

2003 ANNUAL REPORT


SinoPac Holdings

SinoPac Holdings & Its Subsidiaries

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A CrossPacific® Financial Holding Company


SinoPac Holdings








2003 ANNUAL REPORT

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One of the Best Financial Holding Companies in the Pacific Rim



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balances, transfer funds, and complete transactions based on their secured assets in one account. Designed specifically to enhance what the existing MMAB2b.com Internet financial services has to offer, the number of CPA users is expected to grow substantially in 2004.

In 2003, SinoPac's professional team dedicated itself to the development of such new products as warrants, options, principal guaranteed notes (PGN) and equity linked notes (ELN), and issued 35 listed warrants, reaching 10.9%, or No. 2, in market share. These results were achieved due to our active recruitment of professionals and relentless staff training that strengthen our capabilities in developing new products. In 2004, the newly created Financial Market Group will expand its treasury activities, especially in the area of well-designed derivatives products.

2003 marked the beginning of wealth management to the financial services industry in Taiwan. We established a highly qualified wealth management team to offer a comprehensive range of products by enhancing the professionalism and e-capabilities of our financial consultants and providing clients with both integrated and tailor-made platforms. The newly formed Wealth Management Group will integrate existing resources of both Bank SinoPac's wealth management and SinoPac Securities' brokerage operations to remain a market leader.

In the credit card business, SinoPac Holdings completed the acquisition of ING Group's 39.7% stake in AnShin Card Services in September 2003 to increase SinoPac's equity in AnShin to 89.4%. AnShin turned profitable in the 3rd quarter of 2003 as it finally reached the required economies of scale level. Cards issued broke the 1 million mark and accounts receivable reached NT\$10 billion by the end of October 2003. In 2004, we expect growth through card issuance and development of more co-branded card partnerships.

For 2003, SinoPac Holdings recorded net income of NT\$4.2 billion, of which, NT\$2.6 billion was contributed by Bank SinoPac and its affiliates and NT\$2.1 billion was contributed by SinoPac Securities and its affiliates. In terms of operating size, SinoPac Holdings' total assets reached US\$15.24 billion (or NT\$517.7 billion) with 94 domestic offices. Other domestic operations include SinoPac Leasing, AnShin Card Services, SinoPac Marketing Consulting, SinoPac Life Insurance Agent, SinoPac Property Insurance Agent, SinoPac Capital Management, SinoPac Futures etc. Its international operations include Far East National Bank in California, USA (15 branches), SinoPac Securities (HK), SinoPac Capital (HK), Bank SinoPac's branches in L.A. and Hong Kong, Shanghai and Tokyo Representative Offices of SinoPac Securities, and SinoPac Securities (Europe).

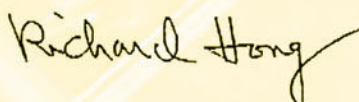
The financial services industry in Taiwan is undergoing a structural change and experiencing the emergence of a regional market. Industry consolidation is thus an ongoing process. Therefore, as we reorganize our management structure, we shall continue to look for opportunities to merge and forge strategic alliances, to increase our operating scale and competitiveness so that we can create the highest possible value for our shareholders and achieve our goal of becoming the best financial services institution in the region.

In an era of globalization and razor-thin margins, we believe that only the fittest survives. Supported by its professional team, SinoPac will continue to grow with a prudent and forward-looking attitude, work towards our goal of becoming the best financial services institution in the Pan-Pacific region, and generate the highest possible returns for our shareholders.

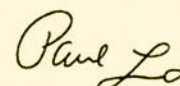


Paul C. Lo, President & CEO

Dr. Richard M. Hong
Chairman



Paul C. Lo
President & CEO





I. Introduction

SinoPac Holdings was officially listed on the Taiwan Stock Exchange (2890) on May 9, 2002. The operations of its subsidiaries include banking, securities, credit card, call center, insurance agency, marketing consulting, venture capital, and asset management. There are over 100 offices and 1.1 million clients. Apart from Taiwan, SinoPac also operates in Hong Kong, China, Vietnam, the USA, the UK, and Japan. Its paid-in capital and net worth reached NT\$37.48 billion and NT\$46.98 billion, respectively, as of Dec. 31, 2003.

SinoPac Holdings was formed out of the merger of two prominent financial institutions in Taiwan --- Bank SinoPac and SinoPac Securities (formerly National Securities). This merger of two distinct lines of business in the financial services industry in a cooperative spirit was not only the first of its kind in Taiwan, but a very successful paradigm. SinoPac Holdings is managed by a team of professionals. Through the horizontal integration of financial products, services, and channels, the newly established company is thus able to provide a full range of financial products to its clients, and offer them one-stop shopping services. SinoPac Holdings has a corporate vision of becoming the most competitive financial holding company in the Pan-Pacific region.

At the outset of the establishment of SinoPac Holdings, "one brand, total integration" was followed as a guideline to incorporate Bank SinoPac, National Securities, and their respective subsidiaries under the same brand and corporate identity of "SinoPac". Sino means Chinese, while Pac is the abbreviation for Pacific. The connotation of SinoPac thus represents the ambition and global vision of the company which aims to become both a provider of a comprehensive suite of financial products and services to customers in Greater China and the USA, and becoming the best financial holding company in the Pan-Pacific region.

In December 2003, the Board of Directors approved a "corporate reorganization" initiative and adopted a "customer-oriented" management structure to set up four business groups: Individual Financial Services Group, Wealth



“ The Best Corporate Governance Company in Taiwan ”

Dec. 2003, The Asset



“ The Best Domestic Bank in Taiwan ”
“ Top Local Brokerage House ”

Nov. 2003, The Asset



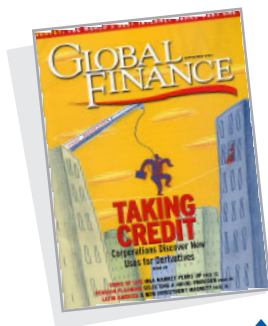
“ The Best Corporate Governance Company in Taiwan ”

Sep. 2003, Euromoney



“ Bank of the Year in Taiwan ”

Sep. 2003, The Banker



“ Best Corporate/Institutional Internet Bank/Taiwan ”

Sep. 2003, Global Finance



“ The Best Bank in Taiwan ”

July 2003, Euromoney



“ The Best Domestic Commercial Bank in Taiwan ”
“ Best Cash Management ”

May 2003, Asiamoney



“ The Best Domestic Commercial Bank in Taiwan ”

Jan. 2003, The Asset



● Banking Division / Bank SinoPac

Management Group, Institutional Financial Services Group and Financial Market Group. In addition, information technology, operations, and call centers were integrated into the Customer Support while strategic planning, risk management, finance, research, human resources, accounting, legal and compliance, and administration were centralized under the management of the holding company. The new management structure came into effect in January 2004.

Since its inception in 1992, Bank SinoPac, the banking subsidiary of SinoPac Holdings, has received numerous accolades from leading financial periodicals. The Banker, Euromoney, Asiamoney, Global Finance, and The Asset have ranked Bank SinoPac as Bank of the Year in Taiwan, The Best Corporate Governance Company in Taiwan, The Best Domestic Commercial Bank in Taiwan, Best Corporate/Institutional Internet Bank/Taiwan, The Best Domestic Commercial Bank in Taiwan. In 2002, its industry-leading Internet banking platform “MMAb2b” and “MMA” were both selected alongside Citigroup, HSBC, and Bank of America by Global Finance as World’s Best Corporate Integrated Site and Best Consumer Integrated Site/Asia Pacific. The intercontinental Internet banking platform, CrossPacific Account (CPA), launched by Bank SinoPac in November 2003, shall provide swift and integrated intercontinental cash and wealth management services and financing solutions to our customers operating around the Pacific Rim.

SinoPac Securities was established in 1988 by the leading home appliances group, National, and some other Taiwan business groups, and was the first securities firm to be quoted on the OTC market. It has paid-in capital of NT\$15.269 billion and over 40 branches in Taiwan. The company has been actively expanding its cross-border operations and enhancing its Internet trading capabilities while it strives to become the leading securities firm in the Greater China region. SinoPac Securities is a top-3 brokerage house in terms of market share and its e-brokerage business is second to none in Taiwan. The Asset magazine, in “The Asset Equities Index”, recently ranked SinoPac Securities as the second largest securities firm in Taiwan.

II. Capital Stocks, Corporate Bonds, and Treasury Stocks

(I) Capital Stocks

Authorized Capital

● Units : thousand shares, NT\$ million

● December 31, 2003

Category	Issued Stock		Un-issued Stock		Total	
	Number of Shares	Dollar Amount	Number of Shares	Dollar Amount	Number of Shares	Dollar Amount
Common Stock	3,748,127	37,481	6,251,873	62,519	10,000,000	100,000



● Treasury Division / Bank SinoPac

(II) Corporate Bonds

SinoPac Holdings issued US\$230 million of zero coupon unsecured Euroconvertible Bonds due 2007 at face value of US\$1,000 each in Luxembourg on July 12, 2002 to fund its reorganization and increase its capital investment in its subsidiaries.

The initial conversion price was set at NT\$17.666, or US\$0.527, on the pricing date of July 8, 2002, representing a premium of 21% over the closing price of the common shares of SinoPac Holdings traded at the Taiwan Stock Exchange at the time. Due to stock dividends offered in 2002, cash dividends and employee stock options given in 2003, the conversion price was adjusted to NT\$15.768 per share accordingly. Based on the adjusted conversion price, the bonds may convert into approximately 488,837,519 common shares at the exchange rate of US\$1 = NT\$33.513. As of the end of 2003, no bondholder exercised the conversion right.

(III) Treasury Stocks

Prior to the completion of the share swap following the establishment of SinoPac Holdings, Bank SinoPac and SinoPac Securities spent NT\$500,354,000 and NT\$554,992,000 to buy back 40,535,000 and 53,330,000 of their own shares, respectively. Upon the completion of the merger, the above-mentioned shares were converted into 95,476,000 SinoPac Holdings shares. In September 2002, Bank SinoPac offered 41,618,000 treasury shares to its staff at NT\$11.84 per share. In September 2002 and December 2003, SinoPac Securities transferred 20,198,000 and 33,660,000 treasury shares to its employees at NT\$10.826 and NT\$10.976 per share, respectively.

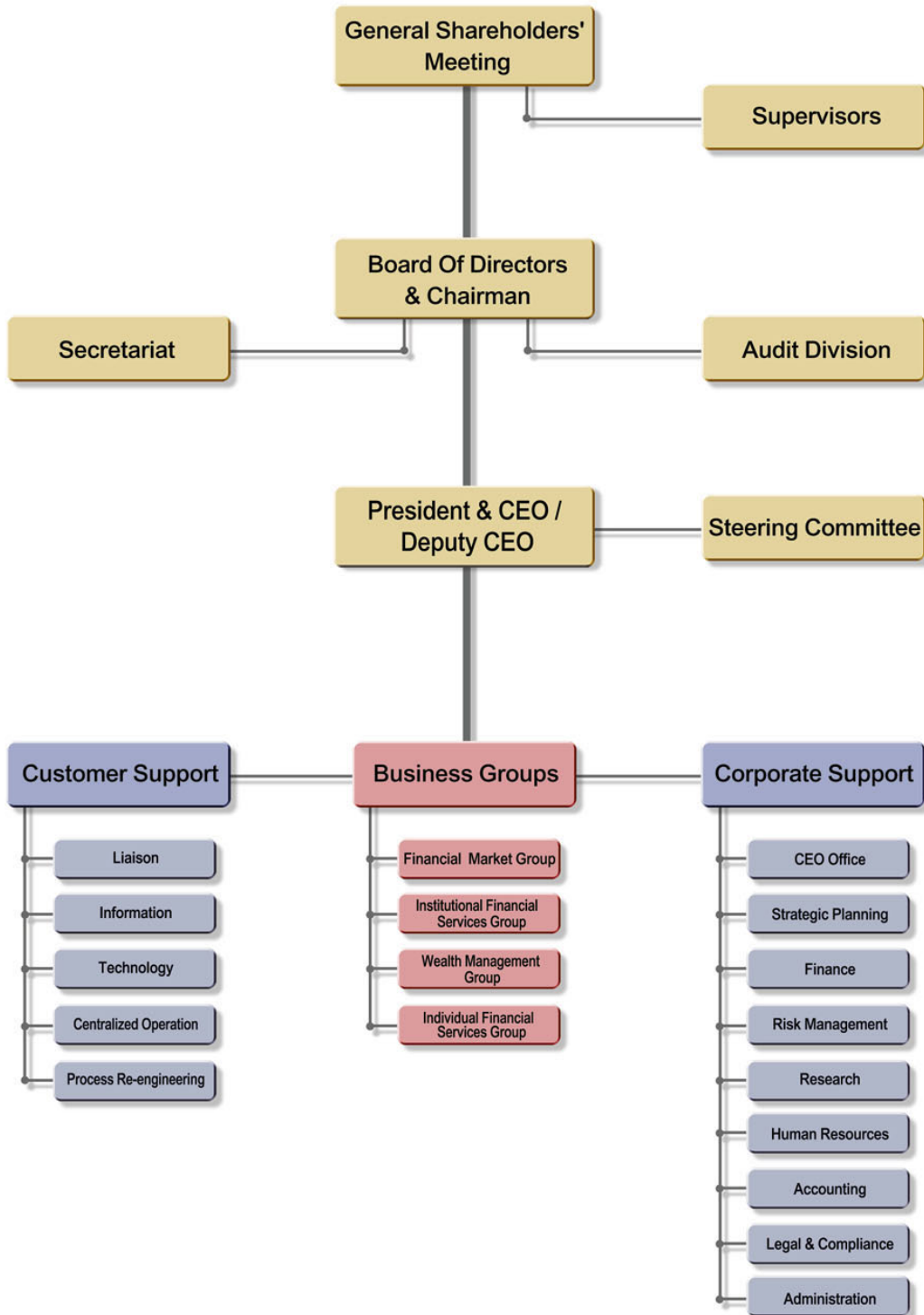
In addition, Bank SinoPac originally held 256,127,000 shares in its subsidiary, the former SinoPac Securities which was subsequently merged into the current SinoPac Securities on July 22, 2002. The above-mentioned shares were then swapped into 204,107,000 SinoPac Holdings shares on a book value of NT\$2,896,922,000. In 2002, after having received 12,436,000 SinoPac Holdings shares as the latter's stock dividends, Bank SinoPac in total held 216,543,000 SinoPac Holdings shares.

In order to dispose of the treasury shares held by Bank SinoPac, the Board of Directors of SinoPac Holdings on October 22, 2003 resolved to sell two-thirds of the above-mentioned treasury shares, or 144,362,000 shares, in the stock market at an appropriate time. With respect to the remaining one-third, or 72,181,000 shares, the Board simultaneously resolved to transfer them to the staff at NT\$17.9 per share within six months.

III. Corporate Structure

Corporate Organization Chart

January 1, 2004




General Corporate Data

• December 31, 2003

Date of establishment:	May 9, 2002
Date of listing on Taiwan Stock Exchange:	May 9, 2002
Paid-in Capital:	NT\$37,481,269,740
Total shareholders' equity:	NT\$46,980,179,000
Number of shares issued:	3,748,126,974
Number of shareholders: (Aug. 01, 2003)	157,688
Number of employees: (SinoPac Group)	4,708
Auditor:	Deloitte & Touche
Moody's long-term credit rating:	Baa3
Standard & Poor's long-term credit rating:	BB+
Taiwan Ratings Corporation long-term credit rating:	TwA-

Chairmen of Subsidiaries
LO, Paul C.

Chairman, Bank SinoPac

HWANG, Min-Juh

Chairman, SinoPac Securities Corp.

YIN, Yen-Liang

Chairman, AnShin Card Services Co., Ltd.

CHEN, Angus

Chairman, SinoPac Call Center Co., Ltd.

CHIU, Tsai- Hsin

Chairman, SinoPac Asset Management International Co., Ltd. & SinoPac Venture Capital Co., Ltd.

HAN, Dao-Wei

Chairman, SinoPac Marketing Consulting Co., Ltd.

CHI, Chien

Chairman, SinoPac Life Insurance Agent Co., Ltd.

HUANG, Chi-Lin

Chairman, SinoPac Property Insurance Agent Co., Ltd.

Board of Directors and Supervisors

• December 31, 2003



Chairman of the Board / HONG, Richard M. / Representative of National Holding Co., Ltd.



Managing Director / YIN, Yen-Liang / Representative of Gin An Investment Ltd.



Managing Director / LO, Paul C.



Director / HONG, Eugene / Representative of National Holding Co., Ltd.



Director / HSU, Cheng-Tsai / Representative of Rei-Fu Investment Co., Ltd.



Director / SHEU, Jong-Ming / Representative of Fortune Investment Co., Ltd.



Director / HSU, Daw-Yi / Representative of National Holding Co., Ltd.



Director / CHEN, Angus



Director / CHEN, Kai-Yuan / Representative of Southeast Soda Manufacturing Co., Ltd.



Director / HWANG, Min-Juh / Representative of National Holding Co., Ltd.



Director / YEH, Tien-Cheng / Representative of Gin An Investment Ltd.



Supervisor / LU, Daung-Yen



Supervisor / HUANG, Chuen-Su / Representative of Hong Yue Investment Corporation Ltd.



Supervisor / TSENG, Ta-Mong / Representative of Yu Ruen Investment Ltd.


Principal Officers

• January 1, 2004

CEO and President of Financial Market Group / LO, Paul C.

Deputy CEO / HWANG, Min-Juh

President of Institutional Financial Services Group / CHEN, Angus

President of Wealth Management Group / HSU, Daw-Yi

President of Individual Financial Services Group / CHIA, Chen-I

President of Customer Support / FANG, Joan

Chief Secretary / CHIANG, Wen-You

Chief Auditor / CHEN, Nancy C.

Chief of Staff & Spokesperson / PENG, Kevin H.

Head of Research Division / CHEN, Daniel W. L.

Head of Strategic Planning Division / CHANG, Richard

Head of Administration Division / LIANG, Bor-Song

Head of Legal & Compliance Division / HSU, Swei-Yuan

Head of Human Resources Division / HAN, Amy

Head of Accounting Division / PAO, Shu-Chun

Head of Finance Division & Risk Management Division / LIN, Walter

Top 10 Major Shareholders

• August 1, 2003

Name of Shareholders	No. of Shares	Percentage of Shares	Note
Bank SinoPac	216,542,894	5.7774%	Holds more than 5% in shares
National Holding Co., Ltd.	142,378,186	3.7986%	
Gin An Investment Ltd.	88,027,482	2.3486%	
Formosan Rubber Group Inc.	78,052,852	2.0824%	
Hong Yue Investment Corp Ltd.	70,664,969	1.8853%	
Ruentex Industrial Ltd.	67,665,484	1.8053%	
FINI A	64,729,034	1.7270%	
FINI B	45,775,511	1.2213%	
FINI C	44,474,319	1.1866%	
FINI D	38,997,345	1.0404%	

SinoPac Holdings and Its Subsidiaries

• Unit : NT\$ million





I. Scope of Business

■ SinoPac Holdings may invest in the following industries:

- | | |
|---|--|
| <ol style="list-style-type: none"> 1. Banking 2. Bills Finance 3. Credit Card 4. Trust 5. Insurance 6. Securities 7. Futures 8. Venture Capital | <ol style="list-style-type: none"> 9. Investment in foreign financial institutions as approved by relevant authorities 10. Other finance-related industries as certified by relevant authorities 11. Other finance-related industries in which SinoPac Holdings may invest in accordance with relevant laws |
|---|--|



● Pingtung Branch / Bank SinoPac

II. Subsidiaries

(I) Bank SinoPac

The scope of business of Bank SinoPac is set in accordance with (i) the Banking Law and other relevant laws and regulations; (ii) what is stated in the operating certificates of its headquarters, trust division, and international division; and (iii) in consideration of the resources of the Bank and how the Bank can meet the demands of the general public and corporate entities.

A. General Deposits and Loans

The bank will:

1. Take various types of NTD demand deposits, time deposits, and mixed deposits;
2. Provide short, medium, and long-term consumer loans including home mortgage loans, home maintenance loans, automobile loans, short-term housing loans, housing equity loans, other consumer loans, and secured loans on deposit certificates or other securities;
3. Provide corporate clients with secured and unsecured loans including various short-term revolving funds, mid- to long-term financing, guarantees, and bank acceptances;
4. Provide peripheral financial services including domestic fund remittances, safe deposit box rental services, short-term bills trading, over-the-phone fund transfers, and payments of utility fees and taxes;
5. Provide businesses with electronic fund management systems to handle salary disbursements for company employees as well as general cash management services including payments, fund transfers, and funding;
6. Provide domestic and foreign accounts receivable finance.

B. Trust and Investment

The bank provides:

1. Financial trust services;
2. Securities trust services;
3. Real estate trust services;
4. Financial rights and collateral trust services;
5. Discretionary trust funds for investing in domestic and offshore mutual funds as well as offshore securities;
6. Custodian services for securities investment trust funds, overseas Chinese and foreigners investing in Taiwan securities, funds for discretionary account management;
7. Custodian services for employee benefits, savings, and pension funds of state-run or private companies;
8. Consulting services for raising capital through securities issuances;
9. Trusteeship for bond issuances;
10. Certification services for securities issuances;
11. Discretionary account management services;
12. Pooled accounts services;
13. Mutual trust funds issuance and offering services;
14. Investment in stocks listed on either the Taiwan Stock Exchange or the Over-the-Counter Securities Exchange, rights certificates for new stocks, rights certificates for converted stocks from convertible bonds, corporate bonds, and beneficiary certificates of trust funds.

C. Foreign Exchange Businesses

1. Export financing;
2. Import financing;
3. Outward and inward remittances;
4. Foreign currency deposits;
5. Foreign currency loans;
6. Guaranty service for foreign currency payments;
7. Buying and selling of foreign currencies (cash and traveler's checks);
8. Trading financial derivatives.

D. Major Businesses

Deposits

• Unit : NT\$ million

Types of Deposits	2003/12/31		2002/12/31	
	Amount	Percentage	Amount	Percentage
Demand Deposits				
Checking Accounts	4,207	1.38%	1,463	0.62%
Cashiers' Checks	206	0.07%	124	0.05%
Demand Deposits	18,077	5.95%	14,261	6.06%
Savings Demand Deposits	59,686	19.64%	47,934	20.39%
Demand Deposits - Employees	989	0.32%	882	0.38%
Demand Deposits - Foreign Currencies	30,452	10.02%	14,901	6.34%
Sub-total	113,617	37.38%	79,565	33.84%
Time Deposits				
Time Deposits	95,389	31.38%	77,998	33.17%
Savings Time Deposits	60,331	19.85%	58,162	24.74%
Time Deposits - Foreign Currencies	34,623	11.39%	19,390	8.25%
Sub-total	190,343	62.62%	155,550	66.16%
Total	303,960	100.00%	235,115	100.00%
Number of Accounts	1,095,867		976,863	



Credits - Table 1

• Unit : NT\$ million

Types of Credit	2003/12/31		2002/12/31	
	Amount	Percentage	Amount	Percentage
Loans				
Short-term unsecured loans	33,846	16.39%	26,308	14.21%
Short-term secured loans	20,031	9.70%	18,706	10.10%
Medium-term unsecured loans	12,933	6.26%	12,052	6.51%
Medium-term secured loans	22,059	10.68%	25,139	13.57%
Long-term unsecured loans	3,302	1.60%	3,253	1.77%
Long-term secured loans	114,380	55.37%	99,712	53.84%
Sub-total	206,551	100.00%	185,170	100.00%
Non-Performing Loans	2,840	-	2,027	-
Bills Purchased and Import / Export Bills	2,736	-	1,322	-
Guarantees, Acceptances, Letters of Credit	14,753	-	11,009	-
Factoring Business	14,737	-	6,970	-
Others	18,862	-	12,817	-
Total	260,479	-	219,316	-

Credits - Table 2

• Unit : NT\$ million

Types of Credit	2003/12/31	2002/12/31
Corporate Banking		
Credit facility commitments	282,213	261,644
Credit facility outstandings	110,644	82,469
Loan outstandings	58,728	49,841
Consumer Banking		
Credit facility commitments	203,406	186,210
Credit facility outstandings	149,835	136,847
Loan outstandings	147,823	135,329
Total Credit Facility Outstandings	260,479	219,316
Total Loan Outstandings	206,551	185,170

Foreign Exchange

• Unit : US\$ million

Types of Business	2003	2002
Outward Remittances	15,718	9,089
Inward Remittances	18,018	9,888
Export Bills, Bills for Collection	1,180	645
Import Letters of Credit, Bills for Collection	1,061	662
Others	79	86
Total	36,056	20,370

Securities Trading

• Unit : NT\$ million

Types	2003	2002
Bill, Bond Trading	1,657,825	2,273,095
Bill, Bond Holdings - Average	111,047	63,682
Bill, Bond Holdings - Year-end	115,389	86,086
Listed Share Holdings - Average	2,897	1,287
Beneficiary Certificate Holdings - Average	144	122
Listed Share Holdings - Year-end (Note 1)	2,897	2,897
Beneficiary Certificate Holdings - Year-end	173	152
Bills Certified and Underwritten	36,616	58,005

Note : The balance includes SinoPac Holdings' shares valued at NT\$2,897 million and NT\$0.2 million in other listed companies.

Wealth Management

• Unit : NT\$ million

Types	2003	2002
Mutual Funds	201	125
Linked Bonds, Overseas Bonds, ETF	116	22
Wealth Management Products	57	150
ICFS - Interest Spread	58	34
FENB Securities	70	19
Insurance	124	136
Others	50	0
Total	676	486

E. Revenues and Expenses

In 2003, Bank SinoPac recorded an operating income of NT\$15,077 million. Of which, interest income accounted for NT\$9,629 million, service fees were NT\$1,383 million, and net income from securities trading (including accrued interest on securities purchased and capital gains) amounted to NT\$2,337 million. In addition, investment income on equity method from investees reached NT\$640 million, net income derived from derivatives amounted to NT\$1,058 million, and other operating income was NT\$30 million. Total operating expense for the year amounted to NT\$12,187 million. Of which, interest expense accounted for NT\$5,091 million, service charges were NT\$236 million, foreign exchange losses were NT\$568 million, allowances and provisions amounted to NT\$1,505 million, and operating and administrative expenses were NT\$4,786 million. Net non-operating income was NT\$121 million. Pre-tax profit for the year thus reached NT\$3,012 million, and net income NT\$2,754 million.



Income Statements

• Unit : NT\$ million

Item	2003/12/31		2002/12/31	
	Amount	Percentage	Amount	Percentage
Operating Income	15,077	100.00%	15,145	100.00%
Interest income	9,629	63.87%	11,218	74.07%
Service fee	1,383	9.17%	955	6.31%
Income from securities trading-net	2,337	15.50%	2,074	13.69%
Income from long-term equity investments-net	640	4.24%	479	3.16%
Foreign exchange gain-net	-	-	126	0.83%
Other income	1,088	7.22%	293	1.93%
Operating Expense	12,187	80.83%	12,494	82.50%
Interest expense	5,091	33.77%	6,747	44.55%
Service charges	236	1.57%	139	0.92%
Provisions for trading loss	-	-	14	0.09%
Foreign exchange loss-net	568	3.77%	-	-
Allowances and provisions	1,505	9.98%	1,200	7.92%
Operating and administrative expenses	4,786	31.74%	4,394	29.01%
Non-Operating Income-Net	121	0.80%	110	0.73%
Pre-Tax Profit	3,012	19.98%	2,760	18.22%
Net Income	2,754	18.27%	2,255	14.89%

(II) SinoPac Securities

SinoPac Securities is an integrated securities firm offering a wide range of services, including brokerage, securities financing, electronic trading, intermediary brokerage for futures trading, dealings in securities and futures, bonds, financial derivatives, underwriting, stock registration related services, and international business. These businesses are detailed as follows.

