.O.C.	100	Management consulting, investment and venture investment consulting
SinoPac Venture Capital Corp.	2003.01	2F, No. 2, Lane 3, Sec. 2, Chien Kuo North Road, Taipei 104, Taiwan, R.O.C.	1,800	Venture capital
SinoPac Securities Investment Trust Co., Ltd.	1997.09	7F, No. 308, Sec. 2, Bade Road, Taipei 104, Taiwan, R.O.C.	306	Securities investment trust
SinoPac Bancorp	1997.06	350 S. Grand Avenue, 41st Floor, Los Angeles, California 90071, U.S.A.	USD 112	Bank stock holding
SinoPac Leasing Corp.	1997.09	2F, No. 66, Lane 9, Sung Shan Road, Taipei 105, Taiwan, R.O.C.	1,771	Engaged in leasing of aircraft and machinery equipment
SinoPac Capital Ltd.	1999.01	23rd Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong	HKD 230	Money lending and investment
SinoPac Financial Consulting Co., Ltd.	1999.07	9F, No.306, Bade Road, Sec.2, Taipei 104, Taiwan, R.O.C.	2	Investment advisory and business management advisory
Far East National Bank	1974.12	350 S. Grand Avenue, 41st Floor, Los Angeles, California 90071, U.S.A.	USD 113	Commercial bank
SinoPac Financial Services (U.S.A.) Ltd.	2000.09	18645 E. Gale Avenue, Suite 230, City of Industry, California 91748, U.S.A.	USD 0.7	Brokerage of securities
Far East Capital Corp.	1988.09	350 S. Grand Avenue, 41st Floor, Los Angeles, California 90071, U.S.A.	USD 4	Small business investment
Grand Capital International Ltd.	1998.01	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	USD 29.9	Oversea trading, leasing, lending and financing
SinoPac Capital (B.V.I.) Ltd.	1999.10	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	USD 4.45	Investment and advisory
SinoPac Insurance Brokers Ltd.	2004.05	23rd Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong	HKD 0.3	Insurance brokerage
Shanghai International Asset Management (Hong Kong) Co., Ltd.	1993.02	23rd Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong	HKD 8	Asset management corporation
Cyberpac Holding Ltd. (B.V.I.)(Note 1)	2000.12	P.O. Box 901, East Asia Chambers, Road Town, Tortola, British Virgin Islands	USD 4	Investment and advisory business
Pinnacle Investment Management Ltd.	2001.03	23rd Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong	USD 0.2	Asset management corporation
RSP Information Service Company Ltd.	2003.02	23rd Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong	HKD 1	General trading & providing internet-based service
IBT Life Insurance Agent Co., Ltd.	2001.05	10F, No. 36 Nanking East. Road, Sec.3, Taipei 104, Taiwan, R.O.C.	2	Life insurance agent

Company	Date of Incorporation	Address	Capital	Main Business
IBT Property Insurance Agent Co., Ltd.	2001.05	6F, No. 36 Nanking East. Road, Sec.3 Taipei 104, Taiwan, R.O.C.	2	Property insurance agent
SinoPac Futures Corp.	1994.01	8F, No. 2 Chung Ching South Road, Sec. 1, Taipei 100, Taiwan, R.O.C.	1,000	Futures merchant (Futures introducing broker, dealing), futures consulting
SinoPac Managed Futures Corp.	2004.03	18F, No. 2 Chung Ching South Road, Sec. 1, Taipei 100, Taiwan, R.O.C.	200	Accepting consignments from specified persons for discretionary futures & options trading
SinoPac Capital Management Corp.	1995.06	19F, No. 2 Chung Ching South Road, Sec. 1, Taipei 100, Taiwan, R.O.C.	176	Securities investment consulting, handling discretionary accounts entrusted by clients
SinoPac Securities (Cayman) Holdings Ltd.	1998.04	P.O. Box 513 GT, Strathvale House, North Church Street, George Town, Grand Cayman, Cayman Islands	USD 87.753	Investment holding company
SinoPac Securities (Asia) Ltd.	1994.04	23rd Floor, Two International Finance Center, 8 Finance Street, Central, Hong Kong	HKD 450.21	Brokerage of Hong Kong stocks
SinoPac Capital (Asia) Ltd.	1995.10	23rd Floor, Two International Finance Center, 8 Finance Street, Central, Hong Kong	HKD 30	Issuance of derivative products
SinoPac Futures (Asia) Ltd.	1994.04	23rd Floor, Two International Finance Center, 8 Finance Street, Central, Hong Kong	HKD 10	Brokerage in futures and options
SinoPac Securities (Asia) Nominees Ltd.	1994.04	23rd Floor, Two International Finance Center, 8 Finance Street, Central, Hong Kong	HKD 0.000002	Trust account
SinoPac (Asia) Nominees Ltd.	1995.10	23rd Floor, Two International Finance Center, 8 Finance Street, Central, Hong Kong	HKD 0.000002	Trust accounts on overseas stocks
SinoPac Asset Management (Asia) Ltd.	1994.10	46F, Cosco Tower, 183 Queen's Road, Central, Hong Kong	HKD 10	Asset management, investment consulting
SPS Asset Management Ltd.	1998.02	Akara Bldg., 24 De Castro Street, Wickhams Cay I, Road Town, Tortola, British Virgin Islands	USD 0.005	Asset management, investment consulting
SinoPac Securities (Europe) Ltd.	1999.05	5th Floor Habib House, 42 Moorgate, London EC2R 6EL	GBP 2	Agency service
SinoPac Securities (U.S.A.) Ltd.	1999.04	400 Montgomery Street, Suite 800, San Francisco, California 94104, U.S.A.	USD 2	Agency service
SinoPac Asia Ltd.	2001.06	Ellen L. Skelton Building, Fishers Lane, Road Town, Tortola, British Virgin Islands	USD 6	Brokerage, investment consulting, consultation service
SPS Asia Ltd.	1997.02	Akara Bldg., 24 De Castro Street, Wickhams Cay I, Road Town, Tortola, British Virgin Islands	USD 0.001	Financial derivatives
Wal Tech International Corp. (Note 2)	1999.12	2F, No. 66, Lane 9, Sung Shan Road, Taipei 105, Taiwan, R.O.C.	265	Leasing, international trading, and sale of machinery equipment
IntelliSys Corp.	1993.06	6F-5, 205, Tun Hua S. Road, Sec. 1, Taipei, Taiwan, R.O.C.	115	System integration consulting
Allstar Venture Ltd. (B.V.I.)(Note 2)	2000.12	P.O. Box 901, East Asia Chambers, Road Town, Tortola, British Virgin Islands	USD 0.000002	Investment corporation