A. Securities Brokerage

SinoPac Securities is entrusted by its customers to trade stocks listed on the Taiwan Stock Exchange (TSE) and Over-the-Counter Securities Exchange (OTC). Brokers at SinoPac Securities have all received professional training enabling them to offer necessary investment advice to clients and properly execute the transactions entrusted to them. Moreover, SinoPac Securities' research department maintains cooperation with SinoPac Capital Management Corporation, to set up a comprehensive database for securities analysis. Besides in-depth analyses on operations of individual companies, SinoPac Securities produces reports on macroeconomics and market movements, separate industries, bond markets, international economy, and other relevant issues.

In addition, SinoPac Securities has been consolidating with other groups of SinoPac Holdings so as to provide to its clients one-stop shopping of financial products and services. Such products include foreign and domestic mutual funds, credit cards, insurance policies, mortgage loans, as well as Bank SinoPac's MMA investment management account.

B. Margin Trading and Short Selling

To give greater flexibility to its clients who wish to trade on margin, SinoPac Securities began its securities financing services in 1991 by lending cash and stocks to investors. Besides providing its own capital for such services, SinoPac Securities also funds such businesses with financing obtained from securities financing companies.



Hsin Tien Branch / SinoPac Securities

C. Electronic Trading

The firm's electronic trading services include trading over the Internet or telephone (including fixed-line and mobile phone (688) and mobile phone (WAP), thus providing around-the-clock and year-round services to clients. The firm continues its efforts in developing new and more convenient operation systems and information services for clients such as real-time stock quotes, real-time market information, corporate research reports, and other relevant information. In addition, clients can ask questions via e-mail or voice-mail services and receive prompt answers from the Customer Service Department.

D. Futures Trading Advisory

SinoPac Securities set up intermediary brokerage (IB) for futures trading in July 1998 to provide related services to investors in trading futures index and options to hedge, arbitrage and manage their investments. In order to provide better services and trading environment, SinoPac Securities holds workshops on futures and options from time to time, and advises clients on futures and options transactions. With continuing technological innovation in developing the program trading system, we provide clients with prompt and comprehensive transaction information. The electronic trading platform deployed in 2002 allows investors to carry out trades through the Internet, so they can trade in an even more convenient environment. Looking forward, we will continue to seek out ways to better serve our clients.

E. Securities Dealing

SinoPac Securities has been trading stocks on its own account. Such trading can help boost market transactions, moderate volatility, and adjust market supply and demand as well as stabilize market movements.

F. Futures Dealing

SinoPac Securities began its futures dealing business in 2001 mainly to hedge the risks associated with its securities investments. The firm also acts as "Market-maker" for certain futures and options contracts. The firm maintains a strong futures research team to support the firm's futures trading and risk hedging strategies.

G. Bonds

The Bond Division offers brokerage services for the trading of various kinds of bonds such as government bonds, corporate bonds, financial debentures, and convertible bonds. It also underwrites and trades bonds itself. In 1991,



the firm obtained its license to trade government bonds, thereby extending its services to outright purchase and repurchase of bonds.

H. Financial Derivatives

1. Warrants issuance and risks hedging -- to improve its ability to develop new products, manage related risks, broaden product lines, enhance the company's profitability, and diversify aggregate risks.
2. Options market-making and arbitrage -- to quote prices for new options in the Taiwan Futures Exchange (TAIFEX) and engage in strategic and arbitrage transactions between options, futures or their cash markets.
3. Interest rate swaps (IRS) -- SinoPac Securities received its licenses to trade in IRS in December 2001, to trade interest rate options (IRO) and forward rate agreements (FRA) in September 2002. These new business activities provide clients with a variety of investment instruments and hedging channels.
4. Asset swap for convertible bonds -- pricing and breakup of convertible bonds, trading in such options, and repackage them into other financial derivatives.
5. Development of new Exchange Traded Fund (ETF) related business -- along with the issuance of ETF, the firm is striving to offer ETF-related services to clients.
6. Structured products -- In July 2003, SinoPac obtained the license to offer structured products, such as Principal Guaranteed Notes (PGN) and Equity Linked Notes (ELN), to its clients.

I. Securities Underwriting

The firm provides its underwriting services to assist unlisted share-issuing companies gain listing on the Taiwan Stock Exchange (TSE), Over-the-Counter Securities Exchange (OTC) or Taiwan Innovative Growing Enterprises (TIGER -- the second board of the OTC market), and also help listed companies raise funds in the capital markets. With its professionalism, comprehensive consulting services, and execution capabilities, SinoPac Securities has helped many companies successfully raise funds through stock and bond offering and, at the same time, boost market activities.

J. Stock Registration Services

SinoPac Securities acts as agent and advisor for listed companies regarding stock registration. To consistently improve the quality and efficiency of this business, SinoPac Securities has developed in-house a stock registration application software to provide the fastest services. In addition to common stocks, the firm has extensive experience in the services of funds, preferential stocks and convertible bonds.



SinoPac Call Center, Kaohsiung



K. International Business

1. Foreign institutional investor (FINI) brokerage services – for trading stocks listed on the Taiwan stock market;
2. Overseas underwriting – assist Taiwan companies raise funds from international markets through issuance of marketable securities;
3. Foreign securities brokerage – SinoPac Securities is the first Taiwan securities firm to offer brokerage services for trading international securities entrusted by foreign brokers. The service currently covers equities traded on the Hong Kong, Japan and U.S. markets.

With the goal of internationalization and the commitment of offering superior services to international and domestic clients, SinoPac Securities extends its international business network by setting up subsidiaries in Hong Kong, London, San Francisco, and a representative office in Shanghai and a liaison office in Tokyo.



Hong Kong Office / SinoPac Securities

Operating Income

• Unit : NT\$ million

Business	2003		2002	
	Amount	Percentage	Amount	Percentage
Brokerage	3,274	52.7%	3,611	60.8%
Dealing	2,059	33.1%	1,276	21.5%
Underwriting	881	14.2%	1,048	17.7%
Total	6,214	100.0%	5,935	100.0%

Market Shares of Major Businesses

• Unit : NT\$ million

Major business	2003	2002
Brokerage		
Trading volume	2,263,300	2,483,812
Market share (%)	4.99	5.00
Underwriting		
Lead manager (deals)	30	27
Lead + co-lead + co-manager (deals)	90	105
Bond		
Corporate bond underwriting (deals as lead manager)	8	10
Corporate bond underwriting (amount as lead manager)	15,500	15,400
Stock Registration Services		
No. of companies	222	197
No. of accounts	2,210,000	1,922,200



L. New Product Development

According to rules and regulations governing financial holding companies, subsidiaries of financial holding companies are permitted to promote financial products of one another and share operating space within the same premises. As SinoPac Securities is a subsidiary of SinoPac Holdings, our clients are able to fulfil all their financial needs in any of our branches.

We strive to offer our clients the most integrated and seamless financial services such as wealth management and one-stop shopping as permitted by relevant laws and regulations, thus enabling us to differentiate our products and enhance our competitive advantages.

As securities investment has become increasingly internationalized, our clients' needs have become more diversified, and the concept of "Asset allocation" has become more prevalent among investors. SinoPac Securities appreciates this trend fully, and consistently provides educational programs on financial products to our staff. Our clients are thus able to enjoy the best professional services available.

(III) AnShin Card Services Co., Ltd.

■ Operations

1. Issuance of credit cards and handling of credit card related services
2. Offering of revolving credits on credit cards and cash advances

■ Revenue Percentages

1. Interest income (70%)
2. Service charges (30%)



A. Operating Results

After 3 years of hard work, AnShin Card finally managed to turn around in the 2nd quarter of 2003. For the whole year of 2003, AnShin posted NT\$29.65 million in pretax profit, representing an improvement of NT\$414 million over the last year.

Regarding new products and services, we launched the ING co-branded card in May 2003, providing ING Aetna Life policyholders with express claim services and medical emergency interest-free cash advance. In August, we launched the repackaged VOGUE Spectrum/Platinum cards targeting metropolitan females aged between 20 and 40 with high spending capabilities. In September, we introduced Far Eastern Airlines Platinum card targeting the airlines' 600,000 customers, providing transportation services to and from airports in China, Hong Kong and Taiwan to cardholders, and double the reward points for travel with Far Eastern Airlines. With the successful launch of these cards and the enthusiasm of our staff, AnShin Card reached its economy of scale and achieved business synergy. By December 2003, AnShin Card had over 1 million cards in circulation, a staff of 411, and accounts receivable in excess of NT\$12 billion.

With a delinquency ratio of less than 2% and reserves enough to cover 90-day pastdues, AnShin Card enjoys excellent asset quality. In April 2003, AnShin Card sold to ABN-Amro Bank some NT\$4.0 billion in accounts receivable and revolving credit, enabling it to have access to low-cost funding. This transaction was rated AA by international rating agencies.

The company was renamed AnShin Card Services Co., Ltd. in January 2003. In September 2003, SinoPac Holdings acquired all of ING's interest in AnShin Card and raised the shareholding of SinoPac Holdings in AnShin Card to 89.43%.

B. Business Outlook

1. Cardholder's geographical and age distribution

Geographical Distribution							December 31, 2003
Item \ Region	Taipei	Northern Region	Central Region	Southern Region	Kao-hsiung	Eastern Region & Others	Total
Cards in Force	222,601	393,828	196,113	114,273	76,463	73,114	1,076,392
Percentage	(21%)	(37%)	(18%)	(11%)	(7%)	(7%)	(100%)
Total Spending (in NT\$ million)	7,199	11,540	5,349	2,642	1,946	1,832	30,508
Percentage	(24%)	(38%)	(18%)	(9%)	(6%)	(6%)	(100%)

Age Distribution						December 31, 2003
Item \ Age Segment	20 & Below	21 - 30	31 - 40	41 - 50	51 & Above	Total
Cards in Force	1,530	317,077	435,181	232,026	90,578	1,076,392
Percentage	(0.10%)	(29%)	(40%)	(22%)	(8%)	(100%)
Total Spending (in NT\$ million)	17	8,090	13,396	6,828	2,177	30,508
Percentage	(0.00%)	(27%)	(44%)	(22%)	(7%)	(100%)

2. Market Share: Based on statistics as of December 31, 2003 published by the National Credit Card Center of the R.O.C.

Market Share				December 31, 2003
Item \ Market	Total Market	AnShin	Market Share (%)	
Cards in Force (thousands)	37,850	1,076	2.84%	
Total Spending (in NT\$ million)	998,885	30,508	3.05%	
Total Amount of Cash Advances	178,398	4,415	2.47%	

C. Financial Highlights

1. Assets and Liabilities

(1) Total assets and liabilities at December 31, 2003 were NT\$8,998 million and NT\$8,139 million respectively, with net worth reaching NT\$859 million. Total accounts receivable (excluding NT\$4,664 million that was sold and provisions for bad debt of NT\$70 million) was NT\$7,323 million. Total fixed assets and accumulated depreciation were NT\$296 million and NT\$140 million respectively.



(2) Assets, Liabilities, and Shareholders' Equity - December 31, 2003

Assets		Amount	Liabilities and Shareholders' Equity		Amount
Bank Deposits and Short-term Investments		29	Short-term Loans and Bills Payable		888
Accounts Receivable-Net		7,323	Notes and Accounts Payable		1,521
Other Financial Assets-Current		863	Expense Payable and Other Current Liabilities		481
Prepaid Expense and Other Current Assets		66	Bonds Payable Due in One Year		550
fixed Assets-Net		156	Long-term Liabilities		4,648
Guaranteed Deposit Paid		217	Pension Payables and Others		51
Deferred Expenses		184	Total Liabilities		8,139
Deferred Ancome Tax and Others		161	Shareholders' Equity		859
Total Assets		8,998	Total Liabilities and Shareholders' Equity		8,998

• Unit : NT\$ million

2. Income Statements

For the period ended December. 31, 2003, net revenue reached NT\$1,796,014,000, operating cost and expense totaled NT\$1,793,111,000, operating income amounted to NT\$2,903,000, non-operating income was NT\$31,903,000, and income tax was NT\$5,150,000. Net income for 2003 stood at NT\$29,656,000.

Item	2003		2002	
	Amount	Percentage	Amount	Percentage
Operating Revenue	1,796	100%	1,405	100%
Operating Cost	658	37%	641	46%
Gross Profit	1,138	63%	764	54%
Operating Expense	1,135	63%	1,231	87%
Operating Income	3	0%	(468)	(33%)
Non-operating Income	32	2%	27	2%
Non-operating Expense	-	0%	1	0%
Income Before Income Tax	35	2%	(442)	(31%)
Income Tax	5	0%	(57)	(4%)
Net Income	30	2%	(385)	(27%)
EPS (in NT\$)	Pre-tax 0.10	After-tax 0.06	Pre-tax (2.73)	After-tax (2.38)

• Unit : NT\$ million

(IV) SinoPac Call Center Co., Ltd.

SinoPac Call Center provides value-added and integrated customer services outsourced through various virtual marketing channels offering 24-hour phone-based services, customer relationship management, Internet-based customer services, customer care and telemarketing.

Equipped with both inbound and outbound calling and marketing techniques, the Center's well-trained agents provide professional over-the-phone customer services. The quality of their services is enhanced by integrated customer service systems (including such software and hardware systems as IVR, CTI, PBX, ACD and CRM database management systems), seamless service processes, strict customer information protection, complete inbound call documentation systems, prompt emergency handling, detail customer inline data analysis as well as efficient and available staff support .

The 2003 operations focused on providing SinoPac Holdings' banking, securities, and credit card subsidiaries with telephone and Internet customer services. With the number of customer service agents totaling 130 at the end of 2003, services provided by SinoPac Call Center in percentage terms to banking, securities and credit card businesses accounted for 30%, 12%, and 58%, respectively. Total revenue for the year reached NT\$87 million and net income NT\$5.15 million, or NT\$0.5 per share.

Based on existing operations, SinoPac Call Center will expand the scale of telephone customer services, improve efficiency, fine-tune the process, and expand its services in 2004. SinoPac Call Center will also work with other subsidiaries of SinoPac Holdings to provide telephone customer services and other value-added services.

(V) SinoPac Property Insurance Agent Co., Ltd.

■ Operations

SinoPac Property Insurance Agent has always dedicated itself to fulfilling the property insurance needs of its clients. In recent years, its business scope has been expanded from general property insurance to automobile and motorcycle insurance, fire insurance, and liability and casualty insurance. The company will continue to offer new products as permitted by relevant laws and regulations to meet the needs of its clients.

■ Principal Insurance Products

At present, residential fire insurance and casualty insurance promoted through Bank SinoPac and SinoPac Securities account for 79% of total revenue. The remainder comes from insuring SinoPac Holdings' staff and property. The company will develop more products and market through more channels in the future and continue our agency business to meet the one-stop shopping needs of our clients. Main products include:

- | | | |
|--|--|---|
| 1. Residential fire and earthquake insurance | 4. Commercial insurance | |
| 2. Automobile insurance | (1) Commercial property fire insurance | (4) Board director and supervisor liability insurance |
| 3. Individual liability and casualty insurance | (2) Electronic Equipment Insurance | (5) Transportation insurance |
| | (3) Property owners' liability | |

■ Insurance Products

Weighting of All Insurance Products

December 31, 2003

Products	Weighting(%)
Residential Fire and Earthquake Insurance	31.27
Individual Liability and Casualty Insurance	48.09
Automobile Insurance	11.21
Others	9.43
Total	100.00

■ New Products and Services

We will continue to work closely with our partner insurance companies to develop new products and services to meet the changing and growing needs of our clients.

- We will reclassify our products in accordance with clients' profiles so that differentiated sales approaches and channels can be assigned accordingly.
- In line with continuous deregulation of the financial services industry, we will offer our clients new products that feature the benefits of both personal insurance and property insurance. Our goal is to not only provide the most comprehensive protection, but also expand our operations and increase our market share.



(VI) SinoPac Life Insurance Agent Co., Ltd.

SinoPac Life Insurance Agent specializes in brokerage of various life insurance products, including life insurance, health insurance, annuity insurance, investment-tied life insurance, group insurance, and travel insurance. We provide SinoPac Holdings' customers personal risk management and financial planning services, fulfilling their needs for complete insurance services and one-stop shopping for financial products.

Since its establishment, the company has introduced a range of superior insurance packages from top-tier insurance companies, and designed tailor-made financial management products to meet the needs of our clients. These products have been well received by the market. Our operation has expanded tremendously since 2000, and we will focus on developing new products and upgrading our services so as to establish even tighter relations with our clients.



The operating focus of 2003 was to provide SinoPac Holdings' banking, securities and credit card customers with diversified products to fulfill their needs for one-stop shopping. As of December 31, 2003, total assets were NT\$163 million. Operating revenue, operating cost and operating income were NT\$243 million, NT\$124 million and NT\$119 million, respectively. Non-operating income was NT\$0.89 million. Pre-tax profit was NT\$120 million, a growth of 12.96% over 2002.

In 2004, we will continue to grow existing operations and place more emphasis on marketing of investment-linked life insurance products. We will also expand our product lines to increase efficiency, continue to improve policy-handling processes, and increase our after-sale services.

(VII) SinoPac Marketing Consulting Co., Ltd.

SinoPac Marketing Consulting provides direct marketing services and accepts outsourcing requests from subsidiaries of SinoPac Holdings. We establish channels, create businesses, and earn commissions. We integrate the resources of SinoPac Holdings to gain bargaining power in procurement and negotiate high-quality low-cost products for the employees of SinoPac Holdings and its subsidiaries.

(VIII) SinoPac Asset Management International Co., Ltd.

The company was established in January 2003 and its main function is to manage venture capital projects. Venture capital under management includes National Venture Capital, SinoPac Venture Capital and others. As of December 31, 2003, venture capital entrusted and respective values are as follows:

Venture Capital Entrusted			
	• December 31, 2003		
Item	National Venture Capital	SinoPac Venture Capital	Others
Value(in NT\$ million)	541	500	1,000
Number of Cases	30	27	40

(IX) SinoPac Venture Capital Co., Ltd.

The company was established in January 2003. Its main function is to invest in domestic and foreign industries to gain investment profits. As of December 31, 2003, the company has investments in 27 projects. The industries are as follows:

Investments by Industry		
Industry	No. of Deals	Investment Amount
I.C. Design	3	32
PCB	3	32
Semiconductor	1	10
Optical Electronics	8	120
Automobile	1	10
Software	1	25
Telecommunications	1	29
Electronic Products Channels	2	35
Computer and Peripherals	3	39
Machinery	1	15
Others	3	59
Total	27	406

• Unit : NT\$ million

III. Markets and Businesses

A. International Economic Review and Outlook

The burst of the US high-tech bubble in 2000 led to collapsed stock markets, sharp declines in investments, and high unemployment rates around the world. The 9-11 terrorist attack, Enron and other financial scandals, wars in Afghanistan and Iraq further stymied business growth. Stock markets set record lows one after another and deflation could be seen everywhere. To revive the economy, the U.S. Federal Reserve sparked a wave of interest rate cuts around the world and lowered its Fed funds rate to an unprecedented 1% in June 2003.

Following the quick end of the Iraqi war, private consumption recovered as uncertainties began to wane and business sentiments turned optimistic. With corporate profits on the rise, stock markets in the US led others in the recovery. Rising profits and low inventories resulted in long-delayed recovery in capital expenditure. Bright outlooks for manufacturing industries became more prominent subsequently. The tax reduction program of the Bush Administration helped to maintain the already high private consumption and housing investment levels. All these contributed to the 8.2% GDP growth in the third quarter of 2003 in the US, much higher than expected and was the highest quarterly reading in nearly 20 years. The unemployment rate also eased from its high level of 6.4%, indicating a sustained economic recovery in the US, and the risk of deflation was thus reduced substantially. It is thus forecast that the US economy grew by 3% in 2003, and would likely grow by more than 4% in 2004.

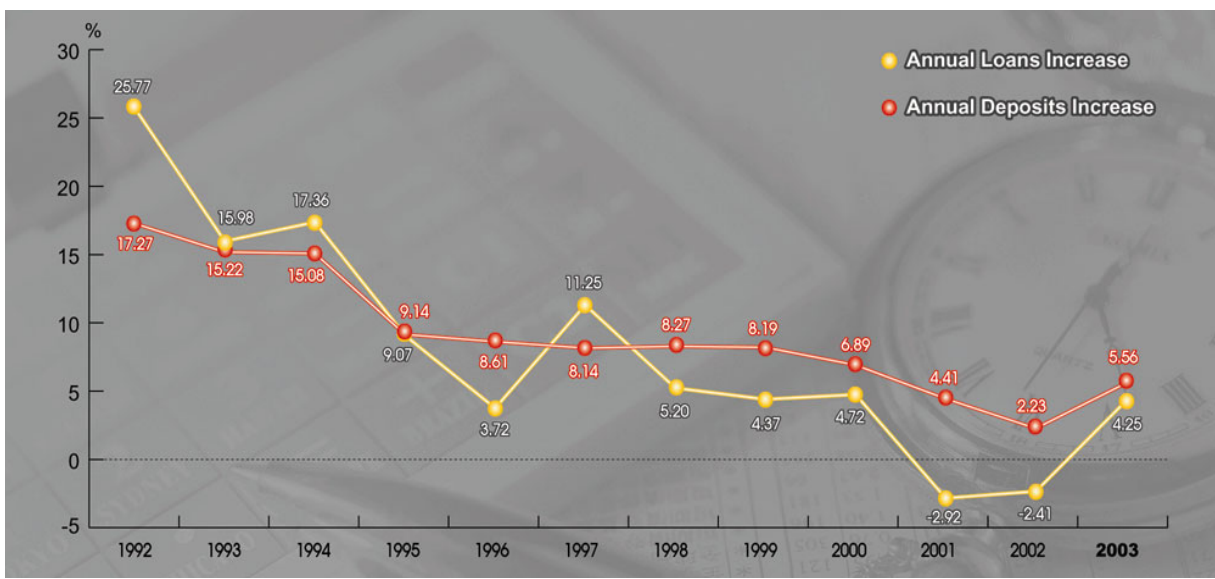
Japan, after having suffered for years, also showed signs of recovery in 2003, with GDP growth reaching 3.9% and 2.3% for the second and third quarter respectively, posting seven consecutive quarters of growth. What is more encouraging is the fact that this growth was not led by government public projects, but rather by growth in private consumption, investment, and export, indicating that the Japanese economy is finally in recovery. The forecast for

Japan's economic growth rate for 2004 is 2.9%. In Germany, after three quarters of economic stagnation, it enjoyed a 1% growth in the third quarter of 2003. The continued economic growth in the Euro zone is to be expected. The growth rate in the Euro zone is forecast to be 0.6% in 2003. In 2004, with strong economic growth in the US and Asia expected, the economic growth rate in the Euro zone may reach 2.3%.

B. Domestic Economic Review and Outlook

The domestic economy in 2003 was very much impacted by uncertainties surrounding the Iraqi war and the SARS outbreak. Thus, negative growth was recorded in the 2nd quarter of 2003. Fortunately, SARS was quickly contained, and supported by the continued strength in the China economy and economic recovery in the US and Japan, Taiwan's exports and manufacturing activities improved noticeably in the 3rd quarter, helping the Taiwan economy post a growth rate of 4.18%, much higher than the 3.6% rate forecast previously. However, domestic demand failed to catch up with exports, which was up 10.5% year over year and contributed mostly to the GDP growth. In contrast, in spite of the recovery of the stock markets, employment did not improve much, which in turn only led to a modest growth of 1.7% in private consumption. As for investment, growth was only seen in the optronics area, with the overall private investment decreasing 5.1%. It is evident the export-driven Taiwan economy relied heavily on external demand; as such, the economic performance in the US and China will still likely be the key driver of the Taiwan economy going forward.

Annual Growth Rate of Total Deposits & Loans • Unit : %



Source : Financial Statistics Monthly, CBC

Recovery in the U.S. seems sustainable and there are signs that the Euro zone economy is bottoming out. China has long shrugged off the impact of the SARS outbreak. Although there are concerns that the China economy may be overheating, the consensus is that the China economy may still grow by 8-9% in 2004, as its domestic demand still appears strong. As such, outlook for the export sector of the Taiwan economy appears bright in 2004.

As for domestic demand in Taiwan, personal income is expected to increase on the back of a gradual recovery in the economy. In addition, a better stock market performance should also help. In other words, private consumption should improve in 2004. On private investment, a recent government survey shows that Taiwan manufacturers are expected to increase their investments by 30.9% in 2004 and result in overall private investment growth by 9.2% in 2004, much better than the -3.04% registered in 2003. In addition, the government is expected to continue with its public projects and public services employment program in 2004. As a result, the Taiwan economy is expected to

perform better in 2004. The government recently raised its 2004 GDP growth forecast to 4.1% from 3.81% to bring it in line with that of the World Bank. All signs show that the Taiwan economy should do better in 2004 unless there are unexpected political disturbances.

Economic Growth Rates of Major Economies

Unit : %

Year	World	US	EU	Japan	China	Taiwan
1999	3.2	4.1	2.6	0.7	7.1	5.4
2000	3.9	3.8	3.3	2.4	8.0	5.9
2001	1.2	0.3	1.5	-0.2	7.3	-2.2
2002	1.6	2.4	0.9	-0.6	7.9	3.3
2003 (E)	2.4	3.0	0.6	2.2	8.5	3.2
2004 (F)	3.8	4.4	2.5	2.4	8.0	4.1

Sources: Relevant economies' official statistics and forecasts compiled by SinoPac

Direct Financing Outstanding and Weighting

Unit : NT\$ trillion ; %



Note : 2003 data is that of November of the year .

Source : Financial Statistics Monthly, CBC

C. Economic Reviews and Outlooks for the Geographical Areas Where Our Financial Products and Services Are Offered

Our products and services are mostly distributed in Taiwan, China, Hong Kong and the US. As mentioned above, the US and Taiwan economies are recovering, and China will continue to be the growth engine for the Asian region. Even though there are concerns over such issues as the Renminbi's revaluation, trade frictions, and attempts to cool off the seemingly overheated China economy, China is still expected to stay on a high-growth track for the following reasons. First, possibility of a serious trade war is not high as virtually all major international corporations have set up their operations in China and the global economy is recovering nicely now. As for the Renminbi, China seems to have demonstrated its goodwill in addressing its trade imbalance with the US through a buy-America program. The revaluation pressure may therefore abate as long as the US economy improves and public support from the Bush Administration is on the rise. Tightening measures may not be so drastic as to stifle investments, as can be seen in



the real estate policy which was made restrictive for a while but was then relaxed after having met with certain opposition. Therefore, most research institutes now hold the view that China may have just entered the first stage of a medium-to-long term economic recovery cycle and that the China economy may grow by 8-9% in 2004. In other words, on the back of the internationalization of its domestic economy, upgrading of its consumption structure, expansion of its private enterprises, and urbanization of its development, high economic growth is still to be expected in China.