Note 1: Cyberpac Holding Ltd. (B.V.I.) has been resolved to be liquidated and is now in the process of liquidation.

Note 2: The 7th meeting of the 2nd Board of Directors of SinoPac Holdings held on September 23, 2005 resolved that no new investments would be made to Allstar Venture Ltd. (B.V.I.) and Wal Tech International Corp. and that they should be dissolved once the original investments are disposed.

Directors, Supervisors, and Presidents

December 31, 2005 ; Unit : shares ; \$ million

Company	Titles	Name	Nominating Legal Entity	Number of shares held by the legal entity		Shares held by the directors, supervisors, or presidents (Note 1)	
				No. of Share/Capital	Percentage	No. of Share	Percentage
SinoPac Holdings	Chairman	HO Show Chung	Champion Culture Enterprise Co., Ltd.	1,100,000	0.02%	67,882,421	0.94%
	Managing Director	YIN Yen-Liang	Shining Investment Co., Ltd.	200,000	0.00%	6,375,999	0.09%
	Managing Director	HONG Ai-Hwei	National Holding Co., Ltd.	148,921,887	2.06%	20,469,130	0.28%
	Managing/Independent Director	MAO Chi-Kuo				-	-
	Director	HSU Cheng-Tsai	FRG Development Co., Ltd.	28,863,575	0.40%	-	0.00%
	Director	Paul C. LO				8,589,397	0.12%
	Director	HUANG Horng-Shya	National Holding Co., Ltd.	148,921,887	2.06%	-	0.00%
	Director	CHEN Pou-Tsang	Da Ching Investment Co., Ltd.	535	0.00%	4,962,839	0.07%
	Director	LIU Su-Cheng	Yuen Foong Yu Paper Mfg. Co., Ltd.	210,561,258	2.91%	308,023	0.00%
	Director	HWANG Min-Juh	National Holding Co., Ltd.	148,921,887	2.06%	3,494,278	0.05%
	Director	HSIEH Chong-Pi	YFY Investment Co., Ltd.	20,121,199	0.28%	42,869,849	0.59%
	Director	CHEN Chia-Hsien				498,449	0.01%
	Director	YU Kuo Chi	Chen Yu Co.	19,774,511	0.27%	917,273	0.01%
	Supervisor	SHEU Jong-Ming	Fortune Investment Co., Ltd.	630,963	0.01%	18,352,017	0.25%
	Supervisor	Eli C. WANG	Shin Yi Investment Co., Ltd.	21,168,846	0.29%	-	-
	Supervisor	Robert C. T. LIN	YFY Venture Capital Investment Co., Ltd.	20,467,952	0.28%	-	-
	Independent Supervisor	CHENG Ting-Wong				-	-
President	Paul C. LO				8,589,397	0.12%	
Bank SinoPac	Chairman	Paul C. LO	SinoPac Holdings	1,972,806,751	100%	-	-
	Managing Director	YIN Yen-Liang	SinoPac Holdings	1,972,806,751	100%	-	-
	Managing Director	CHEN Pou-Tsang	SinoPac Holdings	1,972,806,751	100%	-	-
	Director	LEE Tien-Chia	SinoPac Holdings	1,972,806,751	100%	-	-
	Director	LEE Chen-Chia	SinoPac Holdings	1,972,806,751	100%	-	-
	Director	LIN Ying-Feng	SinoPac Holdings	1,972,806,751	100%	-	-
	Director	CHIA Chen-I	SinoPac Holdings	1,972,806,751	100%	-	-
	Director	CHEN Chien-Jung	SinoPac Holdings	1,972,806,751	100%	-	-
	Director	CHEN Jenn-Chuan	SinoPac Holdings	1,972,806,751	100%	-	-
	Supervisor	HUANG Chuen-Su	SinoPac Holdings	1,972,806,751	100%	-	-
	Supervisor	HSIEH Mei-Yueh	SinoPac Holdings	1,972,806,751	100%	-	-
	Supervisor	Nancy C. LEE	SinoPac Holdings	1,972,806,751	100%	-	-
	President	CHEN Pou-Tsang				-	-
International Bank of Taipei	Chairman	HO Show Chung	SinoPac Holdings	2,223,311,003	100%	-	-
	Managing Director	Jone's Investment Co., Ltd. HO Jone-Ting	SinoPac Holdings	2,223,311,003	100%	-	-
	Managing Director	Ever Trust Investment Co., Ltd. LEE Liang-Chin	SinoPac Holdings	2,223,311,003	100%	-	-
	Managing Director	Boom Years Industrial Co., Ltd. HSIEH Chung-Pi	SinoPac Holdings	2,223,311,003	100%	-	-
	Managing Director	LO Yi-Chien	SinoPac Holdings	2,223,311,003	100%	-	-
	Managing Director	An Lon Co., Ltd Jason KUO	SinoPac Holdings	2,223,311,003	100%	-	-
	Managing Director	Hsin Hsing Investment Co., Ltd HO Yao-Ting	SinoPac Holdings	2,223,311,003	100%	-	-
	Managing Director	Shin Kong Wu Foundation Anthony T.S. WU	SinoPac Holdings	2,223,311,003	100%	-	-
	Director	HO Cheng-Ting	SinoPac Holdings	2,223,311,003	100%	-	-