The Hong Kong economy also is expected to improve nicely for two reasons. First, the SARS outbreak in the second quarter of 2003, which seriously hurt the Hong Kong economy at the time, created a low base for 2004 to grow on. Second, the CEPA agreement between China and Hong Kong and the resurgence of Hong Kong's stock market brought about by foreign investors' interest would help boost the overall economic performance in 2004. The ADB recently raised its growth forecast for the Hong Kong economy to 4.8% in 2004 as compared with last year's 2.7%.

D. Trends in the Financial Industry

In order to increase the competitiveness of financial institutions by relaxing restrictions on horizontal integration and to introduce an exit mechanism in the over-banking environment, the Taiwan government allowed financial holding companies to be established in 2001. There are currently fourteen financial holding companies in Taiwan. But, in general, they are still too small to compete with international financial institutions in the international markets. Only with a large enough scale can a financial institution grow in the region, invest in IT, recruit qualified professionals, attract international investments, obtain good ratings, and lower its financing costs. There are two ways to grow size: one is organic; the other is to grow by mergers and acquisitions (M&A). M&A, usually done through a stock swap, is very popular among enterprises and financial institutions in the US, Europe, and Japan, especially when the stock markets are hot. M&A is not only for the expansion of the operating scale, it also serves as a vehicle to enter new business areas or markets, or to obtain expertise and sales channels. Therefore, M&A between banks, securities firms, insurance companies, and financial holding companies is expected to continue in Taiwan after such deals between Fubon and Taipei Bank, Cathay and UWCCB, and Chinatrust and Grand have been completed. SinoPac Holdings is also actively seeking opportunities to merge with other financial institutions. A new wave of consolidation among financial holding companies is thus expected to begin soon.

E. Prospective Supply and Demand in the Financial Markets

The world economy began its downturn in 2001. Major economies were obliged to lower their interest rates. The Central Bank of China (CBC) in Taiwan also adopted expansionary monetary policies in a bid to revitalize the Taiwan economy. The CBC has lowered interest rates 13 times since 2001 to push the rediscount rate to a historical low of 1.375%. In line with the economic recovery, domestic deposits and loans bottomed out, with their respective growth rates reaching 5.56% and 4.25% last year in contrast with 2.23% and -2.41% in 2002 respectively. It means that the financing needs of private individuals and enterprises have reversed their downward trend and such needs are expected to grow stronger along with the economic recovery in 2004.

Direct financing has seen steady growth over the years. The weighting of direct financing reached a new high of 30.42% in November 2003. According to some statistics, the amount of financing obtained from overseas by Taiwan companies is only second to Japan in Asia last year. When offshore companies owned by Taiwan entrepreneurs are allowed to list on Taiwan's stock markets, an explosive growth in direct financing and accompanying business opportunities for related financial institutions may be expected.

F. Positives and Negatives on the Horizon

1. Positives

- (1) Demand for financial services will grow further while the expected economic recovery gathers pace;

- (2) Demand for mortgage loans and demand from property developers are expected to rise now that the property market has rebounded from years of stagnation;
- (3) On-going financial deregulation and reforms will further improve the health of the financial industry;
- (4) Offshore companies owned by Taiwan entrepreneurs will be allowed to list on the Taiwan stock markets to generate business opportunities for related financial institutions.

2. Negatives

- (1) No economies of scale can be seen in the financial services industry as banks (52) and financial holding companies (14) are still far too numerous;
- (2) Being basically domestic-centric, Taiwan's financial institutions are not internationalized and thus less competitive on a regional basis;
- (3) Structured products will become the mainstay of wealth management products in the future, and yet Taiwan's financial institutions lag behind their foreign competitors in product design, innovation, and packaging;
- (4) Political barriers prevent Taiwan's financial institutions from entering the China market, into which Taiwan businessmen have relocated their operations over the years, and the recent CEPA arrangement between China and Hong Kong and Macao will likely put Taiwan's financial institutions to even greater disadvantage.

IV. Work Force

Age	No. of Employees	Education	No. of Employees	Percentage
20 - 29	1,214	Doctorate	13	0.3%
30 - 39	1,853	Master's	665	14%
40 - 49	1,196	Bachelor's	2,192	47%
50 - 59	381	College	1,246	26%
60 and above	64	High school, vocational institute	592	13%
Total	4,708	Total	4,708	100%
Average age	32.75			
Average length of employment	4.13			

V. Labor-Management Relations

A. Fringe Benefits

1. Labor Insurance: All employees are insured in accordance with the Labor Insurance Act.
2. Group Insurance: In order to safeguard and promote the health and welfare of employees, all employees are covered by Group Term Life Insurance, Accident Insurance, Occupational Accident Insurance, Hospital Insurance and Cancer Insurance.
3. Employment Break Scheme: Employees may enjoy 7-30 days of vacation following one year of service.
4. Employee Retirement Scheme: Employees are covered by the worker's retirement fund.

B. Labor-Management Negotiations

Owing to a harmonious labor-management relationship, SinoPac Holdings has not encountered lawsuits, or matters which may require negotiations.



VI. Investments in Subsidiaries

Investments Profile						• Units: NT\$ million
Subsidiaries	Main Businesses	Accounting Method	Net Worth	Investment Gain or Loss	Cash Dividend Declared	Shareholding in SinoPac Holdings
Bank SinoPac	Commercial banking	Equity	\$ 26,147	\$ 2,587	\$ 1,519	\$ 216,543
SinoPac Securities	Brokerage, dealing, and underwriting	Equity	22,771	2,095	968	-
SinoPac Call Center	Data processing and human resources allocation and agency	Equity	103	5	-	-
AnShin Card Services	Credit card business	Equity	859	(5)	-	-
SinoPac Life Insurance Agent	Life insurance agency	Equity	101	89	70	-
SinoPac Property Insurance Agent	Property insurance agency	Equity	4	2	2	-
SinoPac Venture Capital	Venture capital	Equity	502	5	-	-
SinoPac Asset Management International	Management consulting, investment and venture investment consulting	Equity	119	19	-	-
SinoPac Marketing Consulting	Broking, investment consulting, receivables processing	Equity	44	(6)	-	-

VII. Risk Management

(I) SinoPac Holdings

A. Risk Management Objectives

Our objective is to effectively manage and control all areas of risk relating to the businesses and operations of the Group.

1. By employing the latest risk quantifying model and information system, we clearly quantify all risk factors, impose limits on risk exposures, conduct risk-adjusted performance evaluations and asset allocations, comply with Basel II requirements, and take prompt corrective actions.

2. In order to identify, assess, consolidate, and manage all areas of risk we have established a comprehensive risk management system and set up management principles, policies, rules and procedures, and risk report mechanism to be followed by all Group companies.

B. Risk Management Organization and Environment

An independent Risk Management Division has been established under the direct supervision of the President of SinoPac Holdings to manage, coordinate, and supervise the credit, market, and operational risks that arise from the Groups' daily operations. Liquidity risks and legal risks are the responsibilities of the finance and legal departments respectively.

The Risk Management Division formulates the risk management system, principles, and rules and procedures and is responsible for the execution of these risk management activities after the division has obtained approval from the Board of Directors. The Risk Management Division ensures that all risk management personnel have the required expertise and professional standards. It constantly monitors risk management activities, evaluates the performance of risk management, and reports to senior management and the Board of Directors periodically. The Audit Division conducts independent assessments regularly and reports directly to the Board of Directors.

Every subsidiary's own risk management unit is responsible for conducting its daily risk management in accordance with its delegated principles and authorized limits. Every subsidiary should also analyze and review its procedures periodically, make suggestions to improve risk management, participate in assessment of risks, and assist in formulating risk control mechanisms when new products and businesses are still in the planning stage.

C. Risk Management Principles

Based on the risk management structure set up in accordance with the principles of the Basel Accord, and in accordance with the various types of risks, we formulate strict risk management principles and comprehensive policies as guidance for corporate risk management. Apart from developing risk management awareness and a governance culture, we have devised different principles for different types of risks.

1. Credit risk management principles

(1) A precise and sound procedure for credit review and extension

- a. define clearly standards for credit review and extension;
- b. set an overall credit limit for every single client;
- c. establish precise procedures and authorized limits for credit review and extensions;
- d. control prudently transactions with related parties.

(2) Continuously and effectively conduct credit risk assessment, management, and monitoring

- a. continuously conduct risk management after credit is granted;
- b. monitor borrowers' capabilities in honoring transactions and credits of counter-parties and the adequacy of credit-loss provisions;
- c. establish an internal counter-party credit rating mechanism;
- d. set up a credit risk management information system to comprehensively, continuously, and effectively assess credit exposures, and control the overall quality of credit portfolios;
- e. acquire risk transfer and credit enhancement techniques to actively manage credit risks;
- f. consolidate credit portfolios into marketable securities investment portfolios for integrated control.



- (3) Ensure credit risks are properly controlled
 - a. set up an independent and comprehensive system to double check credit risk management and report directly to the senior management and the Board;
 - b. ensure that the internal control system functions properly and limit control is strictly enforced;
 - c. set up a management system to handle problem credits and to adopt corrective measures.

2. Market risk management principles
 - (1) "Mark-to-market" being the principle;
 - (2) adopt a unified and clear method to define "Market price";
 - (3) identify sources and contents of revenues and incomes to set apart risks, profits, and losses;
 - (4) establish market risk management information systems to comprehensively, consistently and effectively assess the quantities of market risks, including Value at Risk, Greeks, DV01 etc.;
 - (5) impose limits based on market risk exposures;
 - (6) perform stress tests and sensitivity analysis periodically;
 - (7) establish a loss warning system and devise a loss distribution mechanism.

3. Operational risk management principles
 - (1) identify and assess all operational risks in all major products, activities, procedures, and systems
 - a. identify risks;
 - b. set up key risk indicators;
 - c. set up risk indicators' limits;
 - d. establish quantification models;
 - (2) regularly monitor operational risks and major areas of exposure; report findings to senior management and the Board;
 - (3) assess overall tolerance of risk exposure; review risk limits and feasibility of control mechanisms regularly;
 - (4) formulate emergency recovery plan; control unexpected losses.

D. Liquidity Risk Management

The purpose of the liquidity risk management of the assets and liabilities of SinoPac Holdings is to seek to maintain a diversified source of funds at a reasonable funding cost and to keep an appropriate level of liquid assets in order to ensure its ability to meet its obligations and to guard against the unwarranted volatility in the markets that could undermine the liquidity of its assets or lead to substantial losses.

To maintain an appropriate level of liquidity and to meet the requirement for diversified sources of funds, SinoPac Holdings obtains its funds from cash dividends offered by investees, credit lines granted by financial institutions, and proceeds from the issuance of corporate bonds, common stocks and preferred stocks. These funds are used to pay cash dividends, support operational growth, invest, pay for M&A deals, and to meet obligations.

The instruments SinoPac Holdings employs to monitor and manage liquidity risks are liquidity ratio, asset and liability maturity mismatch, sources and uses of funds, utilization of credit lines, and analysis of the market conditions of other funding sources. SinoPac Holdings and its subsidiaries manage their respective working capital in accordance with their respective business characteristics and relevant laws and regulations. The Finance Division then analyzes and consolidates the profits and losses, assets and liabilities, and capital adequacy situations of all subsidiaries and reports to senior management and the Board on a regular basis. If any potential liquidity risk is

identified, an emergency task force will be formed and led by the President of SinoPac Holdings to formulate and execute corrective action plans.

With regard to SinoPac Holdings' funding status, it issued US\$230 million in Euroconvertible bonds in July 2002. US\$68 million has been invested and the remaining US\$162 million will be used in the near future. As of the end of 2003, unused credit lines granted by financial institutions amounted to NT\$2.65 billion. Having carefully considered planned uses of funds for 2004 (detailed in "Business Plans and Capital Expenditure"), SinoPac Holdings has ample liquidity.

Derivative Transactions • Unit : NT\$ million

• December 31, 2003

Item	Amount
Cross currency swaps	2,261

Asset-Liability Gap • Unit: NT\$ million

• December 31, 2003

Period	Accumulated Gap
0 - 30 days	2,488
31 - 90 days	6,802
91 - 180 days	6,802
181 days - 1 year	6,802
Over 1 year	0

Note : Accumulated gap = asset - liability (of same periods)

(II) Bank SinoPac

A. Credit Risk

Bank SinoPac's credit risk management policy is that detailed market survey and risk assessment should be conducted before entering a target market. After a target market has been identified, business operations should not exceed the authorized scope of the market and credit check, credit analysis, and credit review should be done thoroughly and periodically to ensure that the Bank's credit risk is well controlled and feedback is given to the relevant business units. Operating guidelines are set up to ensure that the Bank's business operations are legal and stable, risks are diversified, and appropriate levels of liquidity, return on assets, and growth are achieved so that good asset quality can be maintained.

The Bank also takes measures to properly diversify its risks. Credit limits are set for each single client, business group, industry, product, and correspondent financial institutions. To prepare the Bank for the commencement of Basel II that is expected to come to effect at the end of 2006, the Bank will build up internal risk-based credit assessment models, online credit review systems, risk management databank to ensure that good asset quality is achieved while credits are granted.

B. Market Risk

The Bank's market risk management is conducted in accordance with the dynamic risk management policy set up by SinoPac Holdings. With strict adherence to policy, the professional management team makes sure that the day-to-day market risk is also properly controlled. With respect to credit and market risks when treasury operations are conducted, the Bank takes the following measures to control the risks associated with interest rates and foreign exchange rates:

1. Trading volume control: Regular reviews are made every year on each product's authorized trading volume, each counter-party's trading volume, each trader's portfolio and trading volume, and relevant limits are granted by the Board of Directors and senior management. Trading data is computed daily and any trading excess is identified immediately.



2. Pricing risk control: All products' real-time situations, daily positions, market price evaluations, cut-loss points, and trade sensitivity analyses (such as Duration, basis point value, Delta, Vega, etc.), profit and loss of traders' portfolios and any other risk management data can be retrieved from the database and submitted to supervisors for reference.
3. Value at Risk of related portfolios is computed by the risk evaluation system to provide reference to the Risk Management Division of SinoPac Holdings. Such reference will be used by SinoPac Holdings to comply with the risk management guidelines of the Basel Accord, and to allocate capital, evaluate performance, and strengthen the efficiency of risk management.

The Bank's Hong Kong branch, during the past year, has become increasingly active in its financial operations. Thanks to the joint efforts of the front, middle, and back offices, its market risk management has been centralized to the headquarters in Taipei. Bank SinoPac has upgraded its cross-border market risk management to a new level.

As of December 31, 2003, Bank SinoPac's position in NTD-denominated fixed income instruments was NT\$2.8 billion and VaR was about NT\$3 million. Price sensitivity was -NT\$0.4 million for a movement of 1 basis point. Holding of foreign currency denominated bonds amounted to the equivalent of USD295 million. The total value of FRAs, interest rate swaps, foreign exchange options, and other derivatives was NT\$271,890 million. VaR of foreign exchange transactions was about NT\$8 million. VaR of derivatives trading was approximately NT\$13 million.

Foreign Exchange Risk Concentration • Unit : NT\$ million

• December 31, 2003

Item	Contractual Amount
Options	208,542
Forwards	300,086
Swaps	42,621

Notes : 1. Forwards include Forward contracts, Non-delivery Forward contracts, currency swaps and FRAs;
2. Swaps include interest rate swaps and cross currency swaps

Asset-Liability Gap • Unit : NT\$ million

• December 31, 2003

Periods	NT\$ Gap	US\$ Gap
0 - 90 days	18,569	201
91 - 180 days	5,526	413
181 days - 1 year	26,564	-31
1 year - 3 years	-1,206	0
Over 3 years	0	0

(III) SinoPac Securities

A. Risk Management Objectives and Policies

The objectives of SinoPac Securities' risk management are to maintain a manageable level of risk exposure at all times, diversify risks in an appropriate manner, avoid risks, control damage, and transfer risks so that it may maximize profits and pursue asset growth within authorized risk exposures.

B. Risk Evaluation and Control

SinoPac Securities employs tight, multi-dimensioned, and matrix models to evaluate and control its risks. All potential risks are quantified in the models to ensure that the management is sound.

1. Risk exposure limits are imposed: limits on risk exposures are imposed on underwriting deals in the primary markets, proprietary dealings in the secondary markets, and other business operations. Limits are set in accordance with their respective business features, including total amount limits, total amount as a percentage of the net worth limits, credit risk limits, and market risk limits.



● Pan Sheng Branch / SinoPac Securities

2. Tier-structured risk management: limits on risk exposures to various businesses and markets are given to managers on a progressive basis in accordance with their managerial responsibilities. No manager is allowed to exceed authorized limits.
3. Multi-dimensional rules of risk management: all proposed businesses are subject to a vigorous internal review procedure. Variables to be reviewed include relevant information systems, rules, and procedures calling for multi-dimensional risk management so that all potential risks are covered in a comprehensive fashion. For instance, in credit risk management, a single client's risk is pooled together by aggregating its exposure in all product lines. Similarly, transaction amount limits are set also from the credit-rating perspective, and a single product's risk is calculated separately.
4. An independent risk audit and control unit: to heighten the effectiveness and efficiency of risk management, an independent risk audit and control unit is set up and led by the President of SinoPac Securities to be solely responsible for the evaluation and management of credit, liquidity, and market risks faced by all operations of the company. SinoPac is one of the first securities firms to have set up such an independent unit.
5. Real-time risk management system: in light of the volatile nature of securities and derivatives, an effective real-time risk management information system has been set up over the years to provide the management team with real-time and daily risk management data.
6. Value at Risk evaluation mechanism: SinoPac Securities installed its "Value at Risk" system (VaR) in 1999; the first VaR system for bonds among securities firms in Taiwan. The system was later enhanced with the addition of the "Credit at Risk" system. Over the years, SinoPac Securities has accumulated a huge database and constantly conducts pressure tests and sensitivity analysis to ensure the credibility and effectiveness of the system.
7. "Value at Risk" is used to allocate resources to products: before allocating resources to products, SinoPac Securities always employs the "VaR" system to evaluate the potential risks associated with all products so that the most optimal allocation of resources can be achieved to create the best results from its business endeavors.

C. Recent Risk Exposures

1. Capital adequacy ratio:

At the end of 2003, the aggregate capital adequacy ratio of SinoPac Securities reached 424%, much higher than the legally required 150%, based on the aggregate of counter-party risks, market risks, and operational risks.



2. Credit risk:

At the end of 2003, the Company's counter-party risks are valued at the equivalent of NT\$710 million, or 4.89% and 3.12% of qualified net capital and net worth respectively. Based on the distribution of the Company's risks with respect to its investment portfolios and treasury operations, corporate bonds (including convertible bonds) are the category with the highest exposure to credit risks; of which, unsecured and below investment grade bond holdings accounted for 3.8% of the total bond portfolio.

At the end of 2003, the value at risk for derivatives was NT\$163 million, or 0.72% of the net worth. Details are as follows:

Credit Risks	Credit Risk Amount (NT\$ million)	Risk Amount / Net Worth
Counter-party risk	710	3.12%
VaR	163	0.72%

3. Market risk:

At the end of 2003, the Company's market risk was valued at the equivalent of NT\$1.868 billion, or 12.87% and 8.21% of qualified net capital and net worth respectively. Based on the Company's own risk evaluation models, the daily VaR for the trading positions of shares, bonds, certificates, mutual funds, futures and options was NT\$119 million, or 0.53% of net worth.

Market Risks	Market Risk Amount (NT\$ million)	Risk Amount / Net Worth
Market risk	1,868	8.21%
VaR	119	0.53%

4. Liquidity risk:

At the end of 2003, the Company's portfolio of highly liquid stocks accounted for 44.7% of its total stock holdings. Its position in highly liquid securities made up 59.6% of its total stocks and bonds holdings. The Company always strengthens its risk management mechanism on less liquid securities such as convertible bonds, corporate bonds, underwritten stocks, and over-the-counter shares.

5. Operational risks:

At the end of 2003, the Company's operational risks were valued at the equivalent of NT\$ 843 million, or 5.81% of qualified net capital. The Company always adheres strictly to its standard operation procedures and conduct internal audit in compliance with its internal risk management guidelines.

(IV) AnShin Card Services Co., Ltd.

The top priority in risk control is to reduce lower risks while increasing profits. Automated credit evaluation using statistical techniques and alert systems can be used to control risk by investigating credit worthiness, analyzing behavior and demographics, in a consistent and reliable fashion.

In order to protect our customers' rights and prevent fraudulent charges, Anshin Card Services makes efficient use of a customer information management system, such as MIS, and rule-based alerting systems, to assess validity of a transaction based on historical and market information. Currently Anshin's fraud alert system (PRISM) can inform our members of suspicious transaction through a comprehensive communication system comprising e-mail, cellular messaging as well as regular calls.

In addition, a precise behavioral scoring system has been implemented to maximize our ability to control risk.



VIII. Significant Events in 2003



The Board of Directors of SinoPac Holdings approved to employ SinoPac Leasing Corporation as the purchasing agent for the renting of Zhong Luen Bus Depot Complex for use as the future operating headquarters.



Zhong Luen Bus Depot Complex ground-breaking ceremony



ING Group and SinoPac Holdings completed the stock transaction of AnShin Card Services Co., Ltd. The parties will maintain close collaboration, promoting credit card services to insurance customers.



Mr. Lo, President & CEO of SinoPac Holdings, attended the Taiwan Economic Conference.



SinoPac Holdings won the "Wen Hsin Award"



SinoPac Holdings sponsored the Cloud Gate Dance Theatre of Taiwan during its tour of the USA. Performances were held in the Royce Hall of UCLA, the Zellerback Hall of UC Berkeley, and in New York during the Next Wave Festival.



SinoPac Holdings sponsored the Cloud Gate Dance Theatre Performing in the U.S.



SinoPac Holdings attended the "Cross-Strait Financial Conference"



SinoPac Holdings won the first prize of "Wen Hsin Award" given by the Council for Cultural Affairs.



SinoPac Holdings, in conjunction with the Economic Daily News held SinoPac Forum entitled "Trouble in Silicon Valley : Riding Out the High-Tech Storm"



Tze-Ka ing Yang, Political Deputy Minister of Finance, R. O. C., attended the SinoPac Forum.



The Board of Directors of SinoPac Holdings passed the "Corporate Reorganization Project", which adopted a customer oriented management structure, forming four major business groups: the Individual Financial Services Group, the Wealth Management Group, the Institutional Financial Services Group, and the Financial Market Group. The information, operations and telephone service operations were combined into Customer Support. Strategic planning, risk management, finance, research, human resources, accounting, legal and compliance and administration were centralized under the headquarters of SinoPac Holdings.



I. Business Plans for 2004

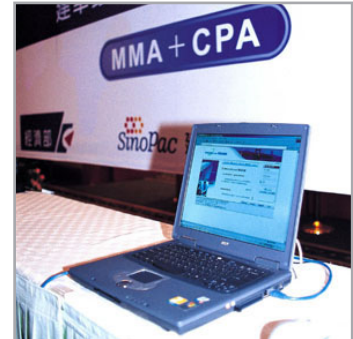
(I) Bank SinoPac

A. Corporate Banking

1. To expand the client base, create cross-sell synergy, and provide both direct and indirect financing services to corporate clients under the new management structure of SinoPac Holdings.
2. To leverage the Group's overseas presence in the US, Hong Kong, and Vietnam to generate more synergy and better meet the financial needs of ethnic Chinese enterprises operating in the Pan-Pacific region.



Bank SinoPac launched its CrossPacific Account



3. To continue to invest in the latest information technology, maintain product innovation, build up the intercontinental cash and wealth management platform of CPA (CrossPacific Account) so as to further enhance our competitiveness, enhance our core competence, and improve the effectiveness and efficiency of our services.
4. Based on our lending principle, which is both aggressive and prudent, we shall continue to maintain our good asset quality while proactively identifying the needs of our clients and comprehensively providing financial products and services to our clients as long as the use of funds and source of repayment are clear so that we can achieve the goal of high growth with low risks.

B. Consumer Banking

The biggest challenge for sustained growth amid intense competition is to increase loans and deposits on the one hand, and widen interest margins by lowering funding costs on the other. As such, we will continue to develop new products, implement new business models, and adjust our existing products and services to meet new demands. We will also review and analyze clientele database to study ways of improvement, and make further improvements to our existing loan and deposit products, form strategic alliances, and conduct extensive cross-selling.

The interest spread of mortgage loans has been thin. To improve profitability, we will leverage our existing client base and work with our Group companies to cross sell other products to generate more fee income.

Consumer banking has been a major source of income for a commercial bank. Due to falling interest spreads, however, bad debts have become increasingly difficult to absorb. Hence, it has become most important to identify target markets and to know your customers. Our strategies include implementing advanced credit review and credit extension techniques, enhancing collection of accounts receivable, and employing risk-quantifying models to accurately assess the relationship between risks and returns so that we can generate the most optimal mix. In addition, we will strengthen overall client segmentation and pricing differentiation.

How to automate and centralize certain operations to help shift our account officers from doing routine jobs to developing business and cross-selling products is another important goal for us. To better understand, control and estimate the costs, a transparent management information system (MIS) will be employed. Good treasury operations, strategic alliances, and outsourcing will help reduce costs. Efforts will also be made to assess the cost/benefit mix of each branch to ensure that each is profitable.

Lastly, as interest spreads have narrowed, it has become critical for us to better capitalize on the synergy of the financial holding company structure by having access to new channels and new clients to increase our business revenue and reduce costs.

C. Foreign Exchange and International Finance

1. To underwrite convertible bonds issued by creditworthy companies and swap assets with correspondent banks with good credit ratings to increase interest income.
2. To trade credit-linked investment-grade securities.
3. To increase visibility through participation in offshore syndication loans.
4. To provide financial consulting services to offshore holding companies and listed companies owned by Taiwan corporations.
5. To cooperate with SinoPac Capital (HK) and Far East National Bank (US) in offering financial products and services to Taiwan's overseas enterprises.
6. To provide financing to Taiwan corporations operating in Greater China following the establishment of our Hong Kong Branch.
7. To provide tailored trade finance services to those who have extensive international trade business.

D. Wealth Management

1. To provide new trust services in accordance with relevant trust laws and regulations such as securities trust, real estate trust, discretionary investment trust, pooled account of investment trust, offering of mutual trust funds.
2. To offer custody services to mutual funds, discretionary investment accounts, foreign institutional investors, foreign individual investors, employee benefits and savings trusts.
3. To upgrade the information system to further standardize and simplify related operations, enhance the security of information, provide good efficient service to clients, and integrate the wealth management platform.
4. To further train and educate the work force to help them obtain required licenses and enhance their professionalism so that they can better service our clients.

E. Treasury

Under the WTO framework, business and trade relations between the two sides of the Taiwan Strait are expected to become closer. As such, competition among financial institutions in this region will become more intense. The Treasury Division will continue to adhere to the financial holding company's efforts to further internationalize its operations and modernize its information technology. Its 2004 focus will be as follows:

1. Recruit and train talented professionals; build up a good financial markets team which will coordinate and support financial operations of group companies;
2. Set up a global financial management network to enhance the effectiveness of treasury operations;
3. Realize the concept of integrating the risk-reward evaluation system to rationalize the allocation of group financial resources and optimize group returns;
4. Develop higher value-added products to improve profit margins.
5. Provide tailor-made financial products to optimize the synergy of the Group's cross-sell structure.