Company	Titles	Name	Nominating Legal Entity	Number of shares held by the legal entity		Shares held by the directors, supervisors, or presidents (Note 1)	
				No. of Share/Capital	Percentage	No. of Share	Percentage
	Director	Shin Kong Wu Foundation WANG Hua-Nan	SinoPac Holdings	2,223,311,003	100%	-	-
	Director	Den Foong Investment Co., Ltd. HO Chien-Ting	SinoPac Holdings	2,223,311,003	100%	-	-
	Director	SHIU Chia-Wen	SinoPac Holdings	2,223,311,003	100%	-	-
	Director	LIN Chin-Ying	SinoPac Holdings	2,223,311,003	100%	-	-
	Director	Tate Construction Co., Ltd. YEN Kan-Lin	SinoPac Holdings	2,223,311,003	100%	-	-
	Director	YU Kuo-Chi	SinoPac Holdings	2,223,311,003	100%	-	-
	Director	Bo Da Investment Co., Ltd. LO Li-Fang	SinoPac Holdings	2,223,311,003	100%	-	-
	Director	Yuan Heng Investment Co., Ltd. CHEN Chia-Wen	SinoPac Holdings	2,223,311,003	100%	-	-
	Director	Yuen Foong Paper Co., Ltd. CHIU Hsiu-Ying	SinoPac Holdings	2,223,311,003	100%	-	-
	Director	Yuen Foong Paper Co., Ltd. YIN Kuo-Tang	SinoPac Holdings	2,223,311,003	100%	-	-
	Director	LIEN Sheng-Wen	SinoPac Holdings	2,223,311,003	100%	-	-
	Director	Hsin Hsing Investment Co., Ltd. CHEN Lung-Ching	SinoPac Holdings	2,223,311,003	100%	-	-
	Director	Hsin Hsing Investment Co., Ltd. HSIANG Chih-Lung	SinoPac Holdings	2,223,311,003	100%	-	-
	Director	Hsin Hsing Investment Co., Ltd. CHUNG Youn-Hung	SinoPac Holdings	2,223,311,003	100%	-	-
	Director	Ever Green Investment Co., Ltd. HO Wei-Tho	SinoPac Holdings	2,223,311,003	100%	-	-
	Director	International Bank of Taipei Union WEI Chang	SinoPac Holdings	2,223,311,003	100%	-	-
	Supervisor	Ying Li Investment Co., Ltd. LIN Tien-Dong	SinoPac Holdings	2,223,311,003	100%	-	-
	Supervisor	Hsin-Yi Enterprise Co., Ltd. LIEN Jenq-Shyong	SinoPac Holdings	2,223,311,003	100%	-	-
	Supervisor	Hsin Hsing Investment Co., Ltd. KUO Chuan-Po	SinoPac Holdings	2,223,311,003	100%	-	-
	President	YU Kuo-Chi				-	-
SinoPac Securities Corp.	Chairman	HWANG Min-Juh	SinoPac Holdings	1,526,902,025	100%	-	-
	Vice Chairman	HONG Ai-Wei	SinoPac Holdings	1,526,902,025	100%	-	-
	Managing Director	CHENG Ting-Wong	SinoPac Holdings	1,526,902,025	100%	-	-
	Director	TU Tsung-Dian	SinoPac Holdings	1,526,902,025	100%	-	-
	Director	HSU Daw-Yi	SinoPac Holdings	1,526,902,025	100%	-	-
	Director	Sunny CHEN	SinoPac Holdings	1,526,902,025	100%	-	-
	Director	Raymond JIANG	SinoPac Holdings	1,526,902,025	100%	-	-
	Director	CHUANG Kun Jung	SinoPac Holdings	1,526,902,025	100%	-	-
	Director	Richard CHANG	SinoPac Holdings	1,526,902,025	100%	-	-
	Supervisor	CHIU Tsai-Shing	SinoPac Holdings	1,526,902,025	100%	-	-
	Supervisor	LIN Che-Sheng	SinoPac Holdings	1,526,902,025	100%	-	-
	President	HSU Daw-Yi				-	-
AnShin Card Services Co., Ltd.	Chairman	YIN Yen-Liang	SinoPac Holdings	193,000,000	100%	-	-
	Director	CHIA Chen-I	SinoPac Holdings	193,000,000	100%	-	-
	Director	LEE Ming-Yuan	SinoPac Holdings	193,000,000	100%	-	-