(II) SinoPac Securities

A. Vision

To become a leading securities company within the Chinese community in the Pan-Pacific region.

B. 3-year Strategic Goals

1. Best all-dimensioned securities company
2. Top investment bank
3. Leading e-broker
4. Top 3 in profitability
5. Top 3 in total asset size

C. 2004 Development Strategies

1. Greater scale
2. Diversified and stable sources of income
3. Complete deployment of the Greater China network
4. Installing a complete and efficient IT system
5. Realizing better consolidation and greater synergy within the Group

D. Operation Goals

After the deregulation resulting in the establishment of financial holding companies, every financial holding company has wasted no time in consolidating its channels and conducting cross-sell in a bid to achieve the best synergy. Securities companies are also allowed to expand internationally. As such, there have been changes in business models for big and integrated securities companies, such as SinoPac Securities.



To realize the vision of being a leading securities company in the Chinese community in the Pan-Pacific region, SinoPac Securities will continue to expand its businesses in futures and options, increase electronic trading services, develop its international underwriting and investment banking activities, capitalize on its financial engineering capabilities to launch new products, reduce the volatility of its profitability, harness advanced information technology to better manage risks, and establish a solid wealth management business model.

E. 2004 Operating Targets and Forecasts

Business Area	Targets & Forecasts
Brokerage	TSE average daily trading volume: NT\$100 billion
	Over-the-counter average daily trading volume: NT\$ 10 billion
	TSE market share: 5.20%
	Over-the-counter market share: 5.15%
Underwriting	Lead underwriter: 40 deals
	Syndication: 63 deals
Securities Registration Services	No. of companies: 250
	No. of accounts: 2.3 million
Proprietary Trading	Return should be 5% better than the performance of the Taix
Bonds	Government bonds in stock: NT\$ 6 billion
	Corporate bonds in stock NT\$ 3 billion
Derivatives	No. of warrants to be issued: 36
International Business	FINI brokerage market share: 0.10%
	International underwriting: 8 deals

(III) AnShin Card Services Co., Ltd.

Looking forward into 2004, AnShin Card expects its business to expand further with cards in force reaching 1.34 million by year-end and accounts receivable and revenue growing substantially.



Card Issuance Target			Unit : Card
Item	2002	2003	2004 (Projected)
Cards in Force	906,728	1,076,392	1,344,612
Growth Rate	29%	19%	25%

Projected Credit Card Spending

• Unit : NT\$ million

Item	2002	2003	2004 (Projected)
Amount	30,963	30,508	36,156
Growth Rate	28%	-1%	18%

Projected Accounts Receivable

• Unit : NT\$ million

Item	2002	2003	2004 (Projected)
Year-end Receivables	7,795	7,323*	10,945**

Note* : Already deducted NT\$4,664 million that was sold;

Note** : Already deducted projected sale of NT\$4,000 million.

Projected Operating Revenue

• Unit : NT\$ million

Item	2002	2003	2004 (Projected)
Total Operating Revenue	1,405	1,796	2,431
Growth Rate	20%	28%	35%

(IV) SinoPac Call Center Co., Ltd.

In 2003, Bank SinoPac, SinoPac Securities and AnShin Card Services outsourced their call centers and Internet customer services to SinoPac Call Center and its 130 customer service representatives.

In 2004, the number of representatives will increase to 180 in order to meet the expansion of business in the Group's banking, securities and credit card operations. The Kaohsiung Call Center continues to expand and better training and more thorough data-mining is being conducted.

(V) SinoPac Property Insurance Agent Co., Ltd.

1. To expand the product portfolio to achieve higher return.
2. To develop new distribution channels to increase revenue.
3. To strengthen internal operating procedures.
4. To fully utilize SinoPac Holdings clients' database and to strengthen the customer relationship management system so that tailor-made products and services can be provided to customers.
5. To enhance brand image through Internet, electronic transaction statements and e-paper in order to increase market share.
6. To further educate and train our staff to enhance their knowledge about products and to help them obtain required professional licenses.

(VI) SinoPac Life Insurance Agent Co., Ltd.

2004 estimated income : Insurance premium: NT\$3 billion

Commission: NT\$243 million

Income before tax: NT\$150 million





1. To work closely with Group subsidiaries to further expand our sales.
2. To give training courses and assistance to the sales team to help them obtain required professional licenses.
3. To further enhance the professionalism and sophistication of the sales team.
4. To set up a Research and Development Committee for developing differentiated and competitive products.
5. To establish a comprehensive customer service mechanism – new policies; amendments of policies; and policy claims.
6. To build an interconnected Internet platform with wealth management advisory services.

(VII) SinoPac Marketing Consulting Co., Ltd.

Apart from offering outsourcing services to Bank SinoPac and AnShin Card, SinoPac Marketing in 2004 will expand its automobile loan-related businesses. On top of the existing installment payment scheme for new cars, SinoPac Marketing will provide the same services to finance used cars, and begin offering revolving facilities. Also, SinoPac Marketing will enter an agreement with SinoPac Leasing to offer car rental services. In the credit card field, installment payment programs will be provided.

(VIII) SinoPac Asset Management International Co., Ltd.

A. Short-term

1. Consolidate all investment activities of Group subsidiaries and manage the Group's venture capital in order to cultivate excellent investment management capabilities.
2. To play the role as a frontrunner in the financial services industry's value chain. Grasp the trends of emerging industries. Work closely with Group subsidiaries to produce the best synergy and highest profits.
3. To establish rapport with securities companies, CPA firms, hi-tech corporations, financial institutions, and venture capitalists for access to investment opportunities in emerging industries.

B. Medium-to-long Term

To raise new venture capital, strengthen investment synergy, expand operations in order to reach the goal of becoming a leading venture capital firm in Greater China.

(IX) SinoPac Venture Capital Co., Ltd.

A. Short-term

1. To invest primarily in projects which are at their mature stages, and secondarily in projects which are at their beginning and expanding stages.
2. Geographically, to invest mostly in domestic industries and secondarily in offshore projects.

B. Medium-to-long Term

To actively invest in foreign markets, especially Silicon Valley of the US and developing markets in the Pacific region.

II. Plans for Disposal and Acquisition of Real Estate and Long-term Investments

In order to further integrate the organization, and enhance the synergy of Group subsidiaries so that greater shareholders' value can be generated, in 2003, SinoPac Holdings was authorized to invest in SinoPac Life Insurance Agent (100%), SinoPac Property Insurance Agent (100%), Debt Instruments Depository and Clearing Co. Taiwan (1%), AnShin Card Services common shares (39.67%) and AnShin Card Services preferred shares (39.93%).

In 2004, SinoPac Holdings plans to apply for regulatory approval to acquire the remaining 10.57% of AnShin Card Services common shares and invest more in AnShin Card Services preferred shares (100%).



FINANCIAL REPORTS

- › Consolidated Financial Statements and Notes
- › Financial Statements of Parent Company
- › Group Information

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.



CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

Independent Auditors' Report

The Board of Directors and Stockholders

SinoPac Holdings

We have audited the accompanying consolidated balance sheets of SinoPac Holdings and subsidiaries as of December 31, 2003 and 2002, and the related consolidated statements of income, changes in stockholders' equity and cash flows for the year ended December 31, 2003 and for the period from May 9, 2002 (date of establishment) to December 31, 2002. These 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.

We conducted our audits in accordance with the Rules Governing the Auditing and Certification of Financial Statements by Certified Public Accountants, the Rules Governing the Auditing and Certification of Financial Statements of Financial Institution by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 management, as well as evaluating the overall consolidated financial statements presentation. We believe that our audits provide a reasonable basis for our opinion.

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

February 11, 2004

Deloitte & Touche

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.

SINOPAC HOLDINGS AND SUBSIDIARIES

Consolidated Balance Sheets

• DECEMBER 31, 2003 AND 2002

(In Thousands of New Taiwan Dollars, Except Par Value)	2003		2002 (Restated-Note2)	
	Amount	%	Amount	%
ASSETS				
CASH AND CASH EQUIVALENTS (Notes 2 and 4)	\$ 91,905,856	18	\$ 68,444,531	16
DUE FROM BANKS	19,716,534	4	11,303,691	3
DUE FROM CENTRAL BANK (Note 5)	11,409,591	2	11,011,956	3
SECURITIES PURCHASED (Notes 2, 6 and 32)	28,905,051	5	35,098,016	8
PREMIUMS PAID FOR LONG OPTIONS-Nonhedging (Notes 2 and 41)	31	-	12,188	-
ACCOUNTS, INTEREST AND OTHER RECEIVABLES-Net (Notes 2, 7 and 32)	52,539,623	10	34,584,968	8
ACCEPTANCES (Note 2)	2,253,521	1	1,375,624	-
OPERATING SECURITIES-Net (Notes 2 and 8)	15,772,219	3	17,037,210	4
SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL (Notes 2, 9 and 32)	1,073,200	-	1,522,124	-
PREPAYMENTS AND OTHER (Notes 2 and 32)	415,671	-	336,579	-
LOANS, DISCOUNTS AND BILLS PURCHASED-Net (Notes 2, 10 and 32)	252,874,200	49	224,972,445	52
LONG-TERM INVESTMENTS (Notes 2 and 11)				
Equity method	8,091,387	2	5,334,178	1
Cost method	2,204,283	-	2,090,229	-
Less: Unrealized loss	281,478	-	298,387	-
Long-term equity investments-net	10,014,192	2	7,126,020	2
Long-term bond investments	7,182,534	1	346,309	-
Long-term investments-net	17,196,726	3	7,472,329	2
PROPERTIES (Notes 2, 12, 32 and 33)				
Cost				
Land	3,509,969	1	3,370,338	1
Buildings	3,148,151	1	3,071,311	1
Computer equipment	2,662,802	-	2,482,341	1
Transportation equipment	117,908	-	119,433	-
Office and other equipment	2,358,217	-	2,145,036	-
Total cost	11,797,047	2	11,188,459	3
Less: Accumulated depreciation	3,661,989	-	3,252,216	1
Advances on acquisitions of equipment and construction in progress	170,099	-	289,244	-
Net properties	8,305,157	2	8,225,487	2
OTHER ASSETS (Notes 2, 13, 30 and 33)	15,329,470	3	9,419,934	2
TOTAL ASSETS	\$ 517,696,850	100	\$ 430,817,082	100
LIABILITIES AND STOCKHOLDERS' EQUITY				
LIABILITIES				
Short-term borrowings (Notes 14, 32 and 33)	\$ 7,916,000	1	\$ 5,658,000	1
Commercial paper issued (Notes 15, 32 and 33)	4,208,416	1	2,747,945	1
Securities sold under agreements to repurchase (Notes 2, 16 and 32)	9,146,129	2	14,072,269	3
Warrant liabilities-net (Notes 2 and 17)	482,393	-	36,604	-
Premiums received from short options (Notes 2 and 41)	4,248	-	1,669	-
Call loans and due to banks	41,257,886	8	55,248,193	13
Accounts, interest and other payables (Notes 18 and 32)	21,623,440	4	14,602,446	4
Acceptances payable	2,253,521	1	1,375,624	-
Deposits and remittances (Notes 19 and 32)	341,510,188	66	268,149,508	62
Bank debentures (Note 20)	21,909,670	4	7,000,000	2
Bonds payable (Notes 2 and 21)	10,388,517	2	8,710,299	2
Long-term borrowings (Notes 22 and 33)	4,647,772	1	4,809,744	1
Other liabilities				
Minority interest	37,710	-	350,258	-
Deferred income tax liabilities	436,977	-	343,242	-
Other liabilities (Notes 2, 29 and 30)	4,893,804	1	2,913,922	1
Total liabilities	5,368,491	1	3,607,422	1
Total liabilities	470,716,671	91	386,019,723	90
STOCKHOLDERS' EQUITY				
Capital stock, \$10 par value				
Authorized - 10,000,000,000 shares				
Issued - 3,748,126,974 shares	37,481,270	7	37,481,270	9
Capital surplus				
Additional paid in capital	7,913,381	2	9,054,618	2
Treasury stock transaction	172,111	-	11,662	-
Other	2,410	-	1,678	-
Retained earnings	4,401,227	1	1,531,273	-
Equity adjustments				
Unrealized loss on long-term equity investments	(300,801)	-	(321,429)	-
Unrealized revaluation loss on long-term equity investments	(17,016)	-	(40,695)	-
Cumulative translation adjustment	224,739	-	324,552	-
Net loss not recognized as pension cost	(220)	-	-	-
Treasury stock-at cost: 216,542,894 shares and 250,202,766 shares as of December 31, 2003 and 2002, respectively	(2,896,922)	(1)	(3,245,570)	(1)
Total stockholders' equity	46,980,179	9	44,797,359	10
CONTINGENCIES AND COMMITMENTS (Notes 2, 34 and 41)				
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 517,696,850	100	\$ 430,817,082	100

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



SINOPAC HOLDINGS AND SUBSIDIARIES

Consolidated Statements of Income

• FOR THE YEAR ENDED DECEMBER 31, 2003 AND FOR THE PERIOD FROM MAY 9, 2002 (DATE OF ESTABLISHMENT) TO DECEMBER 31, 2002 (Note 1)

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)	2003		2002 (Restated-Note2)	
	Amount	%	Amount	%
OPERATING REVENUES				
Interest (Notes 2 and 10)	\$ 14,684,878	55	\$ 16,445,288	64
Stock affairs agent fees (Notes 2 and 32)	109,733	-	102,219	1
Service fees (Notes 2, 25 and 32)	4,684,608	18	4,423,994	17
Gain on warrants issued (Note 2)	432,909	2	305,752	1
Commission and fees-futures (Notes 2 and 32)	139,391	-	74,916	-
Gain on futures transactions (Note 2)	87,716	-	-	-
Income from securities-net (Notes 2 and 26)	4,129,222	16	3,124,491	12
Income from long-term equity investments under the equity method-net (Notes 2 and 11)	751,287	3	380,470	2
Foreign exchange gains-net (Notes 2 and 41)	-	-	171,639	1
Other (Note 32)	1,561,484	6	610,575	2
Total operating revenues	26,581,228	100	25,639,344	100
OPERATING COSTS AND EXPENSES				
Interest (Note 2)	6,651,969	25	8,622,103	34
Service charges (Note 32)	620,479	2	486,371	2
Provision for credit and trading losses (Notes 2, 7 and 10)	2,042,176	8	1,796,816	7
Operating and administrative expenses (Notes 2, 27, 29 and 32)	11,131,788	42	10,288,401	40
Foreign exchange losses-net (Notes 2 and 41)	511,443	2	-	-
Other	333,420	1	101,559	-
Total operating costs and expenses	21,291,275	80	21,295,250	83
OPERATING INCOME	5,289,953	20	4,344,094	17
NONOPERATING INCOME AND GAINS (Note 32)	276,224	1	207,747	1
NONOPERATING EXPENSES AND LOSSES (Note 32)	275,897	1	132,668	1
INCOME BEFORE INCOME TAX	5,290,280	20	4,419,173	17
INCOME TAX (Notes 2 and 30)	1,056,760	4	1,106,840	4
NET INCOME FOR THE YEAR ENDED DECEMBER 31	4,233,520	16	3,312,333	13
MINORITY INTEREST LOSS (INCOME)	(21,206)	-	188,941	1
NET INCOME FROM SUBSIDIARIES FOR THE PERIOD FROM JANUARY 1, 2002 TO MAY 8, 2002	-	-	(1,952,668)	(8)
CONSOLIDATED NET INCOME	\$ 4,212,314	16	\$ 1,548,606	6
	Pretax	After Tax	Pre-tax	After Tax
EARNINGS PER SHARE (Note 31)				
Basic earnings per share	\$ 1.50	\$1.20	\$ 0.77	\$0.45
Diluted earnings per share	\$ 1.40	\$1.14	\$ 0.72	\$0.44

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

(Concluded)

SINOPAC HOLDINGS AND SUBSIDIARIES

Consolidated Statements of Changes in Stockholders' Equity

• FOR THE YEAR ENDED DECEMBER 31, 2003 AND FOR THE PERIOD FROM MAY 9, 2002 (DATE OF ESTABLISHMENT) TO DECEMBER 31, 2002 (Note 1)

(In Thousands of New Taiwan Dollars, Except Dividends Per Share)	Capital Stock (Notes 23)		Capital Surplus (Notes 1 and 23)	Retained Earnings (Notes 23)				Unrealized Loss On Long-term Equity Investments (Notes 2 and 11)	Unrealized Revaluation Loss on Long-term Equity Investments (Notes 2 and 11)	Cumulative Translation Adjustment (Notes 2 and 11)	Net Loss Not Recognized as Pension Cost (Notes 2 and 11)	Treasury Stock (Notes 2 and 24)	Total Stockholders' Equity
	Shares (In thousands)	Amount		Legal reserve	Special reserve	Unappropriated	Total						
BALANCE, MAY 9, 2002	3,538,353	\$35,383,525	\$11,154,040	\$ -	\$ -	\$ -	\$ -	(\$ 325,922)	(\$ 35,746)	\$ 393,669	\$ -	(\$3,952,268)	\$ 42,617,298
Stock dividends – \$0.6093 per share	209,774	2,097,745	(2,097,745)	-	-	-	-	-	-	-	-	-	-
Net income for the period from May 9, 2002 to December 31, 2002	-	-	-	-	-	1,548,606	1,548,606	-	-	-	-	-	1,548,606
Difference adjustment between the equity in net assets for the investments and the book value from subsidiaries	-	-	-	-	-	(8,256)	(8,256)	-	-	-	-	-	(8,256)
Unrealized loss on long-term equity investments recognized from subsidiaries	-	-	-	-	-	-	-	4,493	-	-	-	-	4,493
Unrealized revaluation loss on long-term equity investments recognized from investees	-	-	-	-	-	-	-	-	(4,949)	-	-	-	(4,949)
Change in cumulative translation adjustment on long-term equity investments recognized from subsidiaries	-	-	-	-	-	-	-	-	-	(69,117)	-	-	(69,117)
Treasury stock transactions recognized from subsidiaries	-	-	11,663	-	-	(9,077)	(9,077)	-	-	-	-	706,698	709,284
BALANCE, DECEMBER 31, 2002	3,748,127	\$37,481,270	\$9,067,958	-	-	1,531,273	1,531,273	(321,429)	(40,695)	324,552	-	(3,245,570)	44,797,359
Appropriation of earnings from May 9, 2002 to December 31, 2002	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	153,127	-	(153,127)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	37,573	(37,573)	-	-	-	-	-	-	-
Remuneration to directors and supervisors	-	-	-	-	-	(54,000)	(54,000)	-	-	-	-	-	(54,000)
Bonus to employees	-	-	-	-	-	(13,406)	(13,406)	-	-	-	-	-	(13,406)
Cash dividends – \$0.65 per share	-	-	(1,141,236)	-	-	(1,273,167)	(1,273,167)	-	-	-	-	-	(2,414,403)
Net income for the year ended December 31, 2003	-	-	-	-	-	4,212,314	4,212,314	-	-	-	-	-	4,212,314
Adjustment of cash dividends from treasury stock received by the subsidiary	-	-	140,753	-	-	-	-	-	-	-	-	-	140,753
Difference adjustment between the equity in net assets for the investments and the book value from subsidiaries	-	-	732	-	-	(2,007)	(2,007)	-	-	-	-	-	(1,275)
Prior years' adjustments recognized from subsidiaries	-	-	-	-	-	220	220	-	-	-	-	-	220
Unrealized loss on long-term equity investments recognized from subsidiaries	-	-	-	-	-	-	-	20,628	-	-	-	-	20,628
Unrealized revaluation loss on long-term equity investments recognized from subsidiaries	-	-	-	-	-	-	-	-	23,679	-	-	-	23,679
Change in cumulative translation adjustment on long-term equity investments recognized from subsidiaries	-	-	-	-	-	-	-	-	-	(99,813)	-	-	(99,813)
Net loss not recognized as pension cost recognized from subsidiaries	-	-	-	-	-	-	-	-	-	-	(220)	-	(220)
Treasury stock transactions recognized from subsidiaries	-	-	19,695	-	-	-	-	-	-	-	-	348,648	368,343
BALANCE, DECEMBER 31, 2003	3,748,127	\$37,481,270	\$8,087,902	\$ 153,127	\$ 37,573	\$ 4,210,527	\$4,401,227	(\$ 300,801)	(\$ 17,016)	\$ 224,739	(\$ 220)	(\$2,896,922)	\$ 46,980,179

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



SINOPAC HOLDINGS AND SUBSIDIARIES

Consolidated Statements of Cash Flows

• FOR THE YEAR ENDED DECEMBER 31, 2003 AND FOR THE PERIOD FROM MAY 9, 2002 (DATE OF ESTABLISHMENT) TO DECEMBER 31, 2002 (Note 1)

(In Thousands of New Taiwan Dollars)	2003	2002 (Restated-Note2)
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated net income	\$ 4,212,314	\$ 1,548,606
Net income from subsidiaries for the period from January 1, 2002 to May 8, 2002	-	1,952,668
Minority interest income (loss)	21,206	(188,941)
Consolidated net income for the year ended December 31	4,233,520	3,312,333
Adjustments to reconcile net income to net cash used in operating activities		
Depreciation and amortization	1,071,747	1,035,778
Euro-convertible bonds and its accrued interest premium	228,218	-
Provision for credit and trading losses	2,028,813	1,733,968
Reversal of decline in market value of securities purchased	-	(809)
Provision for decline in market value of operating securities	56,665	2,146
Other expenses and losses	41,296	317
Realized loss on long-term equity investments	18,006	10,583
Income from long-term equity investments under the equity method-net	(751,287)	(380,470)
Cash dividends received from long-term equity investments under the equity method	24,566	82,000
Loss (gain) on sale of long-term equity investments	5,215	(4,894)
Loss on disposal of properties-net	46,089	64,984
Gain on warrants issued-net	(432,909)	(305,752)
Increase in accrued pension cost	162,613	162,142
Increase in prepaid pension fund	(35,618)	(44,687)
Deferred income taxes	231,512	152,502
Decrease (increase) in securities purchased-for trading purposes	5,768,720	(192,406)
Decrease (increase) in operating securities	1,208,326	(4,033,371)
Decrease in securities purchased under agreements to resell	448,924	7,549,318
Increase in accounts, interest and other receivables	(18,516,624)	(6,985,265)
Increase in prepayments and other	(145,428)	(4,620)
Decrease in securities sold under agreements to repurchase	(4,926,140)	(3,936,161)
Increase in warrant liabilities-net	827,888	199,729
Increase in accounts, interest and other payables	8,283,499	1,562,281
Other	(1,379)	-
Net cash used in operating activities	(123,768)	(20,354)
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in due from banks	(8,412,843)	29,705,562
Increase in due from Central Bank	(397,635)	(3,814,273)
Increase in securities purchased for investing purposes	(7,843,231)	(2,269,876)
Increase in loans, discounts and bills purchased	(29,620,680)	(34,197,459)
Acquisition of properties	(1,005,770)	(872,952)
Increase in long-term equity investments	(2,817,384)	(1,153,727)
Decrease (increase) in long-term bond investments	1,431,251	(346,309)
Proceeds from sales of long-term equity investments	526,989	947,183
Proceeds from sales of properties	5,554	80,789
Decrease (increase) in other assets	(5,725,199)	2,322,524
Net cash used in investing activities	(53,858,948)	(9,598,538)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	1,708,000	4,166,701
Increase in commercial papers issued	1,460,471	-
Increase (decrease) in call loans and due to banks	(13,990,307)	27,996,774
Increase in deposits and remittances	73,360,680	18,638,285
Increase in bank debentures	14,909,670	2,000,000
Increase in bonds payable	2,000,000	8,160,299
Decrease in long-term borrowings	(161,972)	(1,357,696)
Increase in other liabilities	392,363	322,932
Cash dividends paid	(2,414,403)	-
Remuneration paid to directors and supervisors and bonus to employees	(188,805)	(317,120)
Proceeds from reissuance of treasury stock to employees	368,344	783,408
Net cash provided by financing activities	77,444,041	60,393,583
INCREASE IN CASH AND CASH EQUIVALENTS	23,461,325	50,774,691
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	68,444,531	17,669,840
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 91,905,856	\$ 68,444,531
SUPPLEMENTAL INFORMATION		
Interest paid	\$ 6,650,169	\$ 9,177,523
Income tax paid	\$ 800,293	\$ 810,043
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Current portion of bonds payable	\$ 550,000	\$ 1,000,000
Reissuance of treasury stock to employees, with payment received in prior year	\$ -	\$ 175,808

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

(Concluded)

SINOPAC HOLDINGS AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2003 AND FOR THE
PERIOD FROM MAY 9, 2002 TO DECEMBER 31, 2002
(In Thousands of New Taiwan Dollars, Unless Otherwise Stated)

1. ORGANIZATION AND OPERATIONS

SinoPac Holdings (the Company) was formed pursuant to the Financial Holding Company Act and other related regulations on May 9, 2002. Following the incorporation, the Company issued stocks to swap for the shares of Bank SinoPac, National Securities Corporation (NSC), and SinoPac Securities Co., Ltd. (SPS), at ratios of 1:1.0267130836, 1:1.0098971566 and 1:0.7968960296, respectively, resulting in all three companies becoming wholly-owned subsidiaries of the Company. The shares of Bank SinoPac and NSC then ceased trading on the Taiwan Stock Exchange (TSE) and GreTai Securities Market (OTC), respectively, while SinoPac Holdings became listed on the TSE.

On July 22, 2002, SPS was merged into NSC with the latter as surviving entity pursuant to resolutions reached by the Boards of both companies. The swap ratio is 1.2672884782 shares of SPS's stock for each share of NSC's common stock, and the merged company was immediately renamed to SinoPac Securities Corporation (SinoPac Securities).

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

Bank SinoPac obtained government approval to incorporate on August 8, 1991 and started operations on January 28, 1992. The Bank is engaged in commercial banking, trust, and foreign exchange operations as prescribed by the Banking Law.

As of December 31, 2003, Bank SinoPac's operating units include Banking, Trust, International Division of the Head Office, an Offshore Banking Unit (OBU), 44 domestic branches, 2 overseas branches and 1 overseas representative office.

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

On August 15, 1997, Bank SinoPac acquired Far East National Bank (FENB), through SinoPac Bancorp, by purchase of 100% of its shares. FENB was established in Los Angeles in 1974. It is a commercial bank engaged mainly in deposit taking and lending businesses. As of December 31, 2003, FENB had 15 branches in Los Angeles and San Francisco areas and 1 Beijing representative office. It also has 6 wholly-owned subsidiaries—Far East Capital Corporation, FENB Securities, Inc., FENB Loan Corp., FENB Film Corp., FENB Services Inc., and Film Service Management Corp.

SinoPac Securities was established on October 11, 1988 and started operations on November 8, 1988. It engages in transactions involving marketable securities such as: (a) underwriting, dealing (securities and futures) and brokerage, (b) financing customers' acquisition and short-sales, (c) trading foreign securities on behalf of customers, (d) assistance activities in futures trading. As of December 31, 2003, SinoPac Securities has 47 branches supporting its head office.

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 and commenced operations on July 25, 2000 and July 24, 2000, respectively. These two companies are mainly engaged in life and property insurance agency.

AnShin Card Services Co., Ltd. (AnShin Card Services) was established on March 14, 2000 and its major business is to issue credit cards to cardmembers and provide related services. On December 20, 2002, AnShin Card Services' previous shareholder, Bank SinoPac, transferred all its common shares at a total of 81,103,709 shares (49.76%) to SinoPac Holdings. Moreover, SinoPac Holdings acquired 64,665,033 common shares (39.67%) of AnShin Card Services from ING Heart Investment Co., Ltd. on September 17, 2003 and after that, AnShin Card Services became a subsidiary of SinoPac Holdings.

As of December 31, 2003 and 2002, SinoPac Holdings and the aforesaid subsidiaries had a total of 4,837 and 4,942 employees, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting policies, which conform to the Criteria Governing the Preparation of Financial Reports of Financial Holding Companies, Criteria Governing the Preparation of Financial Reports of Securities Issuers, Criteria Governing the Preparation of Financial Reports of Securities Firms, Criteria Governing the Preparation of Financial Reports of Futures Commission Merchants and accounting principles generally accepted in the Republic of China (ROC). In determining the allowance for credit losses, depreciation, pension, losses upon suspended lawsuit and provision for losses on guarantees, the Company needs to estimate reasonable amounts. Since the estimates were usually judged and made under the uncertain conditions, thus, the estimates may vary from the actual amounts. Significant accounting policies of the Company are summarized below:

● Consolidation

The consolidated financial statements include the accounts of the SinoPac Holdings, Bank SinoPac, as consolidated with SinoPac Bancorp and its subsidiary FENB, SinoPac Securities, SinoPac Life Insurance Agent, SinoPac Property Insurance Agent and AnShin Card Services (the Company, thereafter). All significant inter-company transactions and balances have been eliminated for the consolidation purpose.

The operating revenues and total assets of the other investees—SinoPac Venture Capital Co., Ltd. (SinoPac Venture Capital), SinoPac Call Center Co., Ltd. (SinoPac Call Center), SinoPac Asset Management International (SinoPac Asset Management),



SinoPac Marketing Consulting Co., Ltd. (SinoPac Marketing Consulting), SinoPac Leasing Corporation (SPL), SinoPac Capital Limited, SinoPac Financial Consulting Co., Ltd., SinoPac Futures Corp., SinoPac Securities (Cayman) Holdings Ltd., SinoPac Capital Management Corp. and SinoPac Asset Management Corp. (B.V.I.)—are individually less than 10%, and are in aggregate less than 30%, of those of respective parent company. This situation shows the investees do not reach the threshold for SinoPac Holdings' consolidation. Accordingly, their accounts were not included in the consolidated financial statements.

The Company's two subsidiaries—SinoPac Life Insurance Agent and SinoPac Property Insurance Agent, were "Insurance Subsidiaries" as promulgated in the Financial Holding Company Act. Accordingly, the Criteria requires these two subsidiaries to be treated as the consolidated entities, despite that their total assets and operating revenues were less than 10% of those of the Company, respectively.

Since AnShin Card Services became a subsidiary of SinoPac Holdings since September 17, 2003 and was treated as the consolidated entity of SinoPac Holdings and subsidiaries for the year ended December 31, 2003. For the comparison of the consolidated financial statements, AnShin Card Services has been restated as the consolidated entity for the 2002 consolidated financial statements to conform to the 2003 consolidated financial statements presentation.

● **Distinctions Between Current and Non-current Assets and Liabilities**

Since the operating cycle could not be reasonably identified in the banking industry, accounts included in the financial statements of Bank SinoPac as consolidated with SinoPac Bancorp and its subsidiary, FENB, are not classified as current or non-current. Notwithstanding these accounts are properly categorized according to the nature of each account and sequenced by their liquidity. Please refer to Note 40 for maturity analysis of assets and liabilities.

Except for stated in the proceeding paragraph, assets that are expected to be converted or consumed within one year are classified as current. Obligations that are expected to be liquidated or settled within one year are classified as current. All other assets and liabilities are classified as noncurrent.

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**

Cash equivalents consist of commercial papers, which are stated at cost and with maturities within three months from the date of investment. Cost of commercial papers sold is determined by the specific identification method.

● **Securities Purchased**

Securities purchased include short-term bills, stocks, beneficiary certificates, treasury bills and bonds.

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

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

● **Operating Securities**

Stocks—except for Emerging Stocks—held by SinoPac Securities Dealing and Underwriting departments are stated at the lower of aggregate cost or market value. Emerging Stocks are stated at cost. The aggregate market value of the stocks, except that of Emerging Stocks, is based on the closing price on the balance sheet date. The costs of stocks sold are 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 OTC. The costs of bonds sold are determined by the moving-average method.

Allowance for loss 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.

SinoPac Securities is the participating dealer in the exchange traded funds (ETFs) market. When SinoPac Securities exchanges the component stocks for an ETF (or vice versa), it recognizes the disposal gains or losses of the exchanged-out assets at fair market value and takes the market value as book value of the exchanged-in assets.

● **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 hedged securities is charged to current income. The repurchase cost of warrants issued is calculated using the moving-average method, with the related gain or loss accounted for as "gain/loss on warrants issued".

Securities held as hedges for warrants issued are stated at purchase cost. Securities held before and then transferred to hedge position 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 warrants hedging". The loss on decline in market value of such securities is charged to current income.

● **Securities Purchased or Sold Under Agreements to Resell or to Repurchase**

Except for Bank SinoPac and its subsidiaries, sales or purchases of bonds under agreements to repurchase or resell for the Company are stated at cost. The difference between the original purchase cost (or sale price) and the contracted resale (or repurchase) amount is recognized as interest income (or interest expense).

For Bank SinoPac and its subsidiaries, sales and purchases of bonds and short-term bills under agreements to repurchase or to resell are treated as outright sales or purchases under the directive issued by Ministry of Finance (the "MOF"). However, pursuant to the "Criteria Governing the Preparation of Financial Reports by Public Banks" effected since January 1, 2004, the repurchase/resell transactions will be treated as financing.

● **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 are recorded as "refinancing borrowings", which are collateralized by securities bought by customers.

The collateral securities are disposed of by SinoPac Securities when their market values 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, the balance of the margin loan is reclassified under "overdue receivables". If the collateral security cannot be sold in the open market, the balance of the loan is reclassified as "other receivables" or "overdue receivables".

Stock loans represent securities lent to customers for short sales. The deposits received from customers on securities lent 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 SinoPac Securities, SinoPac Securities 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 SinoPac Securities 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".

● **Sales of Accounts Receivable**

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

- a. Transferred accounts receivable has been isolated from AnShin Card Services. AnShin Card Services, along with its creditors, is unable to control the future economic benefits.
- b. The transferee has the right to pledge or transfer accounts receivable purchased, and 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 the related accrued interest thereon are classified as nonperforming when the loan is six months overdue. In addition, upon approval by the board of directors, those loans which are less than six months overdue will also be classified as nonperforming.



Receivables past due over six months 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 income.

● **Allowance for Credit Losses and Provision for Losses on Guarantees**

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

Pursuant to "The Rules of Bank Asset Evaluation, Loss Reserve Provision, and Disposal of Overdue Loans and Bad Debts" (the "Rules") issued by the MOF, Bank SinoPac evaluates credit losses on the basis of its borrowers'/clients' financial positions, Bank SinoPac's prior experiences, repayments for principal and interest by borrowers/clients, collateral provided, and estimated collectibility.

Bank SinoPac assesses losses on particular loans in accordance with the Rules stated above. The Rules provide that the minimum provision for credit losses should not be less than the aggregate of 50% of the doubtful credits and 100% of the unrecoverable credits.

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

For SinoPac Securities and AnShin Card Services, allowance for bad debts is provided on the basis of a review of the collectibility of notes and accounts receivables, other receivables and nonperforming. After providing this allowance, SinoPac Securities 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. The above reserve for SinoPac Securities can be used only to write off nonperforming.

● **Long-term Equity Investments**

Under a directive issued by the Accounting Research and Development Foundation (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 share swap. The par value of stocks issued by the holding company is accounted for as capital stock, while any excess of the 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 amount 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 15 years by SinoPac Holdings and Bank SinoPac and 5 years by SinoPac Securities, respectively.

If an investee issues new shares and the Company does not purchase new shares proportionately, then the investment percentage, and the equity in net assets for the investee will be changed. Such difference will be used to adjust the additional paid-in capital and the long-term equity investment. If the carrying value of additional paid-in capital from long-term equity investment is not enough to be offset, then the difference will be debited to the retained earnings.

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

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

● **Long-term Bond Investments**

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

● **Properties**

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

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

Depreciation computed using the straight-line method over service lives estimated as follows: buildings, 6 to 60 years; computer equipment, 3 to 8 years; transportation equipment, 3 to 8 years; office and other equipment, 2 to 15 years. For assets still in use beyond their original service lives, depreciation is calculated over newly estimated service lives.

● **Amortization of Issuance Costs of Euro-convertible Bonds**

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

straight-line method and recognized as issuance expenses (included in operating and administrative expenses) over the period from its issuance date to the expiration date of the put option.

- **Intangible Assets**

Intangible assets (included in other assets), mainly comprised of goodwill recognized by SinoPac Holdings as acquiring AnShin Card Services and SinoPac Bancorp as acquiring Far East National Bank, are both amortized on the straight-line basis over 15 years.

- **Deferred Charges**

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

Deferred expenses of AnShin Card Services consisting of fees arising from credit cards acquired and for employees transferred, computer software costs, costs for the expansion of utilities, and arrangement fees for syndicated loans and for revolving sales of accounts receivable are deferred and amortized using the straight-line method over the economic benefit period. Fees arising from credit cards acquired are amortized over the estimated economic benefit period of 5 years. Fees arising from employees transferred are amortized over the transfer period of 3 years. Computer software costs and costs for the expansion of utilities are amortized over a period of 3 to 7 years. The fees paid by AnShin Card Services for arrangement of syndicated loans are amortized over the loan term of 5 years. The arrangement fees for revolving sales of accounts receivable are amortized over the contract term of 3 years on a straight-line basis.

- **Collaterals Assumed**

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

- **Properties Held for Lease**

Properties held for lease (included in other assets) are depreciated using the straight-line method over service lives of 50 to 55 years.

- **Interest Premium**

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

- **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 as "other receivables" or "other payables" in the financial statements at net amounts.

- **Reserve for Default Accounts**

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

- **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 Futures Commission Merchants. When the accumulated reserve for trading losses reaches \$200,000 or the lowest legal capital of the futures department, allocation will be suspended. This reserve can be used only to offset actual loss from securities and futures dealings.

- **Derivative Financial Instruments**

- a. Foreign exchange forward contracts

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 as of 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 as of 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 as of the balance sheet dates are credited or charged to current income.



c. Currency swap contracts

Foreign-currency spot-position assets or liabilities arising from currency swap contracts, which are mainly for accommodating customers' needs or managing the Company's currency positions, are recorded at spot rates when the transactions occur; while the corresponding forward-position assets or liabilities are recorded at the contracted forward rates, with receivables netted against the related payables.

The related discount or premium is amortized by the straight-line basis over the contract period.

d. Cross-currency swaps

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

Cross-currency swap contracts, which are for the purposes of accommodating customers' needs or managing the Company's exposures, are marked to market as of the balance sheet dates.

The net 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.

e. Options

For Bank SinoPac, options bought and/or held and options written, which are mainly for accommodating customers' needs or managing Bank SinoPac's 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, premiums received from short options or paid for long options 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—nonhedging.

f. Interest rate swaps

For Bank SinoPac, 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 for accommodating customers' needs or managing Bank SinoPac's interest rate positions. The interest received or paid at each settlement date is recognized as interest revenue or expense. These instruments are marked to market as of the balance sheet dates. For swaps entered into for hedging purposes, the net interest on each settlement is recorded as an adjustment to interest revenue or expense associated with the item being hedged.

For SinoPac Securities, interest rate swap contracts are recognized through memo entries at the contract dates. The fair value of the contracts is presented as derivative financial assets and liabilities—OTC and is written off on the settlement date. At 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 swap contracts with banks to hedge the effects of interest rate fluctuations on its liabilities. These contracts do not involve exchanges of the notional principals and are recognized through memo entries on the contract dates. At the balance sheet date, the interest arising from the difference between the floating interest rate and agreed interest rate is recorded in the current income. AnShin Card Services adopted International Accounting Standard (IAS) No. 39, "Financial Instruments: Recognition and Measurement". 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

For Bank SinoPac, asset swaps involve 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 revenue or expense associated with the bonds or notes being hedged.

SinoPac Securities' 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 outright plus an interest rate swap contract and a long call option on the convertible bond. The notional amount of the swap contract is recognized through a memo entry. The accounting treatment for a convertible bond sold outright is the same as that 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)—OTC 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 financial instruments transaction—OTC.

For short call options, the notional amount is recognized through a memo entry at the transaction date, and the premium received is recognized as derivative financial liabilities—OTC. At 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—OTC.

h. Futures

Margin deposits paid by Bank SinoPac for interest rate futures contracts entered into for trading or hedging 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 hedging or non-hedging depending on its purposes, and are classified as realized or unrealized gains or losses depending on whether the gains or losses had been realized.

For SinoPac Securities, 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 arising 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/unrealized gains or losses from futures transactions—non-hedging or realized/unrealized gains or losses from futures transactions—hedging depending on the transaction purpose.

i. Credit default swaps

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

j. Structured note transactions

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

For the principal-guaranteed note transactions, SinoPac Securities receives the contract price from the investors. SinoPac Securities 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. SinoPac Securities 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, SinoPac Securities receives the contract price from the investors. SinoPac Securities simultaneously invests the investors' funds in fixed-income instruments while investors long put options on underlying assets. The contract price received is recognized as follows: (a) equity-linked note liabilities—fixed income instruments. SinoPac Securities amortizes the principal and recognizes the implied interest expenses using the straight-line method. The interest expense is presented as loss 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)—OTC and all gains (losses) are presented as gains (losses) from derivative financial instruments transactions—OTC.

The fixed income instruments invested in by SinoPac Securities under the contract are stated at cost, presented as operating securities—custody account, and carried at the lower of aggregate cost or market value. SinoPac Securities recognizes interest income from the instruments on an accrual basis on the contracted period. The risk management instruments invested in by SinoPac Securities under the contract are stated at purchase cost, presented as operating securities—hedged, and revaluated at the lower of cost or market value based on individual contract. The loss on decline in market value of such securities is charged to income.

● **Revenue Recognition**

Interest revenue is recorded by the accrual method. However, no interest revenue is recognized in the accompanying financial statements on loans and other credits extended by Bank SinoPac that are classified as nonperforming loans. The interest revenue on those loans/credits is recognized upon collection. Under the MOF regulations, the 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 by SinoPac Holdings is accrued according to the related offering terms.

For SinoPac Securities, revenues from rendering services, such as brokerage and underwriting commissions and fees, stock affairs agent fees and futures commissions, etc., are recognized according to the stage of completion as of the balance sheet dates. Dividend income from equity securities is recognized on ex-dividend dates or on the dates when the stockholders resolve dividends.

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

● **Pension**

Pension expense (including retirement and severance benefits cost, the "pension expense" thereon) is determined based on actuarial calculations except for FENB.

● **Treasury Stock**

Capital share acquired as treasury stock is carried at cost and presented as a separate deduction from stockholders' equity. When the treasury stock is re-issued to the employees, the difference between the reissue price and acquisition cost will be credited or charged to "additional paid-in capital surplus—treasury stock", and the retained earnings if there is deficiency.

Under a directive of the SFC, treasury stock originally owned by a financial institution that later becomes a subsidiary of a financial holding company through a share swap, should continue to be treated as treasury stock in the subsidiary's books after the swap. But if the subsidiary owns shares of another subsidiary under the same financial holding company, and the shares are later exchanged for the parent company's shares, these shares should be treated as investments in subsidiary's books, but as treasury stock in parent company's books starting December 31, 2002.

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

● **Income Tax**

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

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

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

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

Income taxes (10%) on unappropriated earnings after January 1, 1998 is recorded as income tax in the year when the stockholders resolve the appropriation of the earnings.

The adoption of linked tax system of income tax filing is upon to a directive issued by the ARDF of the ROC.

● **Contingencies**

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

● **Foreign-currency Transactions**

For SinoPac Holdings 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 payables 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 the resulting differences 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.

Bank SinoPac records foreign-currency transactions in the respective currencies in which these are denominated. Foreign-currency denominated income and expenses are translated into New Taiwan dollars at month-end rates. Foreign-currency assets and liabilities are translated into New Taiwan dollars at closing rates as of the balance sheet dates. Realized and unrealized foreign exchange gains or losses are credited or charged to current income.

Gains or losses resulting from restatement at period-end of foreign-currency denominated long-term equity investments accounted for by the equity method are credited or charged to "cumulative translation adjustment" under stockholders' equity.

3. ELIMINATIONS OF SIGNIFICANT TRANSACTIONS BETWEEN PARENT COMPANY AND SUBSIDIARIES

Name of Corporation	Elimination Account	Amount	Counterparties of Transaction
<u>For the year ended December 31, 2003</u>			
SinoPac Holdings	Cash and cash equivalents	\$ 6,802,454	Bank SinoPac and its subsidiaries
	Interest receivable	15,838	Bank SinoPac and its subsidiaries
	Accounts receivable	13,449	SinoPac Securities
	Interest revenue	97,610	Bank SinoPac and its subsidiaries
Bank SinoPac and its subsidiaries	Deposits and remittances	6,802,454	SinoPac Holdings
	Deposits and remittances	2,074,763	SinoPac Securities
	Deposits and remittances	96,426	SinoPac Life Insurance Agent
	Deposits and remittances	7,809	AnShin Card Services
	Deposits and remittances	2,530	SinoPac Property Insurance Agent
	Loans, discounts and bills purchased	600,000	SinoPac Securities
	Accounts receivable	40,120	AnShin Card Services
	Accounts receivable	175,060	SinoPac Securities
	Interest payable	15,838	SinoPac Holdings
	Service fees revenue	19,390	AnShin Card Services
	Interest expense	97,610	SinoPac Holdings
	Operating and administrative expenses	16,269	SinoPac Securities
	SinoPac Securities	Cash and cash equivalents	943,066
Commissioned commerce debit		1,697	Bank SinoPac and its subsidiaries
Pledged time deposits		1,130,000	Bank SinoPac and its subsidiaries
Accounts receivable		10,873	AnShin Card Services
Short-term borrowings		600,000	Bank SinoPac and its subsidiaries
Accounts payable		175,060	Bank SinoPac and its subsidiaries
Accounts payable		13,449	SinoPac Holdings
Service fees		10,022	AnShin Card Services
Nonoperating income and gains		16,269	Bank SinoPac and its subsidiaries
SinoPac Life Insurance Agent	Cash and cash equivalents	96,426	Bank SinoPac and its subsidiaries
	Accounts receivable	19,421	AnShin Card Services
	Service charges	31,000	AnShin Card Services
SinoPac Property Insurance Agent	Cash and cash equivalents	2,530	Bank SinoPac and its subsidiaries
AnShin Card Services	Cash and cash equivalents	7,809	Bank SinoPac and its subsidiaries
	Accounts payable	40,120	Bank SinoPac and its subsidiaries
	Accounts payable	10,873	SinoPac Securities
	Accounts payable	19,421	SinoPac Life Insurance Agent
	Service fees revenue	31,000	SinoPac Life Insurance Agent
	Operating and administrative expenses	19,390	Bank SinoPac and its subsidiaries
	Operating and administrative expenses	10,022	SinoPac Securities



<u>Name of Corporation</u>	<u>Elimination Account</u>	<u>Amount</u>	<u>Counterparties of Transaction</u>
<u>For the year ended December 31, 2002</u>			
SinoPac Holdings	Cash and cash equivalents	\$ 8,528,634	Bank SinoPac and its subsidiaries
	Interest receivable	19,080	Bank SinoPac and its subsidiaries
	Interest revenue	71,646	Bank SinoPac and its subsidiaries
Bank SinoPac and its subsidiaries	Deposits and remittances	8,528,634	SinoPac Holdings
	Deposits and remittances	1,198,058	SinoPac Securities
	Deposits and remittances	37,858	SinoPac Life Insurance Agent
	Deposits and remittances	15,707	AnShin Card Services
	Deposits and remittances	1,595	SinoPac Property Insurance Agent
	Loans, discounts and bills purchased	200,000	SinoPac Securities
	Receivables from affiliates	48,887	AnShin Card Services
	Interest payable	19,080	SinoPac Holdings
	Interest expense	71,646	SinoPac Holdings
	Interest expense	53,144	SinoPac Securities
	Operating and administrative expenses	22,404	SinoPac Securities
	Service fees revenue	20,447	AnShin Card Services
SinoPac Securities	Cash and cash equivalents	68,058	Bank SinoPac and its subsidiaries
	Pledged time deposits	1,130,000	Bank SinoPac and its subsidiaries
	Short-term borrowings	200,000	Bank SinoPac and its subsidiaries
	Interest revenue	53,144	Bank SinoPac and its subsidiaries
	Nonoperating income and gains	22,404	Bank SinoPac and its subsidiaries
SinoPac Life Insurance Agent	Cash and cash equivalents	37,858	Bank SinoPac and its subsidiaries
SinoPac Property Insurance Agent	Cash and cash equivalents	1,595	Bank SinoPac and its subsidiaries
AnShin Card Services	Cash and cash equivalents	3,167	Bank SinoPac and its subsidiaries
	Refundable guarantee deposits	12,540	Bank SinoPac and its subsidiaries
	Collections payable	48,887	Bank SinoPac and its subsidiaries
	Operating and administrative expenses	20,447	Bank SinoPac and its subsidiaries

4. CASH AND CASH EQUIVALENTS

	December 31	
	2003	2002
Negotiable certificates of deposit	\$ 88,234,898	\$ 64,644,097
Cash on hand	1,698,183	1,658,543
Notes and checks in clearing	1,570,821	451,314
Commercial papers-due in January to March 2004, and January 2003, with interest rate from 0.90% to 0.95% and from 1.40% to 1.45%, respectively.	234,726	249,780
Deposits in Bank	167,228	1,440,797
	<u>\$ 91,905,856</u>	<u>\$ 68,444,531</u>

As of December 31, 2003 and 2002, negotiable certificates of deposit aggregating \$800,000 and \$23,600,000, respectively, had maturities over one year and may be withdrawn momentarily.

For Bank SinoPac, to comply with the Central Bank's clearing system of Real-Time Gross Settlement (RTGS), negotiable certificates of deposit aggregating \$15,000,000 and \$13,800,000 had been provided as collateral for the daytime overdraft as of December 31, 2003 and 2002, respectively, with the pledged amount which can be adjusted momentarily.

5. DUE FROM CENTRAL BANK

This account 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 are determined monthly at prescribed rates on average balances of customers' NTD-denominated deposits. These reserves include \$6,506,839 and \$5,437,730 as of December 31, 2003 and 2002, respectively, which are subject to withdrawal restrictions.

In addition, the foreign-currency deposit reserves 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, 2003 and 2002, the balances of foreign-currency deposit reserves were \$50,967 and \$45,179, respectively.

6. SECURITIES PURCHASED

	December 31	
	2003	2002
Commercial papers	\$ 8,846,416	\$ 5,589,107
Floating rate notes	8,275,813	3,789,720
Corporate bonds	4,954,186	14,343,933
Mutual fund beneficiary certificates	3,474,843	5,053,679
Bank debentures	2,032,613	583,584
Treasury bills	719,217	3,940,049
Government bonds	601,763	1,797,744
Listed and over-the-counter stocks	200	200
	<u>\$ 28,905,051</u>	<u>\$ 35,098,016</u>

As of December 31, 2003 and 2002, the aggregate market values or reference prices of floating rate notes, corporate bonds, mutual fund beneficiary certificates, bank debentures, government bonds and listed and over-the-counter stocks were as follows:

	December 31	
	2003	2002
Floating rate notes	\$ 8,268,004	\$ 3,889,345
Corporate bonds	5,345,631	14,458,525
Mutual fund beneficiary certificates	3,535,648	5,005,712
Bank debentures	2,017,249	593,128
Government bonds	610,492	1,829,449
Listed and over-the-counter stocks	169	139

7. ACCOUNTS, INTEREST AND OTHER RECEIVABLES

	December 31	
	2003	2002
Accounts and notes receivable	\$ 26,397,513	\$ 12,648,211
Margin loan receivable	15,826,453	12,089,479
Credit card receivables	6,177,213	6,998,327
Accrued revenue	1,093,271	590,426
Interest receivable	982,878	1,627,798
Tax refundable	187,428	183,456
Other	2,021,594	683,395
	<u>52,686,350</u>	<u>34,821,092</u>
Less—allowance for credit losses	146,727	236,124
Net	<u>\$ 52,539,623</u>	<u>\$ 34,584,968</u>

The balances of the accounts receivable as of December 31, 2003 and 2002 included \$25,065,780 and \$11,200,653, respectively, representing accounts receivable from other parties in the factoring business.



8. OPERATING SECURITIES

	December 31	
	2003	2002
<u>Dealing department</u>		
Bonds		
Issued by government (interest rate from 1.00% to 7.75% in 2003 and from 2.25% to 7.75% in 2002)	\$ 3,808,848	\$ 5,732,419
Issued by corporations (interest rate from 1.20% to 6.60% in 2003 and from 2.20% to 7.36% in 2002)	2,493,198	5,466,325
Issued by banks (interest rate from 1.325% to 6.04% in 2003 and from 3.55% to 6.04% in 2002)	900,000	1,152,422
Subtotal	7,202,046	12,351,166
Listed stocks and convertible corporate bonds	1,452,370	1,577,780
Stocks and convertible bonds traded OTC	1,543,606	1,465,917
Emerging stocks	292,850	453,230
Taiwan Innovative Growing Entrepreneurs	48,119	24,704
Exchanged traded funds	277	-
Net	<u>\$ 10,539,268</u>	<u>\$ 15,872,797</u>
<u>Underwriting department</u>		
Listed stocks	\$ 388,237	\$ 392,630
OTC stocks and convertible bonds	1,603,420	565,784
Taiwan depository receipts of listed company	263,736	-
Stocks other than listed, traded over-the-counter and convertible bonds	50,000	64,986
Net	<u>\$ 2,305,393</u>	<u>\$ 1,023,400</u>
<u>Securities held for hedging purposes</u>		
Stocks held for warrants	\$ 2,763,021	\$ 153,800
Less—allowance for decline in market value	67,644	12,787
Net	<u>\$ 2,695,377</u>	<u>\$ 141,013</u>
<u>Securities for hedging purposes</u>		
Securities held for structured notes	\$ 125,412	\$ -
Less—allowance for decline in market value	1,808	-
Net	<u>\$ 123,604</u>	<u>\$ -</u>
<u>Securities in custody account</u>		
Time deposits—due in January to October in 2004, with interest rate from 1.00% to 1.40%	\$ 108,577	\$ -
Operating securities—net	<u>\$ 15,772,219</u>	<u>\$ 17,037,210</u>

The market values of securities based on the closing prices and reference prices at the end of 2003 and 2002 were as follows:

	December 31	
	2003	2002
Dealing department—bonds	\$ 7,288,443	\$ 12,646,782
Dealing departments—listed and OTC stocks and convertible bonds	3,014,164	2,824,808

	December 31	
	2003	2002
Dealing department—Taiwan Innovative Growing Entrepreneurs	\$ 46,079	\$ 20,345
Dealing department—exchange traded funds	276	-
Underwriting department—listed and OTC stocks and convertible bonds	2,080,324	1,067,137
Underwriting department—Taiwan depository receipts of listed company	223,362	-
Securities for hedging purposes	2,810,637	141,013
Hedged—structured notes	123,798	-

The unsecured corporate bonds issued by Chien Shing Stainless Steel Co., Ltd. were not redeemed when they matured on September 19, 2002. The Company received a promissory note of \$50,000 for the portion of the bonds which it presented as current asset (\$25,000) based on their maturity dates. Also, the entire amount of the notes was provided with an allowance for losses.

9. SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL

As of December 31, 2003 and 2002, securities purchased under agreements to resell (please see Notes 2 and 34), will be sold for \$1,080,395 and \$1,539,587 in December 2004 and September 2003, respectively.

10. LOANS, DISCOUNTS AND BILLS PURCHASED

	December 31	
	2003	2002
Overdrafts	\$ 2,087,651	\$ 2,834,970
Short-term loans	66,872,357	52,644,007
Mid-term loans	56,106,300	58,389,464
Long-term loans	124,371,432	109,672,916
Import and export negotiations	2,735,187	1,320,750
Bills purchased	398	1,712
Non-performing loans	3,500,275	2,753,699
	<u>255,673,600</u>	<u>227,617,518</u>
Less—allowance for credit losses	2,655,438	2,524,082
—unearned loan fees	143,962	120,991
Net	<u>\$ 252,874,200</u>	<u>\$ 224,972,445</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, 2003 and 2002, the balances of nonaccrual loans were \$3,235,343 and \$3,709,926, respectively. The unrecognized interest revenues on non-accrual loans amounted to \$145,854 and \$187,803 for the years ended December 31, 2003 and 2002, respectively.

For the years ended December 31, 2003 and 2002, the Company had not written off credits for which legal proceedings had not been initiated.

The details and changes in allowance for credit losses of loans, discounts and bills purchased for the years ended December 31, 2003 and 2002, respectively, were summarized below:



	For the Year Ended December 31, 2003		
	For Losses on Particular Loans	For Losses on the Overall Loan Portfolio (Excluding Particular Loans)	Total
Balance, beginning of year	\$ 1,369,390	\$ 1,154,692	\$ 2,524,082
Provision	1,674,427	160,354	1,834,781
Write-off	(1,787,742)	-	(1,787,742)
Recovery of written-off credits	34,393	-	34,393
Reclassification	21,468	28,456	49,924
Balance, end of year	<u>\$ 1,311,936</u>	<u>\$ 1,343,502</u>	<u>\$ 2,655,438</u>

	For the Year Ended December 31, 2002		
	For Losses on Particular Loans	For Losses on the Overall Loan Portfolio (Excluding Particular Loans)	Total
Balance, beginning of year	\$ 924,519	\$ 1,107,719	\$ 2,032,238
Provision	1,551,339	70,364	1,621,703
Write-off	(1,717,728)	-	(1,717,728)
Recovery of written-off credits	105,731	-	105,731
Reclassification	505,529	(23,391)	482,138
Balance, end of year	<u>\$ 1,369,390</u>	<u>\$ 1,154,692</u>	<u>\$ 2,524,082</u>

As of December 31, 2003 and 2002, allowances for credit losses and provisions for losses on guarantees of the Company were \$2,835,220 and \$2,793,352, respectively.

11. LONG-TERM INVESTMENTS

	December 31	
	2003	2002
<u>Long-term equity investments</u>		
Equity method		
Unlisted stocks	\$ 8,091,387	\$ 5,334,178
Cost method		
Unlisted stocks	1,442,667	1,434,512
Listed and OTC stocks	641,925	655,717
Venture fund	119,691	-
	2,204,283	2,090,229
Less—unrealized losses	281,478	298,387
Subtotal	10,014,192	7,126,020
<u>Long-term bond investments</u>		
Corporate bonds	7,182,534	346,309
Net	<u>\$ 17,196,726</u>	<u>\$ 7,472,329</u>

The market values of long-term investments were summarized as follows:

	December 31	
	2003	2002
Listed and OTC stocks	\$ 362,044	\$ 357,330
Corporate bonds	7,068,957	353,647

As of December 31, 2003 and 2002, unrealized losses on long-term equity investments (included in the debit balance of stockholder's equity) resulting from market value decline of listed and OTC stocks held by investees accounted for by the equity method amounted to \$300,801 and \$321,429, respectively. Also, as of December 31, 2003 and 2002, the Company recognized its equity in the unrealized revaluation loss on long-term equity investments totaling \$17,016 and \$40,695, respectively (included in the debit balance of stockholder's equity) from subsidiaries, and cumulative translation adjustment (under the stockholders' equity) from subsidiaries totaling \$224,739 and \$324,552, respectively.

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

As of December 31, 2003 and 2002, Bank SinoPac held SinoPac Holdings 216,542,894 shares, both with carrying amount at \$2,896,922 and market value at \$3,945,412 and \$3,040,262, respectively, based on the daily average closing prices in December 2003 and 2002. SinoPac Holdings had treated these shares as treasury stock (please see Note 24).

12. PROPERTIES

	December 31	
	2003	2002
Cost	\$ 11,797,047	\$ 11,188,459
Accumulated depreciation		
Buildings	490,612	393,903
Computer equipment	1,714,870	1,500,918
Transportation equipment	42,844	60,708
Office and other equipment	1,413,663	1,296,687
	<u>3,661,989</u>	<u>3,252,216</u>
Advances on acquisitions of equipment and construction in progress	170,099	289,244
Net	<u>\$ 8,305,157</u>	<u>\$ 8,225,487</u>

13. OTHER ASSETS

	December 31	
	2003	2002
Refundable guarantee deposits	\$ 4,936,776	\$ 2,594,125
Value of options purchased	2,623,035	1,124,421
Pledged time deposits	2,536,400	2,203,400
Intangible assets	1,728,878	953,180
Collateral assumed	1,356,227	380,460
Computer system software	381,161	329,800
Properties held for lease-net	353,556	340,125
Deferred charges	232,154	265,501
Prepaid pension cost	199,362	163,744
Other	981,921	1,065,178
	<u>\$ 15,329,470</u>	<u>\$ 9,419,934</u>

As of December 31, 2003 and 2002, refundable guarantee deposits included \$4,336,798 and \$2,600,424, respectively, which were provided by government bonds, corporate bonds or certificate of deposits.

In September 2003, SinoPac Holdings purchased 64,665,033 common shares of AnShin Card Services from ING Heart Investment Co., Ltd. (please see Note 1). On the acquisition date, the difference between the acquisition cost and the equity in AnShin Card Services was recorded as intangible assets.

On August 15, 1997, Bank SinoPac acquired FENB through SinoPac Bancorp and the acquisition was accounted for by 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.

14. SHORT-TERM BORROWINGS

	December 31	
	2003	2002
Short-term borrowings	\$ 7,366,000	\$ 4,658,000
Current portion of corporate bonds payable	550,000	1,000,000
	<u>\$ 7,916,000</u>	<u>\$ 5,658,000</u>

As of December 31, 2003 and 2002, short-term borrowings had the last maturity dates in January to November 2004 and January to February 2003, with interest rates from 1.18% to 2.47% and from 1.30% to 2.45%, respectively. Current portion of corporate bonds payable had the last maturity dates in March 2004 and May 2003, with interest rates of 5.3% and 5.7%, respectively.



15. COMMERCIAL PAPER ISSUED

	December 31	
	2003	2002
Commercial paper issued	\$ 4,210,000	\$ 2,750,000
Less-unamortized discount	1,584	2,055
Net	<u>\$ 4,208,416</u>	<u>\$ 2,747,945</u>
Maturity date	93.01-93.07	92.01-92.09
Interest rate	0.50%-1.80%	1.07%-4.6%

16. SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

As of December 31, 2003 and 2002, securities sold under agreements to repurchase (please see Notes 2 and 34), will be repurchased for \$9,157,837 and \$14,084,151 in February 2004 and May 2003, respectively.

17. WARRANT LIABILITIES—NET

	December 31	
	2003	2002
Warrant liabilities	\$ 747,250	\$ 81,950
Repurchase of warrants issued	(264,857)	(45,346)
	<u>\$ 482,393</u>	<u>\$ 36,604</u>

Details of warrant liabilities and repurchase of warrants issued as of December 31, 2003 and 2002 were as follows:

	Listed Date	Underlying Securities	Units Issued	December 31, 2003		Strike Price (in New Taiwan Dollars)	Leverage at Issuance
				Price at Issuance (in New Taiwan Dollars)	Amount		
SinoPac Securities-07	June 10, 2003	Inventec Corporation	20,000,000	\$ 2.72	\$ 54,400	\$ 22.82	7.50
SinoPac Securities-08	June 16, 2003	Lite-On Technology Corp.	20,000,000	5.50	110,000	39.85	6.70
SinoPac Securities-09	July 15, 2003	United Microelectronics Corp.	20,000,000	2.32	46,400	29.98	10.00
SinoPac Securities-10	July 15, 2003	Hua Nan Financial Holding Co., Ltd.	20,000,000	2.57	51,400	31.18	9.00
SinoPac Securities-11	July 16, 2003	Far Eastern Textile Ltd.	20,000,000	1.38	27,600	18.77	9.90
SinoPac Securities-12	July 21, 2003	Mitac International Corp.	20,000,000	1.63	32,600	21.00	8.60
SinoPac Securities-13	July 21, 2003	Delta Electronics, Inc.	20,000,000	4.54	90,800	67.65	9.90
SinoPac Securities-14	August 4, 2003	Siliconware Precision Industries Co., Ltd.	20,000,000	2.57	51,400	36.00	9.30
SinoPac Securities-15	September 12, 2003	E. Sun Financial Holding Company, Ltd.	20,000,000	1.58	31,600	27.00	11.40
SinoPac Securities-16	September 12, 2003	Teco Electronic & Machinery Co., Ltd.	20,000,000	1.23	24,600	17.55	9.50
SinoPac Securities-17	September 17, 2003	Hua Nan Financial Holdings Co., Ltd.	20,000,000	1.68	33,600	35.70	14.20
SinoPac Securities-18	September 17, 2003	Chang Hwa Commercial Bank, Ltd.	20,000,000	1.48	29,600	23.75	11.20
SinoPac Securities-19	September 18, 2003	Evergreen Marine Corp.	20,000,000	2.52	50,400	35.40	9.40
SinoPac Securities-20	September 18, 2003	United Microelectronics Corp.	20,000,000	2.47	49,400	44.40	11.98

December 31, 2003

	Listed Date	Underlying Securities	Units Issued	Price at Issuance (in New Taiwan Dollars)	Amount	Strike Price (in New Taiwan Dollars)	Leverage at Issuance
SinoPac Securities-21	September 23, 2003	Acer Incorporated	20,000,000	\$ 4.64	\$ 92,800	\$76.50	10.99
SinoPac Securities-22	September 30, 2003	Compal Electronics, Inc.	20,000,000	4.10	82,000	78.00	12.68
SinoPac Securities-23	September 30, 2003	Micro-star International Co., Ltd.	20,000,000	6.62	132,400	94.50	9.52
SinoPac Securities-24	October 3, 2003	Nan Ya Plastics Corporation	20,000,000	2.27	45,400	60.30	17.70
SinoPac Securities-25	October 13, 2003	Far Eastern Textile Ltd.	20,000,000	1.38	27,640	21.52	10.38
SinoPac Securities-26	October 13, 2003	Taiwan Cement Corp.	20,000,000	1.19	23,700	18.37	10.34
SinoPac Securities-27	October 21, 2003	Yulon Motor Co., Ltd.	20,000,000	3.56	71,200	61.20	11.46
SinoPac Securities-28	October 22, 2003	D-Link Corporation	20,000,000	3.46	69,200	51.00	9.83
SinoPac Securities-29	October 22, 2003	Pou Chen Corporation	20,000,000	2.77	55,300	54.15	13.06
SinoPac Securities-30	October 23, 2003	Amtran Technology Co., Ltd.	20,000,000	3.36	67,200	49.20	9.76
SinoPac Securities-31	October 27, 2003	Chi Mei Optoelectronics Corporation	20,000,000	4.74	94,800	66.15	9.30
SinoPac Securities-32	October 27, 2003	Siliconware Precision Industries Co., Ltd.	20,000,000	2.87	57,300	43.65	10.16
SinoPac Securities-33	November 3, 2003	Systex Corporation	20,000,000	1.58	31,600	27.60	11.65
SinoPac Securities-34	November 14, 2003	Sampo Corporation	20,000,000	1.58	31,600	24.00	10.13
SinoPac Securities-35	November 28, 2003	Chang Hwa Commercial Bank Ltd.	20,000,000	1.33	26,660	24.15	12.08
SinoPac Securities-36	December 22, 2003	Uni-President Enterprises	20,000,000	0.94	18,760	21.00	14.93
SinoPac Securities-P1	July 23, 2003	Coretronic Corporation	5,000,000	4.69	23,450	30.21	5.90
Less : Gain on change in market value of warrants liabilities as of December 31, 2003					(887,560)		
Market value					<u>\$747,250</u>		

December 31, 2002

	Listed Date	Underlying Securities	Units Issued	Price at Issuance (in New Taiwan Dollars)	Amount	Strike Price (in New Taiwan Dollars)	Leverage at Issuance
National Securities-11	January 23, 2002	United Microelectronics Corp.	19,000,000	\$ 11.20	\$212,800	\$62.40	4.60
SinoPac Securities-01	November 1, 2002	Compal Electronics, Inc.	20,000,000	5.30	106,000	47.46	7.00
SinoPac Securities-02	November 28, 2002	Uni-president Enterprises Corp.	20,000,000	2.50	50,000	11.74	4.80
Less: Gain on change in market value of warrants liabilities as of December 31, 2002					(286,850)		
Market value					<u>\$81,950</u>		

The warrants are American-type warrants and expire between 7 to 12 months after their respective listed dates. At its option, SinoPac Securities can settle a warrant either by issuing the underlying securities or paying in cash.

The market values of warrant liabilities and warrants repurchased were calculated using their closing prices on December 31, 2003 and 2002, respectively.



Gains of warrants issued for the years ended 2003 and 2002 are \$432,909 and \$305,752, respectively. The details were as follows:

	2003	2002
Gain on change in market value of warrants	\$ 1,036,616	\$ 468,804
Gain from exercise warrants before maturity	27,270	-
Loss on change in market value of warrants repurchased—realized	(577,143)	(112,669)
Loss on change in market value of warrants repurchased—unrealized	(53,834)	(50,383)
	<u>\$ 432,909</u>	<u>\$ 305,752</u>

Details of repurchase of warrants issued as of December 31, 2003 and 2002 were as follows:

	December 31			
	2003		2002	
	Units Repurchased	Amount	Units Repurchased	Amount
National Securities-11	-	\$ -	430,000	\$ 1,409
SinoPac Securities-01	-	-	17,396,000	92,950
SinoPac Securities-02	-	-	643,000	1,370
SinoPac Securities-07	189,000	389	-	-
SinoPac Securities-08	1,073,000	4,459	-	-
SinoPac Securities-09	921,000	2,886	-	-
SinoPac Securities-10	462,000	593	-	-
SinoPac Securities-11	184,000	420	-	-
SinoPac Securities-12	210,000	186	-	-
SinoPac Securities-13	431,000	257	-	-
SinoPac Securities-14	5,941,000	19,352	-	-
SinoPac Securities-15	3,753,000	3,169	-	-
SinoPac Securities-16	222,000	167	-	-
SinoPac Securities-17	1,508,000	1,171	-	-
SinoPac Securities-18	180,000	201	-	-
SinoPac Securities-19	13,072,000	28,601	-	-
SinoPac Securities-20	218,000	210	-	-
SinoPac Securities-21	11,851,000	15,063	-	-
SinoPac Securities-22	9,387,000	6,697	-	-
SinoPac Securities-23	12,987,000	20,220	-	-
SinoPac Securities-24	11,640,000	20,389	-	-
SinoPac Securities-25	5,948,000	8,962	-	-
SinoPac Securities-26	1,796,000	3,461	-	-
SinoPac Securities-27	15,644,000	126,315	-	-
SinoPac Securities-28	14,119,000	51,190	-	-
SinoPac Securities-29	12,744,000	15,924	-	-
SinoPac Securities-30	4,644,000	2,902	-	-
SinoPac Securities-31	4,763,000	5,552	-	-
SinoPac Securities-32	15,829,000	35,075	-	-
SinoPac Securities-33	4,047,000	3,585	-	-
SinoPac Securities-34	5,198,000	5,102	-	-
SinoPac Securities-35	12,662,000	12,151	-	-
SinoPac Securities-36	19,474,000	17,650	-	-
SinoPac Securities-P1	1,192,000	6,392	-	-
Loss on change in market value of warrants repurchased		(53,834)		(50,383)
Market value		<u>\$ 264,857</u>		<u>\$ 45,346</u>

The market value of warrant issued were calculated using their closing prices on December 31, 2003 and 2002, respectively.

18. ACCOUNTS, INTEREST AND OTHER PAYABLES

	December 31	
	2003	2002
Accounts and notes payable	\$ 11,969,811	\$ 6,310,001
Notes and checks in clearing	2,413,115	1,150,541
Accrued expenses	1,993,248	1,437,092
Short sale proceeds payable	1,474,771	1,838,645
Interest payable	1,152,314	1,390,052
Deposits on short sales	1,106,590	1,461,859
Tax payable	895,591	761,070
Other	618,000	253,186
	<u>\$ 21,623,440</u>	<u>\$ 14,602,446</u>

The balance of the accounts payable as of December 31, 2003 and 2002 included \$10,359,428 and \$4,242,009, respectively, representing costs of accounts receivable from other parties in the factoring business.

19. DEPOSITS AND REMITTANCES

	December 31	
	2003	2002
Checking	\$ 10,593,267	\$ 6,138,807
Demand	63,347,183	40,955,672
Savings—demand	62,315,667	50,317,311
Time	119,088,877	110,841,625
Negotiable certificates of deposit	25,505,900	851,600
Savings—time	60,330,947	58,162,492
Inward remittances	219,625	818,984
Outward remittances	108,722	63,017
	<u>\$ 341,510,188</u>	<u>\$ 268,149,508</u>

20. BANK DEBENTURES

	December 31		Maturity Date	Terms
	2003	2002		
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 at the end of each year.
First subordinated bank debenture issued in 2002	2,000,000	2,000,000	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	-	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	-	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	-	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.



	December 31		Maturity Date	Terms
	2003	2002		
Fourth dominant bank debenture issued in 2003	\$ 400,000	\$ -	2003.05.09-2008.11.09 Principal is repayable on maturity date.	2% plus 180-day CP rate in secondary market and minus 6-month LIBOR. Interest is paid semiannually.
First subordinated bank debenture issued in 2003	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	-	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	-	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	-	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	-	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	-	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	-	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	-	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	-	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	-	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	-	2003.12.02-2009.06.02 Principal is repayable on maturity date.	Floating rate, Interest is paid semiannually.
FENB subordinated bank debenture	339,780	-	2003.06.26-2013.06.26 Principal is repayable on maturity date.	Floating rate, Interest is paid quarterly.
FENB subordinated bank debenture	169,890	-	2003.09.17-2013.09.17 Principal is repayable on maturity date.	Floating rate, Interest is paid quarterly.
	<u>\$ 21,909,670</u>	<u>\$ 7,000,000</u>		

21. BONDS PAYABLE

	December 31	
	2003	2002
Euro-convertible bonds	\$ 7,866,900	\$ 7,993,925
Add—interest premium payable	521,617	166,374
	8,388,517	8,160,299
Domestic corporate bonds	2,000,000	550,000
	\$ 10,388,517	\$ 8,710,299

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

a. Redemption terms

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

1) Early redemption at the option of the Company: The Bonds may be redeemed at their early redemption amount in whole or in part, at the option of the Company

a) Provided that after the third anniversary of the issue date, the closing prices of the common shares on the TSE, for 20 consecutive trading days, exceed 130% of the conversion price.

b) If at least 90% in principal amount of the Bonds have already been redeemed, converted, or purchased and cancelled.

c) In the event of certain changes in ROC taxation which oblige the Company to pay such additional amounts of the Bonds.

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

a) At the third anniversary of the issue date (the "put date") by submitting the Relevant Event Redemption Notice to the Company prior to the put date. The put rights will be expired after the put date.

b) If the common shares of the Company cease to be listed or trading on the TSE.

c) If there is a change in control (as defined in the Trust Deed) with respect to the Company.

b. Maturity date:

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

c. Pledged: Negative

d. Conversion right and conversion period

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

e. Conversion price

The initial conversion price was set at NT\$17.666 or US\$0.527 per share (at a fixed exchange rate of NT\$33.513=US\$1), which was determined by the closing price of the Company's share on TSE on July 8, 2002 (the pricing date) with 21% mark-up. Due to the distribution of stock dividends in 2002, the conversion price was adjusted to NT\$16.651 on August 29, 2002, one day after the record date for ex-dividend, and 462,914,539 shares of common stock were expected to be issued, accordingly.

In 2003, the Company issued total of 157,422 units of employee stock option certificates representing 157,422,000 shares of common stock. According to the fixed consideration of NT\$12 per share which was determined by the closing price on July 31, 2003, the issuance date of such stock option, the issuance of 157,422,000 shares had triggered the conversion price adjustment



from NT\$16.651 to NT\$16.607 effective on July 31, 2003. As a result of the above adjustment, the conversion price, in respect of the distribution by the Company of a cash dividend in the amount of NT\$0.65 per share for the appropriation of earnings for the period from May 9, 2002 to December 31, 2002, will be further adjusted from NT\$16.607 to NT\$15.768 effective on the record date (being August 1, 2003) set by the board of directors of the Company for the determination of shareholders entitled to receive such cash dividend. Considering such employee stock option certificates and cash dividends adjustments, 488,837,519 shares (at a fixed exchange rate of NT\$33.513=US\$1) of common stock were expected to be issued.

In addition, the offering terms of domestic corporate bonds are as follows:

	December 31	
	2003	2002
a. Pledged	Negative	Positive
b. Interest rate per annum	1.5%	5.3%
c. Duration	3 years (2003.9-2006.9)	3 years (2001.3-2004.3)
d. Interest payment terms	The simple interest will be paid annually	The interest will be paid annually from the issuance date
e. Redemption terms	The principal amount will be redeemed fully on the maturity date	The principal amount will be redeemed at the end of the third year after the issuance date

22. LONG-TERM BORROWINGS

	December 31	
	2003	2002
Commercial paper issued	\$ 2,850,000	\$ 2,200,000
Less—unamortized discount	2,228	1,036
	2,847,772	2,198,964
Unsecured loans	1,800,000	650,000
Guaranteed loans	-	1,960,780
	\$ 4,647,772	\$ 4,809,744
Interest rate per annum	1.81%-4.30%	1.39%-5.90%
Unused credit lines	\$ 5,012,000	\$ 4,650,000

23. STOCKHOLDERS' EQUITY

a. Capital stock

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

On June 26, 2002 the 1st special meeting, the stockholders resolved to increase its capital stock to \$37,481,270 and appropriate \$2,097,745 of capital surplus as capital stock by distributing 209,774,487 shares of stock dividends. The capital increase was approved by the SFC and took effect on September 3, 2002.

b. Capital surplus

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

Capital surplus from long-term equity investments accounted for by the equity method can not be distributed for any purpose.

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

The subsidiaries' unappropriated retained earnings before the shares swap amounted to \$3,720,981 which the Company accounted for as capital surplus at the date of establishment. In their June 26, 2002 meeting, the stockholders resolved to capitalize \$2,097,745 of this capital surplus by distributing 209,774,487 shares of stock dividends. In addition, under the appropriation of earnings for the period from May 9, 2002 to December 31, 2002 resolved by the stockholders, \$1,141,236 of the aforesaid capital surplus derived from the subsidiaries' retained earnings was appropriated as cash dividend.

c. Retained earnings and dividend policy

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

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

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

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

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

On April 7, 2003 and June 27, 2003, the board of directors and stockholders, respectively, resolved the appropriation of earnings for the period from May 9, 2002 to December 31, 2002 as follows:

	Amount
Legal reserve	\$ 153,127
Special reserve	37,573
Bonus to employees-cash	13,406
Remuneration to directors and supervisors-cash	54,000
Cash dividends-NT\$0.65 per share	2,414,403
	<u>\$ 2,672,509</u>

This appropriation of earnings amounted to \$1,531,273 was composed of earnings totaling \$1,548,606 for the period from May 9, 2002 to December 31, 2002 less subsidiaries' deficit accounted for by the equity method amounting to \$17,333 and capital surplus derived from the subsidiaries' unappropriated retained earnings prior to the shares swap totaling \$1,141,236.

The appropriation of 2003 earnings has not yet been resolved by the board of directors by February 21, 2004 on which the date of auditors' report. The related information regarding the proposed and resolved earnings appropriation can be referred from the TSE Market Observation Post System (M.O.P.S.) website.

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

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

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

The SFC has issued a directive to prevent a company from excessive earnings distribution, which will damage the Company's capital structure as well as stockholders' interest. Thus, if a parent company's shares held by subsidiaries decline in market value, the parent company should appropriate a special reserve at an amount equal to the decline in market value multiplied by equity. If the market value recovers, the reserve can be reversed to the extent provided (please see Note 11).

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



d. Employee stock option certificates

On April 7, 2003, the board of directors of the Company resolved to issue employee stock option certificates, in a total consideration of 224,888 units, to attract and retain its professional employees, to centralize and strengthen their affiliation, and to create the greatest profit for the Company and its shareholders. Each unit of stock option certificate represents subscription right of 1,000 shares of common stock. Upon exercise of options under this plan, 224,888,000 new shares of common stock will be issued. The employee stock option plan had been approved by the SFC on July 16, 2003 and, at the chairman's approval, the Company launched the first 157,422 units of such stock option, which entitled the subscribers to acquire 157,422,000 shares of common stock on July 31, 2003. Related terms and conditions for issuing and exercising stock option are as follows:

1) Conditions of eligibility for subscription rights:

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

2) Exercise price:

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

3) Terms and vesting of the rights:

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

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

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

6) Procedures for handling surrendered stock option certificate:

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

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

8) Adjustment of exercise price:

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

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

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

- b) After the issuance of stock option certificates, the exercise price will be adjusted accordingly if the Company is to distribute cash dividend.

9) Rights and obligations after exercising options:

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

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

24. TREASURY STOCK

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

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

Bank SinoPac and SinoPac Securities acquired 40,535,000 shares and 53,857,815 shares of treasury stock for \$500,354 and \$554,992, respectively. As a result of the share swap, the aforementioned capital stocks had been exchanged for 95,475,631 shares of SinoPac Holdings. SinoPac Holdings treated those shares as treasury stock under the SFC's directive. Of the above treasury stock, 41,617,816 shares held by Bank SinoPac had been reissued to its employees at NT\$11.84 per share in 2002; 20,197,943 shares and 33,659,872 shares held by SinoPac Securities had been reissued to its employees at NT\$10.826 and NT\$10.976 in September 2002 and November 2003, respectively.