Company	Titles	Name	Nominating Legal Entity	Number of shares held by the legal entity		Shares held by the directors, supervisors, or presidents (Note 1)	
				No. of Share/Capital	Percentage	No. of Share	Percentage
	Director	YEN Gan-Lin	SinoPac Holdings	193,000,000	100%	-	-
	Director	HSU Ja-Wen	SinoPac Holdings	193,000,000	100%	-	-
	Director	Paul C. LO	SinoPac Holdings	193,000,000	100%	-	-
	Director	Patric PAN				-	-
	Supervisor	Eli C. WANG	SinoPac Holdings	193,000,000	100%	-	-
	Supervisor	HSU Shui-Yuan	SinoPac Holdings	193,000,000	100%	-	-
	President	LEE Ming-Yuan				-	-
SinoPac Marketing Consulting Co., Ltd.	Chairman	HAN Tao-Wei	SinoPac Holdings	5,000,000	100%	-	-
	Director	HUANG Chi-Lin	SinoPac Holdings	5,000,000	100%	-	-
	Director	CHEN Chi Ping	SinoPac Holdings	5,000,000	100%	-	-
	Supervisor	Albert LYU	SinoPac Holdings	5,000,000	100%	-	-
	President	CHEN Chi Ping				-	-
SinoPac Call Center Co., Ltd.	Chairman	Joan N. FANG	SinoPac Holdings	10,000,000	100%	-	-
	Director	CHEN Pou-Tsang	SinoPac Holdings	10,000,000	100%	-	-
	Director	CHIA Chen-I	SinoPac Holdings	10,000,000	100%	-	-
	Director	Ivan YEH	SinoPac Holdings	10,000,000	100%	-	-
	Supervisor	Nancy C. LEE	SinoPac Holdings	10,000,000	100%	-	-
	President	Eliza CHEN	SinoPac Holdings			-	-
SinoPac Life Insurance Agent Co., Ltd.	Chairman	CHIA Chen-I	SinoPac Holdings	300,000	100%	-	-
	Director	HAN Tao-Wei	SinoPac Holdings	300,000	100%	-	-
	Director	Mary Ann CHEN	SinoPac Holdings	300,000	100%	-	-
	Director	Ivan YEH	SinoPac Holdings	300,000	100%	-	-
	Supervisor	HUANG Ming-Cheg	SinoPac Holdings	300,000	100%	-	-
	President	Mary Ann CHEN				-	-
SinoPac Property Insurance Agent Co., Ltd.	Chairman	HUANG Chi-Lin	SinoPac Holdings	300,000	100%	-	-
	Director	CHEN Chien-Jung	SinoPac Holdings	300,000	100%	-	-
	Director	HAN Dao-Wei	SinoPac Holdings	300,000	100%	-	-
	Director	CHANG Ching-Lung	SinoPac Holdings	300,000	100%	-	-
	Supervisor	Amy HAN	SinoPac Holdings	300,000	100%	-	-
	President	HUANG Chi-Lin				-	-
SinoPac Asset Management International Corp.	Chairman	Ted C. Y. LIAO	SinoPac Holdings	10,000,000	100%	-	-
	Director	Rudy CHUANG	SinoPac Holdings	10,000,000	100%	-	-
	Director	Colin CHEN	SinoPac Holdings	10,000,000	100%	-	-
	Director	Richard CHANG	SinoPac Holdings	10,000,000	100%	-	-
	Director	CHIANG Wen-You	SinoPac Holdings	10,000,000	100%	-	-
	Supervisor	YANG Shun-Fa	SinoPac Holdings	10,000,000	100%	-	-
	President	Ted C. Y. LIAO				-	-
SinoPac Venture Capital Corp.	Chairman	Ted C. Y. LIAO	SinoPac Holdings	180,000,000	100%	-	-
	Director	Rudy CHUANG	SinoPac Holdings	180,000,000	100%	-	-
	Director	Colin CHEN	SinoPac Holdings	180,000,000	100%	-	-
	Supervisor	YANG Shun-Fa	SinoPac Holdings	180,000,000	100%	-	-
	President	Rudy CHUANG				-	-
SinoPac Securities Investment Trust Co., Ltd.	Chairman	C.J. CHEN	SinoPac Holdings	30,590,788	100%	-	-
	Director	HAN Tao-Wei	SinoPac Holdings	30,590,788	100%	-	-
	Director	Peter MA	SinoPac Holdings	30,590,788	100%	-	-
	Supervisor	Albert LYU	SinoPac Holdings	30,590,788	100%	-	-
	President	Peter MA				-	-