Bank SinoPac had held 256,127,108 shares of SPS (which was merged with SinoPac Securities on July 22, 2002) with carrying value of \$2,896,922 prior to the shares swap described in Note 1. Those shares had been swapped for 204,106,675 shares of SinoPac Holdings, together with stock dividends of 12,436,219 shares received, were presented as securities purchased in Bank SinoPac's book; while SinoPac Holdings treated such 216,542,894 shares with carrying value of \$2,896,922 as treasury stock according to accounting principles generally accepted in the ROC.

Pursuant to the Financial Holding Company Act, the aforementioned treasury stock held by Bank SinoPac (i) may be reissued to the employees of SinoPac Holdings or SinoPac Holdings' subsidiaries within three years, (ii) may be used for equity conversion, or (iii) may be sold on a stock exchange or over-the-counter market. In the event that such shares are not timely reissued or sold, such shares should be cancelled and decrease SinoPac Holding's capital.

To deal with SinoPac Holdings' shares held by Bank SinoPac, the BOD of SinoPac Holdings, on October 22, 2003, resolved to sell two-thirds with a total of 144,361,929 shares on the securities exchange market. Moreover, under the Financial Holding Company Act and related Bureau of Monetary Affairs (BOMA) directives, in order to inspire the employees, the Board also decided the transferring method for the remaining one-third of shares held by Bank SinoPac to employees. Related terms and conditions of the share transferring method are as follows:

a. Type of shares transferred:

One-third of SinoPac Holdings' common shares held by Bank SinoPac with a total of 72,180,965 shares.

b. Terms of transferring:

The shares should be transferred once or several times prior to April 21, 2004 upon the chairman's authorization.

c. Qualification of transferee:

The general principle for qualification of the transferee is set by presidents of SinoPac Holdings, Bank SinoPac and SinoPac Securities, respectively. The chairman of SinoPac Holdings and the Board of Bank SinoPac and SinoPac Securities are



authorized to ratify the principle. Nevertheless, the definition of employees includes the full-time employees of SinoPac Holdings and its subsidiaries.

d. Standards and procedures of transferring:

- 1) The proportion of transferable shares to employees of SinoPac Holdings, Bank SinoPac and SinoPac Securities is 1:3:2.
- 2) For those qualified employees, the shares granted will be based on considerations of the individual's grade, performance, special contribution, etc.
- 3) The president of SinoPac Holdings is authorized to determine the term of payment, the contents of rights, and the restricted conditions.
- 4) The chairman of SinoPac Holding and the Board of Bank SinoPac and SinoPac Securities are authorized to ratify the resolution of the remaining unsubscribed shares.
- 5) Registration of transferring shares will be processed after calculating the actual shares subscribed.

e. Transferring price:

The transferring price of each share is NT\$17.9, which was based on the market closing price of SinoPac Holdings' common shares on October 22, 2003, when the share transferring method was passed by the Board.

f. Rights and obligations after transferring:

Registered transferring shares will bear the same rights and obligations as SinoPac Holdings' common shares, except for the prescriptions otherwise stated.

The aforesaid percentage of shares, two-thirds traded on the securities exchange market and one-third transferred to employees, are still remained to be resolved by the Board of Bank SinoPac.

25. SERVICE FEES

	For the Years Ended December 31	
	2003	2002
Brokerage	\$ 2,252,134	\$ 2,532,651
Mutual funds and structured notes	440,267	231,922
Accounts receivable factoring and financing	293,761	260,717
Credit card services	196,705	260,986
Custody	170,172	139,491
Underwriting	166,452	200,939
Loan documentation fee	100,919	56,382
Other	1,064,198	740,906
	<u>\$ 4,684,608</u>	<u>\$ 4,423,994</u>

26. INCOME FROM SECURITIES-NET

	For the Years Ended December 31	
	2003	2002
<u>Short-term bills</u>		
Capital gain—net	\$ 2,343	\$ 105,340
Interest revenue	1,556,233	1,257,259
	<u>1,558,576</u>	<u>1,362,599</u>
<u>Bonds</u>		
Capital gain—net	910,735	902,066
Interest revenue	51,000	82,788
	<u>961,735</u>	<u>984,854</u>
<u>Mutual funds beneficiary certificates</u>		
Capital gain (loss)—net	117,558	(1,412)
<u>Stocks</u>		
Capital gain—net	1,353,098	756,522
Dividends income	159,037	24,073
Provision for decline in market value	-	(2,145)
	<u>1,512,135</u>	<u>778,450</u>
<u>Warrants</u>		
Capital gain—net	36,029	-
Allowance for decline in market value	(56,665)	-
	<u>(20,636)</u>	<u>-</u>
<u>Other</u>		
Capital loss	(146)	-
Net	<u>\$ 4,129,222</u>	<u>\$ 3,124,491</u>

27. OPERATING AND ADMINISTRATIVE EXPENSES

	For the Years Ended December 31	
	2003	2002
Personnel expenses		
Salaries and wages	\$ 5,314,088	\$ 4,756,131
Labor insurance and national health insurance	281,385	233,478
Pension	210,889	216,219
Other	81,716	89,809
Depreciation	732,058	684,441
Rental	667,888	638,164
Taxes other than income tax	448,727	479,546
Professional service charges	623,530	417,753
Amortization	336,779	299,606
Postage	256,652	283,113
Promotion	287,304	286,483
Distribution channel expenses	111,360	183,743
Other	1,779,412	1,719,915
	<u>\$ 11,131,788</u>	<u>\$ 10,288,401</u>

28. CUSTOMER'S COLLATERAL SECURITIES AND STOCK LOANS

	December 31			
	2003		2002	
	Shares in Thousands	Market Value	Shares in Thousands	Market Value
Collateral securities	1,209,266	\$ 26,136,002	959,082	\$ 17,617,629
Stock loans	57,414	1,554,594	8,1934	1,844,956
Refinancing stock loans	590	23,839	1,051	24,986

The market values were based on the closing prices on the last transaction days in December 2003 and 2002.

29. PENSION

SinoPac Holdings has a defined benefit pension plan covering all regular employees. SinoPac Holdings makes monthly contributions, in the range of 2% to 15% of employee salaries, to a pension fund, which is administered by the employee's pension plan supervisors committee.

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

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

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 Company



believes that the impact is insignificant for the accompanying consolidated financial statements if FENB recognized pension expense according to the actuarial calculations.

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

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

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

	For the Years Ended December 31	
	2003	2002
Balance, beginning of year	\$ 1,323,899	\$ 1,092,828
Contributions	274,932	251,774
Benefits paid	(107,076)	(67,293)
Contributions from affiliates	1,359	(2,155)
Interest revenue	44,087	48,745
Balance, end of year	<u>\$ 1,537,201</u>	<u>\$ 1,323,899</u>

b. Net pension cost for the years ended December 31, 2003 and 2002 were as follows:

	2003	2002
Service cost	\$ 179,272	\$ 183,302
Interest cost	47,304	48,766
Expected return on pension fund	(39,778)	(39,655)
Settlement gains	(3,279)	12,419
Net amortization and deferred amounts	12,473	-
Net pension cost	<u>\$ 195,992</u>	<u>\$ 204,832</u>

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

	2003	2002
Benefit obligation		
Vested benefit obligation	(\$ 396,343)	(\$ 307,203)
Nonvested benefit obligation	(681,948)	(525,635)
Accumulated benefit obligation	(1,078,291)	(832,838)
Additional benefit based on future salaries	(373,309)	(410,813)
Projected benefit obligation	(1,451,600)	(1,243,651)
Fair value of plan assets	1,126,845	978,785
Funded status	(324,755)	(264,866)
Unrecognized net transition obligation	34,043	38,955
Unrecognized prior service cost	684	812
Unrecognized pension loss	369,762	297,961
Accrued pension cost	<u>\$ 79,734</u>	<u>\$ 72,862</u>

d. Vested benefit

	<u>\$ 325,498</u>	<u>\$ 410,883</u>
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e. Actuarial assumptions

Discount rate used in determining present value	3.5%	3.5%-4.0%
Future salary increase rate	1.5%-2.5%	1.5%-4.0%
Expected rate of return on plan assets	3.5%	3.5%-4.0%

30. INCOME TAX

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

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

a. The components of income tax were as follows:

	For the Years Ended December 31	
	2003	2002
Current income tax payable	\$ 501,023	\$ 581,348
Separation taxes on short-term bills interest revenue	276,019	245,701
Changes in deferred income taxes	354,838	152,502
Tax on unappropriated earnings (10%)	16,864	109,184
Prior year's adjustment and others	109,698	(9,758)
Foreign income taxes more than pretax income at statutory rate of ROC	-	27,863
Effects upon linked tax system	(201,682)	-
Income tax	<u>\$ 1,056,760</u>	<u>\$ 1,106,840</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	
	2003	2002
Tax on pretax income at statutory rate	\$ 2,800,315	\$ 1,763,857
Add (deduct) tax effects of:		
Permanent difference	(2,196,763)	(1,102,303)
Temporary difference	(284,676)	(72,205)
Investment tax credit	(7,055)	(7,911)
Loss carryforward	187,442	-
Other	1,760	(90)
Current income tax payable	<u>\$ 501,023</u>	<u>\$ 581,348</u>

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

	For the Years Ended December 31	
	2003	2002
Goodwill amortization	(\$ 90,634)	(\$ 91,608)
Deferred loan fees	(177,107)	(150,706)
Premium from issuance of warrants	(192,194)	(54,225)
Loss carryforward	365,819	161,722
Provision for credit and trading losses	426,801	446,011
Contribution to employees welfare fund	1,602	3,190
Deferred pension cost	(17,992)	(35,840)



	For the Years Ended December 31	
	2003	2002
Investment tax credit	7,055	-
Investment income under the equity method	(568,702)	(348,672)
Unrealized foreign exchange gain	(90,350)	(6,971)
Unrealized asset retirement losses	3,239	3,102
Unrealized losses upon suspended lawsuits	10,125	-
Effect upon linked tax system	(188,509)	-
Other	91,745	9,733
Net deferred income tax liabilities	<u>(\$ 419,102)</u>	<u>(\$ 64,264)</u>

The components of deferred income tax liabilities (included in other liabilities) were as follows:

	For the Years Ended December 31	
	2003	2002
Investment income under the equity method	(\$ 568,702)	(\$ 348,672)
Premium from issuance of warrants	(192,194)	-
Loss carryforward	175,060	-
Provision for credit and trading losses	99,056	-
Unrealized foreign exchange gain	(84,811)	(6,971)
Effect upon linked tax system	(175,060)	-
Other	309,674	12,401
	<u>(\$ 436,977)</u>	<u>(\$ 343,242)</u>

d. The related information under the Integrated Income Tax System was as follows:

	December 31	
	2003	2002
<u>Balances of ICA</u>		
SinoPac Holdings	\$ 1,791	\$ 155,165
Bank SinoPac	411,060	191,766
SinoPac Securities	29,638	97,437
SinoPac Life Insurance Agent	35,998	117
SinoPac Property Insurance Agent	642	329
<u>The actual creditable tax ratios for earnings</u>		
SinoPac Holdings	14.12%	5.70%
Bank SinoPac	9.60%	12.67%
SinoPac Securities	6.24%	19.70%
SinoPac Life Insurance Agent	0.15%	0.15%
SinoPac Property Insurance Agent	18.13%	6.19%

All of the unappropriated retained earnings for the aforesaid companies as of December 31, 2003 and 2002 did not consist of earnings generated before January 1, 1998. In addition, as of December 31, 2003 and 2002, AnShin Card Services' imputed tax credit account (ICA) was both nil and there was no distributable earnings due to the deficit of the respective periods.

The tax credits allocable to stockholders is based on the balance of ICA on the dividend distribution date.

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

e. As of December 31, 2003, income tax return of SinoPac Holdings for the period from May 9, 2002 to December 31, 2002 had not yet been examined by the tax authorities.

f. For Bank SinoPac, income tax returns through 2001, except those for 1996 and 2001, had been examined by the tax authorities. On the income tax returns for 1994, 1995 and 1997 to 2000, the tax authorities denied the creditability of 10% withholding tax on interest income on bonds totaling \$73,952, which pertained to the period those bonds were held by other investors. Bank SinoPac had appealed the decision of the tax authorities. A reinvestigation was made, resulting in the rescinding of a decision on the tax return for 1994, 1995 and 1997. Income tax returns for 1996 and 2001 reflected reduction in income tax obligations were reduced to \$37,257 attributable to similar type of withholding taxes; which returns were not yet examined by the tax authorities. However, Bank SinoPac had accrued liabilities and written-off any assets recognized related to the foregoing withholding taxes totaling \$111,209 as a part of income tax expenses.

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

The income tax returns of SPS through 2000 had been examined by the tax authorities. The tax authorities disallowed as deduction against SPS's income tax obligations on tax withheld from bond interest income. SPS had also filed an appeal for reconsideration of the assessment for 1999 and 2000 income tax returns. However, SPS accrued all amounts assessed by the tax authorities as additional income tax expenses.

h. For AnShin Card Services, the income tax returns through 2001 had been examined by the tax authorities. According to the ROC Income Tax Law, assessed losses can be carried forward the following five years and used to reduce taxable income. As of December 31, 2003, AnShin Card Services' loss carryforward were as follows:

Year Occurred	Expiration Year	Amount
2000 (assessed)	2005	\$ 353,547
2001 (assessed)	2006	404,705
2002 (filed)	2007	514,371
		<u>\$ 1,272,623</u>

i. For SinoPac Life Insurance Agent and SinoPac Property Insurance Agent, the income tax returns had been both examined by the tax authorities through 2001.

31. 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, 2003</u>					
Basic EPS	\$ 5,269,074	4,212,314	3,501,244	\$ 1.50	\$ 1.20
Influence on diluted common shares:					
Employee stock option certificates	-	-	41,600		
Euro-convertible bonds	394,669	394,669	488,838		
Diluted EPS	<u>\$5,663,743</u>	<u>\$ 4,606,983</u>	<u>4,031,682</u>	<u>\$ 1.40</u>	<u>\$ 1.14</u>
<u>For the period from May 9, 2002 to December 31, 2002</u>					
Basic EPS	\$ 2,655,446	\$ 1,548,606	3,462,481	\$ 0.77	\$ 0.45
Influence on diluted common shares:					
Euro-convertible bonds	166,374	166,374	462,915		
Diluted EPS	<u>\$ 2,821,820</u>	<u>\$ 1,714,980</u>	<u>3,925,396</u>	<u>\$ 0.72</u>	<u>\$ 0.44</u>



32. RELATED-PARTY TRANSACTIONS

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

Name	Relationship with the Company
SinoPac Marketing Consulting Co., Ltd. (SinoPac Marketing Consulting)	Subsidiary
SinoPac Asset Management International (SinoPac Management)	Subsidiary
SinoPac Call Center Co., Ltd. (SinoPac Call Center)	Subsidiary
SinoPac Venture Capital Co., Ltd. (SinoPac Venture Capital)	Subsidiary
Hong Yue Investment Co. (Hong Yue Investment)	Supervisor of SinoPac Holdings
Ruentex Interior Design Inc. (Ruentex Interior Design)	Related party in substance
Li-Seng Develop Company (Li-Seng Develop)	Investee accounted for by the cost method
SinoPac Leasing Corporation (SPL)	Subsidiary of Bank SinoPac
Grand Capital International Limited (Grand Capital)	Subsidiary of SPL
China Television Co., Ltd. (China Television)	Bank SinoPac is a director of the company
Fortune Investment Co., Ltd. (Fortune Investment)	Director of Bank SinoPac
Ruentex Development Co., Ltd. (Ruentex Development)	Related party in substance of Bank SinoPac
Wal Tech International Corporation (Wal Tech International)	Affiliate of Bank SinoPac
SinoPac Futures Corporation (SinoPac Futures)	Subsidiary of SinoPac Securities
SinoPac Futures Co., Ltd. (SPF)	Subsidiary of SinoPac Securities (the legal dissolution and liquidation procedures had been completed in the first half of 2003)
SinoPac Capital Management Corporation (SinoPac Capital Management)	Subsidiary of SinoPac Securities
National Electric Appliance Co., Ltd. (National Electric)	Same chairman
Hong Yue Finance Corp. (Hong Yue Finance)	The Company's chairman is a director of SinoPac Securities
ING Heart Investment Co., Ltd. (ING Heart Investment)	Originally was the investor accounted for by the equity method (in September 2003, ING Heart Investment sold AnShin Card Services' shares to SinoPac Holdings).
ING Life Insurance Co., of America, Taiwan Branch (ING Life)	An affiliate of ING Heart Investment Co., Ltd.
ING Heart Co., Ltd. (ING Heart)	An affiliate of ING Heart Investment Co., Ltd.
National Investment Trust Company (NITC)	The director of NITC is a lineal relative of the chairman of SinoPac Holdings (NITC was not a related party since the third quarter in 2003)
Other	Bank SinoPac's directors, supervisors, managers and their relatives, department chiefs, the investees accounted for by the equity method and subsidiaries of Bank SinoPac, etc.
Other	Related parties under the control of SinoPac Holdings and with no transactions with SinoPac Holdings, please see Table 6.

a. Credit extended and deposits taken and placed

	December 31, 2003		For the Year Ended December 31, 2003	
	Amount	% of Account Balance	Interest Rate (%)	
Loans and discounts	\$ 1,591,729	0.63	1.30%-11.66%	
Deposits	2,881,712	0.84	0%-6.475%	
	December 31, 2002		For the Year Ended December 31, 2002	
	Amount	% of Account Balance	Interest Rate (%)	
Loans and discounts	\$ 1,923,235	0.85	1.70%-12.50%	
Deposits	2,687,777	1.00	0%-6.95%	

b. Lease

1) As a lessee

SinoPac Holdings leased certain office premises from National Electric Appliance for a period ranging from May 2002 to December 2005. Rentals were paid annually at the beginning of each year. Rentals paid for the year ended December 31, 2003 and for the period from May 9, 2002 to December 31, 2002 were \$2,258 and \$1,944, respectively.

SinoPac Holdings leased certain apartments as employees' dormitory from Hong Yue Investment for a period ranging from May 2002 to May 2005 with monthly rental payments. Rentals paid for the year ended December 31, 2003 and for the period from May 9, 2002 to December 31, 2002 were \$3,525 and \$2,274, respectively.

Bank SinoPac leased certain office premises from China Television, SPL and Ruentex Development with rentals paid monthly. Rentals paid to the aforementioned related parties for the years ended December 31, 2003 and 2002 had a total of \$20,051 and \$19,810, respectively.

SinoPac Securities leased office premises from National Electric Appliance and Hong Yue Investment. The rental contract of Po-Ai Building and Wu-Tsang Building with National Electric Appliance lasts for 5 years ending May 2007 and for 3 years ending September 2004. The rental contract with Hong Yue Investment lasts for 5 years ending July 2008. Rentals paid to the aforementioned related parties by SinoPac Securities for the years ended December 31, 2003 and 2002 were \$18,860 and \$20,258, respectively.

2) As a lessor

Bank SinoPac leased certain office premises to SinoPac Marketing Consulting and SinoPac Call Center with rentals received monthly. Rentals received for the year ended December 31, 2003 were \$2,640.

Rentals amounted to \$7,379 and \$6,718 were paid to SinoPac Securities by SinoPac Futures and SinoPac Capital Management for the years ended December 31, 2003 and 2002, respectively.

c. Guarantees and securities purchased

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

	December 31	
	2003	2002
Wal Tech International	\$ 146,000	\$ 168,000
Fortune Investment	-	19,000
	<u>\$ 146,000</u>	<u>\$ 187,000</u>

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

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

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

	December 31	
	2003	2002
Properties—carrying amount	\$ 40,064	\$ 57,896
Stocks—market value	28,807	38,028
	<u>\$ 68,871</u>	<u>\$ 95,924</u>

d. Professional service fees and advisory charges

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

SinoPac Securities entered into one-year consulting contracts with SinoPac Capital Management and SinoPac Asset Management, with total considerations paid quarterly of \$7,000 and \$2,400, respectively. In addition, SinoPac Securities had entered into a contract with SinoPac Call Center for outsourcing customer call services. The contract is effective for 2003 and consulting fees were paid as actual services provided. For the year ended December 31, 2003, professional advisory charges paid to the aforementioned related parties by SinoPac Securities were \$22,832.

SinoPac Securities provided brokerage and underwriting services to its related parties and generated income amounting to \$29,985 and \$60,437, respectively. For the years ended December 31, 2003 and 2002, SinoPac Securities entered into stock affairs agency contracts with NITC and other related parties, and generated stock affairs agent fees amounting to \$572 and \$1,217, respectively, of which \$169 remained unpaid as of December 31, 2002.



AnShin Card Services entered into a contract with SinoPac Call Center for customer call and data processing services. For the year ended December 31, 2003, the professional service charges paid was \$38,379, of which \$5,413 remained unpaid as of December 31, 2003.

AnShin Card Services retained SinoPac Marketing Consulting and ING Life to provide credit card distribution services. For the years ended December 31, 2003 and 2002, the distribution channel expenses were \$44,000 and \$41,039, respectively, of which \$17,554 and \$9,476 remained unpaid as of December 31, 2003 and 2002, respectively.

AnShin Card Services provided collection services to ING Life and mail order payment collection services to ING Heart, respectively, for its credit card holders. As of December 31, 2003 and 2002, the related payables resulting from the aforesaid services amounted to \$1,256,412 and \$1,100,186, respectively, and for the years then ended, the related service fees revenue amounted to \$46 and \$4,755, respectively.

e. Futures contracts

For the years ended December 31, 2003 and 2002, SinoPac Securities entered into futures assistance contracts with SinoPac Futures and SPF, and received commissions based on the trading volume. For the years ended December 31, 2003 and 2002, SinoPac Securities recognized commission and fees totaling of \$139,391 and \$74,916, respectively. As of December 31, 2003 and 2002, the related receivables amounted to \$27,267 and \$6,723, respectively.

As of December 31, 2003 and 2002, SinoPac Securities paid SinoPac Futures \$269,295 and \$117,793, respectively, as futures and options margin deposits. For the years ended December 31, 2003 and 2002, exchange and clearing expenses-futures were \$4,796 and \$1,138, respectively. As of December 31, 2003 and 2002, the related payables amounted to \$2,429 and \$137, respectively.

f. Asset transactions

In June 2002, SinoPac Holdings had entered into contracts with Ruentex Interior Design to purchase properties totaling \$9,945, which had already been paid before January 31, 2003.

On January 20, 2003, the board of directors of SinoPac Holdings had resolved to purchase superfacies and an office building built by Li-Seng Develop. The building will be located in Taipei City and used as SinoPac Holdings' headquarters. Total purchase cost of \$1,748,000 did not include value-added tax and costs borne by SinoPac Holdings. The transaction had been approved by BOMA in Ministry of Finance on April 30, 2003. Nevertheless, in behalf of the financial consideration, in August 2003, the board of directors of SinoPac Holdings resolved to switch the aforesaid purchase to SPL, an affiliate company.

For the year ended December 31, 2002, SinoPac Securities sold computer equipment to SinoPac Futures for \$2,500 with cost of equipment sold of \$4,765 and loss on disposal of properties of \$2,265. Also, SinoPac Securities purchased computer equipments from SPF for \$5,798 in the same period, which had already been paid before December 31, 2003.

g. Short-term bonds transactions

Short-term bonds transactions between SinoPac Securities and related parties for the years ended December 31, 2003 and 2002 were as follows:

Bonds sold under agreements to repurchase

	Balance as of December 31		Interest Expense for the Year Ended December 31
	Face Amount	Cost	
<u>2003</u>			
National Electric	\$ 28,000	\$ 28,006	\$ 19
Hong Yue Finance	-	-	104
Other	-	-	7,476
<u>2002</u>			
Mutual funds managed by NITC	\$ 1,672,200	\$ 1,678,576	\$ 31,199
National Electric	33,500	36,000	4
Hong Yue Finance	6,000	6,000	4
Other	-	-	936

h. Related-party transactions of subsidiaries with amounts over NT\$100 million were summarized as follows:

1) SPL

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

2) Grand Capital

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

3) Wal Tech International

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

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

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

Name	Relationship with SinoPac Capital Limited
SinoPac Capital (B.V.I.) Ltd.	Subsidiary

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

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

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

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

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

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

33. PLEDGED OR MORTGAGED ASSETS

For SinoPac Securities, assets pledged to financial institutions as guarantees for commercial paper issued, short-term borrowings and bank overdraft line obtained, and to the tax authorities as guarantees on petitions for tax reassessment filed as of December 31, 2003 and 2002, were summarized as follows:

	December 31	
	2003	2002
Time deposits	\$ 2,536,400	\$ 2,203,400
Properties and properties held for lease—carrying amount	877,620	1,952,619
	\$ 3,414,020	\$ 4,156,019



34. SIGNIFICANT CONTINGENCIES AND COMMITMENTS

Significant contingencies and commitments of the Company, in addition to financial instruments disclosed in Note 41, are summarized as follows:

a. Lease contract

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

Year	Amount
2004	\$ 525,414
2005	401,411
2006	325,586
2007	224,240
2008	126,759

Rentals for the years beyond 2008 amount to \$113,747, the present value of which is about \$104,832, as discounted at the one-year time deposit rate in either Bank SinoPac of 1.35% or FENB of 1.70%.

b. Land and buildings purchase contract

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

c. Equipment purchase contract

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

d. Interior decoration contract

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

e. Short-term bills and bonds sold under agreements to repurchase-treated as outright sales

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

f. Short-term bills purchased under agreements to resell-treated as outright purchases

As of December 31, 2003, short-term bills with a total face amount of \$7,683,684 were purchased under agreements to resell at \$7,675,078 by Bank SinoPac in January 2004.

g. The Securities and Futures Institute (SFI), on behalf of the investors of Cheng-Yi Food Co. (CYF) with respect to its initial public offering (IPO), filed a civil case against CYF and the major and sub-underwriters (SinoPac Securities being a sub-underwriter in the IPO) of CYF. The damages claimed by SFI amounted to \$71,018 plus 5% interest. SinoPac Securities' legal counsel believes that SinoPac Securities can claim the major underwriter if the Court reaches the verdict unfavorable to SinoPac Securities, thus, no liability was recognized in the accompanying financial statements.

h. Mr. Chang sued SinoPac Securities and its two former employees, Mr. Lin and Mr. Huang, for embezzlement. Mr. Chang claimed for SinoPac Securities damages of \$32,215 plus 5% interest. After the trial at the district court of first instance on May 22, 2003, the district court judged that SinoPac Securities should assume the related liability and pay compensation. In the opinion of SinoPac Securities' management and legal counsel, clarification should be made that the damage claimed by Mr. Chang was not connected to SinoPac Securities' brokerage affairs because Mr. Chang had authorized Mr. Lin to deal with money remittance for stock payment for a long time. In addition, SinoPac Securities claimed that Mr. Chang also committed an unpremeditated crime, and SinoPac Securities had appealed to the supreme court to redress a miscarriage of justice. However, on the basis of the conservative principle, SinoPac Securities estimated a loss of \$32,000.

i. A plaintiff Mr. Chen sued Mr. Chen, a former employee of SinoPac Securities' Yuan Lin branch, for fraud. Before the trial at the court of second instance was finished, plaintiff Mr. Chen sued SinoPac Securities as a codefendant and claimed from SinoPac Securities and the defendant Mr. Chen damages of \$12,999 plus 5% interest. After the trial at the district court of second instance on December 31, 2003, the district court judged that SinoPac Securities should assume pay the related compensation of \$7,799 plus 5% interest. In the opinion of SinoPac Securities' management, since plaintiff Mr. Chen was not SinoPac Securities' client and the defendant Mr. Chen did not have brokerage transactions with the plaintiff. SinoPac Securities had appealed to the district court of third to redress a miscarriage of justice. However, on the basis of the

conservative principle, SinoPac Securities estimated a \$8,500 loss, recorded as nonoperating expenses and losses and other payables in the financial statement.

j. Significant contingencies and commitments of subsidiaries

SinoPac Marketing Consulting

SinoPac Marketing Consulting leased certain office premises for a three-year period, with rentals paid monthly. Rentals for the future are as follows:

<u>Year</u>	<u>Amount</u>
2004	\$ 5,706
2005	5,706
2006	2,024

SinoPac Asset Management International

SinoPac Asset Management International leased certain office premises with rentals paid monthly. Rentals for the future are as follows:

<u>Year</u>	<u>Amount</u>
2004	\$ 2,095
2005	1,063

SinoPac Venture Capital

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

<u>Year</u>	<u>Amount</u>
2004	\$ 20,000
2005	20,000
2006	20,000
2007	20,000

SinoPac Call Center

SinoPac Call Center leased certain office premises with rentals paid quarterly. Rentals for the future are as follows:

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

35. SALES OF ACCOUNT RECEIVABLES

AnShin Card Services entered into a revolving factoring agreement with ABN AMRO Bank-Taipei branch (hereinafter "ABN AMRO Bank") in April, 2003, and sold its credit card receivables to ABN AMRO Bank on a revolving basis within three years. The aggregate amount of such factoring agreement was \$4 billion, which could be increased by \$2 billion to a total of \$6 billion within two years. As of December 31, 2003, AnShin Card Services had used \$4 billion of its credit line. According to the factoring agreement, ABN AMRO Bank withheld 15 percent of credit card receivables that AnShin Card Services sold. AnShin Card Services revolved to sell the credit card receivables by the cardmembers every month at an aggregate amount equivalent to the reimbursed amount. AnShin Card Services settled these accounts with ABN AMRO Bank on a monthly basis and regarded as account receivables at an amount equal to the previous month's withheld amount after deducting the difference between proceeds from sale of account receivables and related carrying values.