Company	Titles	Name	Nominating Legal Entity	Number of shares held by the legal entity		Shares held by the directors, supervisors, or presidents (Note 1)	
				No. of Share/Capital	Percentage	No. of Share	Percentage
SinoPac Bancorp	Chairman	Paul C. LO	Bank SinoPac	20,000	100%	-	-
	Director	CHEN Pou-Tsang	Bank SinoPac	20,000	100%	-	-
	Director	CHIA Chen-I	Bank SinoPac	20,000	100%	-	-
	President	Paul C. LO				-	-
SinoPac Leasing Corp.	Chairman	HSU Shui-Yuan	Bank SinoPac	176,689,620	99.7683%	-	-
	Director	Colin CHEN	Bank SinoPac	176,689,620	99.7683%	-	-
	Director	CHEN Pou-Tsang	Bank SinoPac	176,689,620	99.7683%	1,767	0.001%
	Director	CHENG Chuan-Jay	Bank SinoPac	176,689,620	99.7683%	-	-
	Director	YEH Juei-Sheng	Bank SinoPac	176,689,620	99.7683%	-	-
	Supervisor	CHI Chien	Bank SinoPac	176,689,620	99.7683%	1,767	0.001%
	President	YEH Juei-Sheng				-	-
SinoPac Capital Ltd.	Chairman	CHEN Pou-Tsang	Bank SinoPac	229,998,000	99.9991%	-	-
	Director	Paul C. LO	Bank SinoPac	229,998,000	99.9991%	-	-
	Director	CHIU Tak-Chiang	Bank SinoPac	229,998,000	99.9991%	-	-
	President	CHIU Tak-Chiang				-	-
SinoPac Financial Consulting Co., Ltd.	Chairman	Mike Y. L. LEI	Bank SinoPac	194,000	97%	-	-
	Director	CHEN Chien-Jung	Bank SinoPac	194,000	97%	-	-
	Director	Steve C. LIN	Bank SinoPac	194,000	97%	-	-
	Supervisor	YANG Shun-Fa	Bank SinoPac	194,000	97%	-	-
	President	Mike Y. L. LEI				-	-
Far East National Bank	Chairman	Paul C. LO	SinoPac Bancorp	180,000	100%	-	-
	Vice Chairman	Frederick COPELAND	SinoPac Bancorp	180,000	100%	-	-
	Director	Robert SWEENEY	SinoPac Bancorp	180,000	100%	-	-
	Director	SHEU Jong-Ming	SinoPac Bancorp	180,000	100%	-	-
	Director	CHEN Pou-Tsang	SinoPac Bancorp	180,000	100%	-	-
	Director	Eugene HONG	SinoPac Bancorp	180,000	100%	-	-
	Director	Robert CHANG	SinoPac Bancorp	180,000	100%	-	-
	President	Robert SWEENEY				-	-
SinoPac Financial Services (U.S.A.) Ltd.	Chairman	Eugene HONG	SinoPac Bancorp	2,500	100%	-	-
	Director	CHEN Chien-Jung	SinoPac Bancorp	2,500	100%	-	-
	Director	Richard CHANG	SinoPac Bancorp	2,500	100%	-	-
	Director	Robert SWEENEY	SinoPac Bancorp	2,500	100%	-	-
	President	Roger LU				-	-
Far East Capital Corp.	Chairman	Robert SWEENEY	Far East National Bank	350,000	100%	-	-
	Director	Edmond HON	Far East National Bank	350,000	100%	-	-
	Director	Edward KUO	Far East National Bank	350,000	100%	-	-
	Director	CHEN Chien-Jung	Far East National Bank	350,000	100%	-	-
	President	Edmond HON				-	-
Grand Capital International Ltd.	Sole Director	HSU Shui-Yuan	SinoPac Leasing Co., Ltd.	29,900,000	100%	-	-
SinoPac Capital (B.V.I.) Ltd.	Director	Paul C. LO	SinoPac Capital Ltd.	4,450,001	100%	-	-
	Director	CHEN Pou-Tsang	SinoPac Capital Ltd.	4,450,001	100%	-	-
	Director	CHIU Tak-Chiang	SinoPac Capital Ltd.	4,450,001	100%	-	-
SinoPac Insurance Brokers Ltd.	Director	CHIU Tak-Chiang	SinoPac Capital Ltd.	100,000	100%	-	-
	Chief Executive	CHOW Nga Yee Aimee	SinoPac Capital Ltd.	100,000	100%	-	-
Shanghai International Asset Management (Hong Kong) Co., Ltd.	Chairman	ZHOU You-dao	A.T.S.CO., Ltd.	3,200,000	40%	-	-
	Director	CHEN Chi-Chuan	SinoPac Capital (B.V.I.) Ltd.	4,800,000	60%	-	-
	Director	CAI Nong-Uri	A.T.S.CO., Ltd.	3,200,000	40%	-	-
	Director	HU Jing-Gang	A.T.S.CO., Ltd.	3,200,000	40%	-	-
	Director	LIU Hsing-Yen	SinoPac Capital (B.V.I.) Ltd.	4,800,000	60%	-	-

Company	Titles	Name	Nominating Legal Entity	Number of shares held by the legal entity		Shares held by the directors, supervisors, or presidents (Note 1)	
				No. of Share/Capital	Percentage	No. of Share	Percentage
	Director	CHIU Tak-Chiang	SinoPac Capital (B.V.I.) Ltd.	4,800,000	60%	-	-
	Director	XUE Wan-Xiang	A.T.S.CO., Ltd.	3,200,000	40%	-	-
	Director	WU Chio-Sun	SinoPac Capital (B.V.I.) Ltd.	4,800,000	60%	-	-
	Director	LIN Bin	A.T.S.CO., Ltd.	3,200,000	40%	-	-
	Director	Richard CHANG	SinoPac Capital (B.V.I.) Ltd.	4,800,000	60%	-	-
	Director	CHAO Chin-Chih	SinoPac Capital (B.V.I.) Ltd.	4,800,000	60%	-	-
	President	WU Chio-Sun				-	-
Cyberpac Holding Ltd. (B.V.I.) (Note 2)	Director	CHEN Chien-Jung	SinoPac Capital (B.V.I.) Ltd.	4,000,000	100%	-	-
	Director	HSU Shui-Yuan	SinoPac Capital (B.V.I.) Ltd.	4,000,000	100%	-	-
Pinnacle Investment Management Ltd.	Director	CHEN Chien-Jung	SinoPac Capital (B.V.I.) Ltd.	200,000	100%	-	-
	Director	Gloria HOU	SinoPac Capital (B.V.I.) Ltd.	200,000	100%	-	-
	Director	CHIN Che-Hui	SinoPac Capital (B.V.I.) Ltd.	200,000	100%	-	-
	Director	WU Chio-Sun	SinoPac Capital (B.V.I.) Ltd.	200,000	100%	-	-
RSP Information Service Company Ltd.	Director	CHIU Tak-Chiang	SinoPac Capital (B.V.I.) Ltd.	1,000,000	100%	-	-
	Director	S.B. HSIEH	SinoPac Capital (B.V.I.) Ltd.	1,000,000	100%	-	-
IBT Life Insurance Agent Co., Ltd.	Chairman	CHEN Chuan-Hsing	International Bank of Taipei	200,000	100%	-	-
	Director	Eugene HUANG	International Bank of Taipei	200,000	100%	-	-
	Director	Ted LIAO	International Bank of Taipei	200,000	100%	-	-
	Director	Light TENG	International Bank of Taipei	200,000	100%	-	-
	Supervisor	S.J. LIN	International Bank of Taipei	200,000	100%	-	-
	President	CHEN Chuan-Hsing				-	-
IBT Property Insurance Agent Co., Ltd.	Chairman	HO Yu-Ching	International Bank of Taipei	200,000	100%	-	-
	Director	Eugene HUANG	International Bank of Taipei	200,000	100%	-	-
	Director	Desmond JIANG	International Bank of Taipei	200,000	100%	-	-
	Director	Brian LIN	International Bank of Taipei	200,000	100%	-	-
	Supervisor	C.P. CHEN	International Bank of Taipei	200,000	100%	-	-
	President	HO Yu-Ching				-	-
SinoPac Futures Corp.	Chariman	HUANG Chung-Wen	SinoPac Securities Corp.	98,214,750	98.21%	-	-
	Director	HSU Cheng-Tsai	SinoPac Securities Corp.	98,214,750	98.21%	-	-
	Director	Maurice LU	SinoPac Securities Corp.	98,214,750	98.21%	-	-
	Director	CHEN Chih-Hsien	SinoPac Securities Corp.	98,214,750	98.21%	-	-
	Director	HSU Chuan-Lai	Hui Sung Agr. & Food Corp.	1,500,000	1.50%	-	-
	Supervisor	David T.L. YEH	SinoPac Securities Corp.	98,214,750	98.21%	-	-
	President	Maurice LU				-	-
SinoPac Managed Futures Corp.	Chariman	Ivan YEH	SinoPac Futures Corp.	14,000,000	70%	-	-
	Director	CHANG Ching-Lung	SinoPac Futures Corp.	14,000,000	70%	-	-
	Director	Leo LIN	SinoPac Futures Corp.	14,000,000	70%	-	-
	Supervisor	LAN Mei Chung	SinoPac Futures Corp.	14,000,000	70%	-	-
	President	Leo LIN				-	-
SinoPac Capital Management Corp.	Chairman	David T. L. YEH	SinoPac Securities Corp.	17,600,000	100%	-	-
	Director	CHEN Chih-Hsien	SinoPac Securities Corp.	17,600,000	100%	-	-
	Director	Sunday LIN	SinoPac Securities Corp.	17,600,000	100%	-	-
	Supervisor	LIU Ching-Shun	SinoPac Securities Corp.	17,600,000	100%	-	-
	President	David T. L. YEH				-	-
SinoPac Securities (Cayman) Holdings Ltd.	Director	HWANG Min-Juh	SinoPac Securities Corp.	USD 87,753	100%	-	-
	Director	HONG Ai-Hwei	SinoPac Securities Corp.	USD 87,753	100%	-	-
	Director	HSU Daw-Yi	SinoPac Securities Corp.	USD 87,753	100%	-	-
	Director	Dennis Y.C. HONG	SinoPac Securities Corp.	USD 87,753	100%	-	-

Company	Titles	Name	Nominating Legal Entity	Number of shares held by the legal entity		Shares held by the directors, supervisors, or presidents (Note 1)		
				No. of Share/Capital	Percentage	No. of Share	Percentage	
SinoPac Securities (Asia) Ltd.	Director	Eugene HONG	SinoPac Securities Corp.	USD	87.753	100%	-	-
	Director	Richard CHANG	SinoPac Securities Corp.	USD	87.753	100%	-	-
	Chairman	HSU Daw-Yi	SinoPac Securities (Cayman) Holdings Ltd.	HKD	450.21	100%	-	-
	Managing Director	Richard CHANG	SinoPac Securities (Cayman) Holdings Ltd.	HKD	450.21	100%	-	-
	Director	Dennis Y.C. HONG	SinoPac Securities (Cayman) Holdings Ltd.	HKD	450.21	100%	-	-
	Director	LAN Mei Chung	SinoPac Securities (Cayman) Holdings Ltd.	HKD	450.21	100%	-	-
	Director	Caroline Y.C. HSIEH	SinoPac Securities (Cayman) Holdings Ltd.	HKD	450.21	100%	-	-
	Director	Frank Pun Yuen LAM	SinoPac Securities (Cayman) Holdings Ltd.	HKD	450.21	100%	-	-
	Director	CHUANG Kun Jung	SinoPac Securities (Cayman) Holdings Ltd.	HKD	450.21	100%	-	-
	Director	LUI Ho-Ming	SinoPac Securities (Cayman) Holdings Ltd.	HKD	450.21	100%	-	-
SinoPac Capital (Asia) Ltd.	Director	HSU Ru Mei	SinoPac Securities (Cayman) Holdings Ltd.	HKD	450.21	100%	-	-
	Director	CHUANG Kun Jung	SinoPac Securities (Cayman) Holdings Ltd.	HKD	30	100%	-	-
	Director	Dennis Y.C. HONG	SinoPac Securities (Cayman) Holdings Ltd.	HKD	30	100%	-	-
	Director	LAN Mei Chung	SinoPac Securities (Cayman) Holdings Ltd.	HKD	30	100%	-	-
SinoPac Futures (Asia) Ltd.	Director	Caroline Y.C. HSIEH	SinoPac Securities (Cayman) Holdings Ltd.	HKD	30	100%	-	-
	Managing Director	Rudy CHUANG	SinoPac Securities (Cayman) Holdings Ltd.	HKD	10	100%	-	-
	Director	LAN Mei Chung	SinoPac Securities (Cayman) Holdings Ltd.	HKD	10	100%	-	-
	Director	HSU Ru Mei	SinoPac Securities (Cayman) Holdings Ltd.	HKD	10	100%	-	-
SinoPac Securities (Asia) Nominees Ltd.	Director	Frank Pun Yuen LAM	SinoPac Securities (Cayman) Holdings Ltd.	HKD	10	100%	-	-
	Director	Rudy CHUANG	SinoPac Securities (Cayman) Holdings Ltd.	HKD	0.000002	100%	-	-
SinoPac (Asia) Nominees Ltd.	Director	LAN Mei Chung	SinoPac Securities (Cayman) Holdings Ltd.	HKD	0.000002	100%	-	-
	Director	Rudy CHUANG	SinoPac Securities (Cayman) Holdings Ltd.	HKD	0.000002	100%	-	-
SinoPac Asset Management (Asia) Ltd.	Director	LAN Mei Chung	SinoPac Securities (Cayman) Holdings Ltd.	HKD	0.000002	100%	-	-
	Managing Director	HSU Ru Mei	SinoPac Securities (Cayman) Holdings Ltd.	HKD	10	100%	-	-
	Director	LI Kim Man	SinoPac Securities (Cayman) Holdings Ltd.	HKD	10	100%	-	-
	Director	Richard CHANG	SinoPac Securities (Cayman) Holdings Ltd.	HKD	10	100%	-	-
SPS Asset Management Ltd.	Director	LAN Mei Chung	SinoPac Securities (Cayman) Holdings Ltd.	HKD	10	100%	-	-
	Director	David T.L. YEH	SinoPac Asset Management (Asia) Ltd.	USD	0.005	100%	-	-
	Director	CHEN Tsung-Hsi	SinoPac Asset Management (Asia) Ltd.	USD	0.005	100%	-	-
SinoPac Securities (Europe) Ltd.	Chairman	HSU Daw-Yi	SinoPac Securities (Cayman) Holdings Ltd.	GBP	2	100%	-	-
	Managing Director	Juno LEE	SinoPac Securities (Cayman) Holdings Ltd.	GBP	2	100%	-	-
	Director	LAN Mei Chung	SinoPac Securities (Cayman) Holdings Ltd.	GBP	2	100%	-	-

Company	Titles	Name	Nominating Legal Entity	Number of shares held by the legal entity		Shares held by the directors, supervisors, or presidents (Note 1)		
				No. of Share/Capital	Percentage	No. of Share	Percentage	
SinoPac Securities (U.S.A.) Ltd.	Director	Caroline Y.C. HSIEH	SinoPac Securities (Cayman) Holdings Ltd.	GBP	2	100%	-	-
	Chairman	Eugene Hong	SinoPac Securities (Cayman) Holdings Ltd.	USD	2	100%	-	-
	Director	LAN Mei Chung	SinoPac Securities (Cayman) Holdings Ltd.	USD	2	100%	-	-
	Director	Caroline Y.C. HSIEH	SinoPac Securities (Cayman) Holdings Ltd.	USD	2	100%	-	-
	President	Eugene Hong					-	-
SinoPac Asia Ltd.	Director	LAN Mei Chung	SinoPac Securities (Cayman) Holdings Ltd.	USD	6	100%	-	-
	Director	CHEN Tsung-Hsi	SinoPac Securities (Cayman) Holdings Ltd.	USD	6	100%	-	-
	Director	TAI Kuang-Feng	SinoPac Securities (Cayman) Holdings Ltd.	USD	6	100%	-	-
SPS Asia Ltd.	Director	Richard CHANG	SinoPac Securities (Cayman) Holdings Ltd.	USD	0.001	100%	-	-
	Director	LAN Mei Chung	SinoPac Securities (Cayman) Holdings Ltd.	USD	0.001	100%	-	-
Wal Tech International Corp. (Note 3)	Chairman	YEH Juei-Sheng	SinoPac Venture Capital Corp.		26,500,000	100%	-	-
	Director	C. S. PIEN	SinoPac Venture Capital Corp.		26,500,000	100%	-	-
	Director	Sabine CHEN	SinoPac Venture Capital Corp.		26,500,000	100%	-	-
	Supervisor	LAI Chih-Hui	SinoPac Venture Capital Corp.		26,500,000	100%	-	-
	President	YEH Juei-Sheng					-	-
IntelliSys Corp.	Chairman	Bill YANG	Wal Tech International Corp.		7,196,526	62.58%	-	-
	Director	Joan N. FANG	Wal Tech International Corp.		7,196,526	62.58%	-	-
	Director	CHEN Chien-Jung	Wal Tech International Corp.		7,196,526	62.58%	-	-
	Director	Dennis LEE	Wal Tech International Corp.		7,196,526	62.58%	-	-
	Director	Charlie KOO					1,076,769	9.36%
	Supervisor	YANG Shun-Fa	Wal Tech International Corp.		7,196,526	62.58%	-	-
	Supervisor	S. B. HSIEH	Wal Tech International Corp.		7,196,526	62.58%	-	-
	President	Rufus R. H. HSU					233,731	2.03%
Allstar Venture Ltd. (B.V.I.) (Note 3)	Director	Ted C. Y. LIAO	SinoPac Venture Capital Corp.		2	100%	-	-
	Director	C. S. PIEN	SinoPac Venture Capital Corp.		2	100%	-	-

Note 1: In the case of being the representative of an institutional investor, the data of "Shares held by the directors, supervisors, or presidents " include that of the representative's spouse and minors.

Note 2: Cyberpac Holding Ltd. (B.V.I.) has been resolved to be liquidated and is now in the process of liquidation.

Note 3: The 7th meeting of the 2nd Board of Directors of SinoPac Holdings held on September 23, 2005 resolved that no new investments would be made to Allstar Venture Ltd. (B.V.I.) and Wal Tech International Corp. and that they should be dissolved once the original investments are disposed.

Operation Information

December 31, 2005 Expressed in NT\$million, except EPS in NT\$

Company	Paid-in Capital	Total Assets	Total Liabilities	Shareholders' Equity	Total Operating Revenue	Operating Income (Loss)	Net Income (After Tax)	Earnings Per Share (After Tax)
SinoPac Holdings	72,300	95,408	4,799	90,609	6,229	5,740	5,787	0.82
Bank SinoPac	19,728	522,510	494,916	27,594	20,739	2,589	2,117	1.03
International Bank of Taipei	22,233	434,640	398,100	36,540	16,730	2,888	2,451	1.10
SinoPac Securities Corp.	15,269	48,948	26,456	22,492	4,872	1,229	1,061	0.69
AnShin Card Services Co., Ltd.	3,610	14,756	11,622	3,134	3,549	306	371	1.70
SinoPac Marketing Consulting Co., Ltd.	50	52	8	44	81	(2)	(2)	(0.33)
SinoPac Call Center Co., Ltd.	100	130	25	105	162	6	5	0.48
SinoPac Life Insurance Agent Co., Ltd.	3	185	55	130	374	154	118	394.52
SinoPac Property Insurance Agent Co., Ltd.	3	16	3	13	20	12	9	29.74
SinoPac Asset Management International Corp.	100	115	12	103	26	3	0.67	0.06
SinoPac Venture Capital Corp.	1,800	1,792	3	1,789	68	18	28	0.15
SinoPac Securities Investment Trust Co., Ltd.	306	350	27	323	51	(21)	(14)	(0.49)
SinoPac Bancorp	3,688	6,103	0.04	6,103	1	(15)	560	28,010.20
SinoPac Leasing Corp.	1,771	5,396	4,261	1,135	466	67	(798)	(4.51)
SinoPac Capital Ltd.	974	5,787	4,522	1,265	273	207	177	0.77
SinoPac Financial Consulting Co., Ltd.	2	2	0.07	2	0.15	0.07	0.08	0.40
Far East National Bank	3,707	58,633	52,650	5,983	3,484	858	584	3,247.04
SinoPac Financial Services (U.S.A.) Ltd.	23	30	4	26	41	(21)	(16)	(6,203.60)
Far East Capital Corp.	115	107	52	55	3	1	(3)	(8.74)
Grand Capital International Ltd.	982	6,282	5,735	547	452	(966)	(1,015)	(33.96)
SinoPac Capital (B.V.I.) Ltd.	147	436	515	(79)	23	19	(492)	(110.56)
SinoPac Insurance Brokers Ltd.	1	2	0.38	2	6	1	1	11.57
Shanghai International Asset Management (Hong Kong) Co., Ltd.	34	49	8	41	58	13	11	1.41
Cyberpac Holding Ltd. (B.V.I.) (Note 2)	131	2	0	2	35	(68)	6	1.42
Pinnacle Investment Management Ltd.	7	4	0.06	4	0.03	(0.14)	(0.14)	(0.69)
RSP Information Service Company Ltd.	4	2	0	2	0.43	(0.02)	(0.02)	(0.02)
IBT Life Insurance Agent Co., Ltd.	2	302.9	53.3	249.6	328.7	213.6	216.6	1,081
IBT Property Insurance Agent Co., Ltd.	2	18.4	4	14.4	21.5	13.25	9.49	49.73
SinoPac Futures Corp.	1,000	5,935	4,580	1,355	767	133	157	1.57
SinoPac Managed Futures Corp.	200	193	5	188	0.627	(10)	(7)	(0.35)
SinoPac Capital Management Corp.	176	200	15	185	18	(9)	5	0.27
SinoPac Securities (Cayman) Holdings Ltd.	2,883	3,523	1	3,521	140	139	143	1.63
SinoPac Securities (Asia) Ltd.	1,908	4,152	1,889	2,263	280	8	(11)	(255.38)
SinoPac Capital (Asia) Ltd.	127	3,188	3,013	176	141	18	17	0.58
SinoPac Futures (Asia) Ltd.	42	77	0.275	77	0.328	(1)	(1)	(0.11)
SinoPac Securities (Asia) Nominees Ltd.	0.000008	-	-	-	-	-	-	-
SinoPac (Asia) Nominees Ltd.	0.000008	-	-	-	-	-	-	-
SinoPac Asset Management (Asia) Ltd.	42	41	3	38	24	(6)	9	0.93
SPS Asset Management Ltd.	0.164	5,421	5,400	21	128	15	15	2,931.36
SinoPac Securities (Europe) Ltd.	113	79	6	73	27	(18)	(16)	(10.30)
SinoPac Securities (U.S.A.) Ltd.	66	5	0.292	5	3	(12)	(12)	(6,227.57)
SinoPac Asia Ltd.	197	2,177	1,588	589	262	183	169	28.24
SPS Asia Ltd.	0.033	1	0	1	0	(0.02)	(0.02)	(19.69)
Wal Tech International Corp. (Note 3)	265	339	191	148	5	0.1	(7)	(0.25)
IntelliSys Corp.	115	270	113	157	202	2	0.5	0.04
Allstar Venture Ltd. (B.V.I.) (Note 3)	0	178	12	166	2	(210)	350	175,218,500

Note 1: Exchange Rate : USD/NTD : 32.85 ; HKD/NTD : 4.2368

Note 2: Cyberpac Holding Ltd. (B.V.I.) has been resolved to be liquidated and is now in the process of liquidation.

Note 3: The 7th meeting of the 2nd Board of Directors of SinoPac Holdings held on September 23, 2005 resolved that no new investments would be made to Allstar Venture Ltd. (B.V.I.) and Wal Tech International Corp. and that they should be dissolved once the original investments are disposed.