According to the factoring agreement, AnShin Card Services had provided current reserve totaling \$62,100 as reserve for the sales of account receivables. In addition, AnShin Card Services promised that all sold account receivables conformed to agreed terms (qualified terms) and such account receivables maintained at certain level of quality (such as restrictions on ratios of allowance for bad debts and overdue loans).

As of December 31, 2003, the aggregate amount of credit card receivables sold amounted to \$766,757 and the loss on sale of credit card receivables amounted to \$38,611 for the year then ended.



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, 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 was 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 year ended December 31, 2003 amounted to \$762 and the collections payable to ABN AMRO Bank amounted to \$59,122 as of December 31, 2003.

The related cash flows generated from sale of account receivables for the year ended December 31, 2003 were as follows:

	For the Year Ended December 31, 2003
Initial account receivables sold—carrying value	\$ 4,706,000
Accumulated revolving account receivables sold—carrying value	7,677,557
Less : Receivable from sale of account receivables	(766,757)
Loss on sale of account receivables	(38,611)
Proceeds from sale of account receivables	<u>\$ 11,578,189</u>
Management and collection services charges received	<u>\$ 762</u>

36. 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, 2003 and 2002, consolidated CARs of SinoPac Holdings were 154% and 195%, respectively.

The Banking Law and related regulations require a bank to maintain a CAR of at least 8%. If a bank's CAR falls below 8%, the authorities may impose certain restrictions on the cash dividends that the bank can declare or, in certain conditions, prohibit it from declaring any cash dividend. As of December 31, 2003 and 2002, Bank SinoPac's standalone CARs were 12.39% and 12.85%, respectively, and the consolidated CARs were 10.50% and 10.76%, respectively.

The Rules Governing Securities Firms and related regulations require a securities company to maintain a CAR of at least 150%. If a securities company's CAR falls below 150%, the authorities may impose certain restrictions on the company's operations. As of December 31, 2003 and 2002, SinoPac Securities' CARs were 425% and 504%, respectively.

37. FINANCIAL RATIOS, LIMITATION AND EXECUTION OF FUTURES SUBSIDIARY

As of December 31, 2003 and 2002, the financial ratios, limitation and execution of SinoPac Futures, computed according to the provisions of the Rules Governing Futures Commission Merchants, were as follows:

	Calculation Formula	Benchmark	Financial Ratios (%)	
			December 31	
			2003	2002
a.	$\frac{\text{Equities}}{\text{Total liabilities deducted futures client equity, futures trading loss reserve and default reserve}}$	≥ 1	1,096	1,202
b.	$\frac{\text{Current assets}}{\text{Current liabilities}}$	≥ 1	128	133
c.	$\frac{\text{Equities}}{\text{Capital stock}}$	$\geq 60\%$ $\geq 40\%$	124	113
d.	$\frac{\text{Adjusted net capital}}{\text{Client and proprietary account}}$	$\geq 20\%$ $\geq 15\%$	91	287

38. PUBLIC ANNOUNCEMENTS PRESCRIBED IN FINANCIAL HOLDING COMPANY LAW, ARTICLE 46

Information regarding the credit extensions, guarantees or other transactions engaged by SinoPac Holdings and its subsidiaries to the same person, the same related person or the same affiliate as of December 31, 2003 was summarized as follows:

(In Millions of New Taiwan Dollars, %)

Name	December 31, 2003	
	Aggregate Amount of Credit Extensions, Guarantees or Other Transactions	% of Financial Holding Company's Net Worth
To the same person:		
Client A	\$ 5,509	11.76%
Client B	4,587	9.79%
Client C	2,392	5.11%
To the same affiliate:		
Cathay Financial Holdings and its affiliates	5,566	11.88%
Taiwan Semiconductor Manufacturing Company, Ltd. and its affiliates	5,128	10.95%
Fubon Financial Holding Co., Ltd. and its affiliates	2,785	5.94%

Pursuant to Article 46 of Financial Holding Company Act, the above information announced by SinoPac Holdings was summarized and calculated by the relevant accounts or transaction balances as of December 31, 2003 provided by SinoPac Holdings and its subsidiaries.

39. 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 subsidiary, SinoPac Bancorp, as consolidated with FENB, were as follows:

	For the Years Ended December 31			
	2003		2002	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
<u>Assets</u>				
Cash—negotiable certificates of deposit	\$ 80,133,515	1.01	\$ 38,201,479	1.62
Due from banks	7,553,937	1.35	1,955,131	1.71
Call loans (placement)	7,994,742	1.09	18,732,491	2.75
Due from Central Bank	5,882,812	1.85	5,254,416	2.47
Securities purchased	31,475,938	6.52	39,548,290	3.94
Loans, discounts and bills purchased	237,561,871	4.20	203,111,439	5.55
Accounts receivable from factoring	5,913,668	3.65	4,589,239	4.90
<u>Liabilities</u>				
Due to banks	9,211	0.03	5,441	0.69
Call loans (taken)	55,256,266	1.17	33,630,163	1.90
Demand deposits	49,140,621	0.86	32,174,743	1.25
Savings—demand deposits	57,042,729	0.68	51,144,928	1.68
Time deposits	131,965,732	1.41	116,911,613	2.26
Savings—time deposits	58,570,590	1.94	57,815,254	2.96
Negotiable certificates of deposit	10,064,964	0.97	949,050	2.13

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



40. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The maturity of assets and liabilities of Bank SinoPac and its subsidiary, SinoPac Bancorp, as consolidated with FENB, is based on the remaining period from 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 settlement.

December 31, 2003				
	Due in One Year	Due between One Year and Five Years	Due after Five Years	Total
<u>Assets</u>				
Cash	\$ 91,502,487	\$ -	\$ -	\$ 91,502,487
Due from banks	19,716,534	-	-	19,716,534
Due from Central Bank	11,409,591	-	-	11,409,591
Securities purchased	28,817,564	-	-	28,817,564
Receivables	29,889,734	-	-	29,889,734
Loans, discounts and bills purchased (excluding nonperforming loans)	85,706,180	34,804,808	132,262,337	252,773,325
	<u>\$ 267,042,090</u>	<u>\$ 34,804,808</u>	<u>\$ 132,262,337</u>	<u>\$ 434,109,235</u>
<u>Liabilities</u>				
Call loans and due to banks	\$ 41,257,886	\$ -	\$ -	\$ 41,257,886
Payables	17,525,368	49,790	11,126	17,586,284
Deposits and remittances	340,341,357	10,152,813	-	350,494,170
Bank debentures	-	17,500,000	4,409,670	21,909,670
	<u>\$ 399,124,611</u>	<u>\$ 27,702,603</u>	<u>\$ 4,420,796</u>	<u>\$ 431,248,010</u>
December 31, 2002				
	Due in One Year	Due between One Year and Five Years	Due after Five Years	Total
<u>Assets</u>				
Cash	\$ 66,752,359	\$ -	\$ -	\$ 66,752,359
Due from banks	11,303,691	-	-	11,303,691
Due from Central Bank	11,011,956	-	-	11,011,956
Securities purchased	33,093,259	-	-	33,093,259
Receivables	15,239,422	-	-	15,239,422
Loans, discounts and bills purchased (excluding nonperforming loans)	74,554,355	36,261,881	114,247,583	225,063,819
	<u>\$ 211,955,042</u>	<u>\$ 36,261,881</u>	<u>\$ 114,247,583</u>	<u>\$ 362,464,506</u>
<u>Liabilities</u>				
Call loans and due to banks	\$ 55,248,193	\$ -	\$ -	\$ 55,248,193
Payables	9,121,705	46,512	24,092	9,192,309
Deposits and remittances	268,960,556	8,970,804	-	277,931,360
Bank debentures	-	5,000,000	2,000,000	7,000,000
	<u>\$ 333,330,454</u>	<u>\$ 14,017,316</u>	<u>\$ 2,024,092</u>	<u>\$ 349,371,862</u>

41. DISCLOSURE OF FINANCIAL INSTRUMENTS

a. Derivative financial instruments

SinoPac Holdings

SinoPac Holdings enters into cross-currency swaps to hedge the exposures of foreign exchange or interest rate fluctuations on its foreign-currency net liabilities. SinoPac Holdings' strategy is to hedge most of the market risk exposures using hedging instruments whose changes in market value have a highly negative correlation with the changes in the market of the exposures being hedged. SinoPac Holdings also reassesses the hedge effectiveness of these instruments periodically.

SinoPac Holdings is exposed to credit risk in the event of default on contracts by counter-parties. Since SinoPac Holdings made transactions only with financial institutions with good worldwide rankings, accordingly, no significant credit risk is expected.

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

	December 31					
	2003			2002		
	Contract (Notional) Amount	Credit Risk	Fair Value	Contract (Notional) Amount	Credit Risk	Fair Value
<u>Financial Instruments</u>						
For hedging purposes:						
Cross-currency swap contracts	<u>\$ 2,260,530</u>	<u>\$ -</u>	<u>(\$ 28,828)</u>	<u>\$ 174,500</u>	<u>\$ -</u>	<u>(\$ 837)</u>

The fair values were based on the valuation models, assumptions and certain financial information from reliable sources provided by the counter-parties. This valuation may not reflect the market value at which any transaction could be executed.

The gains (losses) on derivative financial instruments for the year ended December 31, 2003, and for the period from May 9, 2002 to December 31, 2002 were as follows:

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

Bank SinoPac and subsidiaries

Bank SinoPac and its subsidiary, SinoPac Bancorp, as consolidated with FENB (hereinafter "Bank SinoPac and its subsidiaries"), engages in foreign exchange and interest derivative transactions mainly for accommodating customers' needs and managing its exposure positions. It also enters into cross-currency swaps, interest rate swaps and asset swaps to hedge the effects of foreign exchange or interest rate fluctuations on its foreign-currency net assets. Bank SinoPac and its subsidiaries' strategy is to hedge most of the market risk exposures using hedging instruments with market value changes that have a highly negative correlation with the changes in the market of the exposures being hedged. Bank SinoPac and its subsidiaries also reassess the hedge effectiveness of the instruments 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 enter into contracts with customers that have satisfied the credit approval process and have provided the necessary collateral. The transactions are then made within each customer's credit limit, and guarantee deposits may be required, depending on the customer's credit standing. Transactions with other banks are made within the trading limit set for each bank on the basis of the bank's credit rating and its worldwide ranking. The associated credit risk has been considered in the evaluation of provision for credit losses.



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

Financial Instruments	December 31, 2003		
	Contract (Notional) Amount	Credit Risk	Fair Value
For hedging purposes:			
Interest rate swap contracts	\$ 9,861,000	\$ 186,149	\$ 105,994
Cross-currency swap contracts	8,500,000	70,031	(53,693)
For the purposes of accommodating customers' needs or managing Bank SinoPac and its subsidiaries' exposures:			
Forward contracts			
—Buy	90,962,643	568,992	416,042
—Sell	67,245,886	272,535	(150,726)
Forward rate agreements			
—Buy	10,193,400	-	(4,443)
—Sell	10,193,400	1,862	918
Currency swap contracts	121,291,215	439,216	(282,064)
Interest rate swap contracts	41,193,742	231,480	(33,528)
Cross-currency swap contracts	1,427,240	14,300	3,513
Futures contracts			
—Long position	135,912	-	(478)
—Short position	203,868	-	(3,674)

Financial Instruments	December 31, 2003		
	Contract (Notional) Amount	Credit Risk	Value of Options Purchasd / Written
For the purposes of accommodating customers' needs or managing Bank SinoPac and its subsidiaries' exposures:			
Options			
—As buyer	\$ 104,990,464	\$ 943,796	\$ 2,623,035
—As seller	101,671,063	-	1,531,973

Financial Instruments	December 31, 2002		
	Contract (Notional) Amount	Credit Risk	Fair Value
For hedging purposes:			
Interest rate swap contracts	\$ 1,561,000	\$ -	(\$ 80,826)
Cross-currency swap contracts	-	-	-
For the purposes of accommodating customers' needs or managing Bank SinoPac and its subsidiaries' exposures:			
Forward contracts			
—Buy	25,702,349	304,759	232,683
—Sell	21,724,333	292,567	61,340
Forward rate agreements			
—Buy	63,931,364	-	(241,496)
—Sell	64,931,364	242,187	242,187
Currency swap contracts	60,606,619	668,675	(177,765)
Interest rate swap contracts	44,233,503	461,519	(60,003)
Cross-currency swap contracts	-	-	-
Futures contracts			
—Long position	-	-	-
—Short position	-	-	-

Financial Instruments	December 31, 2002		
	Contract (Notional) Amount	Credit Risk	Value of Options Purchasd / Written
For the purposes of accommodating customers' needs or managing Bank SinoPac and its subsidiaries' exposures:			
Options			
—As buyer	\$ 50,020,459	\$ 578,594	\$ 1,167,808
—As seller	50,785,417	-	1,166,713

The fair value of each contract is determined using the quotation from Reuters or Telerate Information System. The fair value of each futures contract refers to the closing price published by LIFFE as of the balance sheet dates.

As of December 31, 2003 and 2002, Bank SinoPac and its subsidiaries entered into asset swap contracts for hedging purposes, with notional amounts at \$2,552,493 and \$4,830,283, respectively. Since Bank SinoPac and its subsidiaries entered into these contracts with counter-parties with good splendid worldwide rankings and credit ratings, no significant credit risk is expected.

As of December 31, 2003, Bank SinoPac and its subsidiaries entered into credit default swap contracts for the purposes of accommodating customers' needs, with notional amounts at \$384,130. Since Bank SinoPac and its subsidiaries entered into these contracts with counter-parties with good splendid worldwide ranking and credit rating, no significant credit risk is expected.

The notional amounts of derivative contracts are used solely for the purpose of calculating receivables and payables to all counter-parties. Thus, the notional amounts do not represent the actual cash inflows or outflows. The possibility that derivative financial instruments held or issued by Bank SinoPac and its subsidiaries cannot be sold at reasonable prices is remote; thus, no significant cash demand is expected.

The gains and losses on derivative financial instruments from Bank SinoPac for the years ended December 31, 2003 and 2002 were as follows:

	Account	For the Year Ended December 31	
		2003	2002
For hedging purposes:			
Cross-currency swap contracts			
—Realized	Interest revenue	\$ 37,516	\$ 31,690
	Interest expense	(22,123)	(14,425)
Interest rate swap contracts			
—Realized	Interest revenue	60,919	-
	Interest expense	(28,381)	-
—Realized	Income from derivative financial transactions	14,207	-
Interest rate futures contracts			
—Realized	Gain from derivative financial transactions	789	-
For the purposes of accommodating customers' needs or managing Bank SinoPac's exposures:			
Forward contracts			
—Realized	Foreign exchange gain	113,675	128,377
—Unrealized	Foreign exchange gain (loss)	(72,664)	358,774
Forward rate agreements			
—Realized	Income from derivative financial transactions	6,789	10,033
—Unrealized	Loss from derivative financial transactions	(4,216)	(6,855)
Currency swap contracts			
—Realized	Interest revenue	363,384	368,811
	Interest expense	(302,807)	(402,643)
Interest rate swap contracts			
—Realized	Interest revenue	577,879	571,601
	Interest expense	(641,179)	(627,702)
—Realized	Loss from derivative financial transactions	(473)	-
—Unrealized	Income from derivative financial transactions	17,585	17,263
Options contracts			
—Realized	Income from derivative financial transactions	729,563	268,438
	Foreign exchange loss	(97,712)	(48,152)
—Unrealized	Income from derivative financial transactions	289,773	17,007
Interest rate futures contracts			
—Realized	Income (loss) from derivative financial transactions	1,012	(3,423)
—Unrealized	Loss from derivative financial transactions	(478)	-
Cross-currency swap contracts			
—Realized	Interest revenue	2,779	-
	Interest expense	(1,936)	-
—Unrealized	Income from derivative financial transactions	3,512	-
Credit default swap contracts			
—Realized	Income from derivative financial transactions	201	-

The gains and losses on derivative financial instruments from Bank SinoPac's subsidiary, FENB, for the years ended December 31, 2003 and 2002 were insignificant.

SinoPac Securities

1) Warrants

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

SinoPac Securities issues warrants for trading purposes.

SinoPac Securities holds underlying securities to hedge risks from the exercise of warrants and risks from changes in warrant positions held. SinoPac Securities' hedging strategy is to minimize the market value risks. The changes in market values of the underlying securities are highly correlated to that of the warrants, and SinoPac Securities evaluates and adjusts the positions held periodically (please refer to Notes 2, 8 and 17).

b) Carrying values, fair values and credit risks

		December 31, 2003				
Item	Transaction Type	Opening Positions		Carrying Value/ Premium Paid (Received)		Fair Value
		Long/Short	Volume			
TAIFEX futures	Stock index futures contracts	Long	59	\$ 69,687		\$ 69,655
TAIFEX futures	Electronic sector index futures contracts	Long	20	19,510		19,800
TAIFEX futures	Mini-TAIEX futures contracts	Long	2	583		590
TAIFEX futures	Banking and insurance sector index futures contracts	Short	22	19,168		19,281
TAIFEX options	Stock index put options	Long	16	101		31
TAIFEX options	Stock index call options and put options	Short	3,085	(5,199)		(4,248)

		December 31, 2002				
Item	Transaction Type	Opening Positions		Carrying Value/ Premium Paid (Received)		Fair Value
		Long/Short	Volume			
TAIFEX futures	Stock index futures contracts	Long	104	\$ 92,509		\$ 91,624
TAIFEX options	Stock index call options	Long	3,458	11,969		12,188
TAIFEX options	Stock index put options	Short	653	(1,849)		(1,669)

The market value of each contract was based on the reference price published by the Taiwan Futures Exchange (TAIFEX) as of balance sheet dates. Since the counter-party is TAIFEX, no significant credit risk is expected.

As of December 31, 2003 and 2002, the fair value of options contracts were recognized as premiums of \$31 and \$4,248 paid for long options—non-hedging and premiums of \$12,188 and \$1,669 received from short options, respectively.

c) Market risk

Market risks are caused by the price fluctuation for stock index futures and options. SinoPac Securities has established risk control mechanism and has set up stop-loss points to monitor price fluctuation of positions held. When the balance of the trading margin account is lower than the maintenance margin, SinoPac Securities will recognize a loss by either settling the deal or putting in additional margin deposits.

d) Liquidity risk, cash flow risk and uncertainty as to the amounts and timing of future cash requirement

Since original margin for stock index futures, as well as premiums for long options, have already been paid, there is no future cash requirement unless the trading margin is lower than the maintenance margin. Moreover, future cash demand is supported by sufficient working capital and therefore, cash flow risk is not significant.

e) Gains (losses) from stock index futures and options transactions

Gains (losses) for the years ended December 31, 2003 and 2002 were summarized as follows:

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

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

SinoPac Securities recognized hedging and realized loss of \$1,931 on stock index futures intended for hedging purposes for the year ended December 31, 2002.

4) Asset swap transactions-convertible bonds

a) The objective of convertible bonds swap transactions and strategies to achieve this objective

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



Convertible bond swap transactions have three types: Fixed income transactions, short call options transactions and combination of both types. SinoPac Securities engaged in the transactions since 2003 to diversify its financial instruments, to lower the capital pressure from underwriting convertible bonds, to reinforce its capability in underwriting convertible bonds, to lower risks, and to enliven the second market for convertible bonds.

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

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

The fair values are computed using the model approved by the OTC. The parameters used in the model (convertible bond market prices, underlying stock prices, interest rates, etc.) are public market information. Accordingly, there is no risk-free arbitrage opportunity.

SinoPac Securities establishes high thresholds for screening the counter-parties of fixed income transactions and engages with counter-parties, based on their credit ranking, within the trading limits. Therefore, no significant credit risk is expected. In addition, since the premiums from short call options have been collected in advance when transactions occurred, there is no credit risk to be expected.

As of December 31, 2003, the fair values of fixed income convertible bonds swap transactions were recognized as derivative financial assets-OTC at \$7,974 and derivative financial liabilities-OTC at \$7,591, respectively.

c) Market risk

SinoPac Securities used Value-at-Risks (VAR), based on statistical analysis of market data (including interest rate, convertible bond market prices and theoretical value of options) and foreign industrial standards in evaluating market risks of convertible bond swap transactions. As of December 31, 2003, the VAR was \$907.

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

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

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

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

5) Structured note transactions

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

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

SinoPac Securities started structured note transactions in July 2003 to diversify its financial instruments, to increase profits, to enhance its hedging methods, and to raise profitability.

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

	December 31, 2003		
	Nominal Amount	Premiums Paid (Received)	Fair Value
i. Principal-guaranteed note transactions			
Fixed income instruments	\$ 122,700	\$ -	(\$ 119,523)
Short call options on underlying assets	-	(3,215)	(4,022)
ii. Equity-linked note transactions			
Fixed income instruments	94,400	-	(94,114)
Long put options on linked underlying assets	-	587	706

The fair value is computed using the model approved by the OTC. The parameters used in the model (including underlying asset market prices and interest rates, etc.) are based on public information available in the market; thus, a risk-free arbitrage opportunity does not exist.

SinoPac Securities has established a strict criteria on the types of fixed income assets being used to control the investment amounts. In addition, the premium from short options transactions have been collected in advance and therefore, SinoPac Securities expects no exposure to credit risks.

c) Market risk

The market risk of structured note transactions is mainly from adverse fluctuations of the underlying assets market price. Thus, options are used to hedge market risk.

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

The fixed income instruments purchased by SinoPac Securities with the contract price received from the structured note transactions are stored in a custodian bank. To enable investors to execute the contract in advance, SinoPac Securities considers the liquidity risk of the fixed income instruments in advance. Since the market liquidity is high, cash flow risk and future cash demand is not significant.

e) Gains (losses) from structured note transactions

For the year ended December 31, 2003, gains (losses) from structured note transactions were as follows: Losses of \$434 from principal-guaranteed note transactions, losses of \$807 from principal-guaranteed note valuation; gains of \$98 from equity-linked note transactions; and gains of \$119 from equity-linked notes valuation.

AnShin Card Services

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

1) As of December 31, 2003 and 2002, the nominal amount, credit risk and fair value of outstanding IRS contracts were as follows:

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

December 31, 2002				
<u>Financial Instruments</u>	Nominal Amount	Credit Risk	Fair Value	Maturity
IRS	\$ 2,500,000	\$ -	(\$ 81,788)	2003.06-2005.01

The amount of credit risks are a potential losses of AnShin Card Services if the counter-parties involved in that transactions default. Since AnShin Card Services enters into IRS contracts with banks with good credit rankings, no significant credit risk is expected.

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

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

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

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

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, 2003 and 2002, ratios of secured loans to total loans were 77% and 79%, 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.

Bank SinoPac and its subsidiaries evaluate cardholders' credit ratings periodically and revise the credit limits, if necessary. But no collateral is required for credit card commitments.

42. INFORMATION ON CONCENTRATION OF RISK

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, 2003 and 2002 were as follows:

	December 31	
	2003	2002
Natural person	\$ 148,858,452	\$ 136,867,030
Manufacturing	31,367,544	15,510,637
Real estate	29,828,556	23,449,870
Foreign corporation	8,799,697	25,639,592

The net positions on major foreign-currency transactions of Bank SinoPac and its subsidiaries as of December 31, 2003 and 2002 were as follows

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

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

a. Condensed balance sheets

Bank SinoPac and Subsidiaries					
Consolidated Balance Sheet					
December 31, 2003 and 2002					
(In Thousands of New Taiwan Dollars)					
Assets	2003	2002	Liabilities	2003	2002
Cash	\$ 91,502,487	\$ 66,752,359	Call loans and due to banks	\$ 41,257,886	\$ 55,248,193
Due from banks	19,716,534	11,303,691	Payables	17,586,284	9,192,309
Due from Central Bank	11,409,591	11,011,956	Deposits and remittances	350,494,170	277,931,360
Securities purchased	28,817,564	33,093,259	Bank debentures	21,909,670	7,000,000
Receivables—net	29,839,323	15,126,548	Other liabilities	3,007,320	2,655,880
Prepayments	200,458	213,213	Total liabilities	434,255,330	352,027,742
Loans, discounts and bills purchased—net	253,474,008	225,169,615	Stockholders' equity		
Long-term investments	11,590,083	4,610,515	Capital stock	19,443,976	19,443,976
Properties-net	5,402,919	5,280,745	Capital surplus	125,208	125,208
Other assets	8,449,035	4,461,515	Retained earnings	6,708,183	5,526,647
			Equity adjustments	(130,695)	(100,157)
			Total stockholders' equity	26,146,672	24,995,674
Total assets	\$ 460,402,002	\$ 377,023,416	Total liabilities and stockholders' equity	\$ 460,402,002	\$ 377,023,416



SinoPac Securities Corporation
Balance Sheet
December 31, 2003 and 2002
(In Thousands of New Taiwan Dollars)

<u>Assets</u>	2003	2002	<u>Liabilities</u>	2003	2002
Current assets	\$ 41,453,192	\$ 41,492,043	Current liabilities	\$ 26,238,281	\$ 27,357,457
Long-term equity investments	4,693,980	2,847,933	Long-term liabilities	2,000,000	-
Properties—net	2,722,759	2,749,743	Other liabilities	638,741	384,867
Other assets	2,689,838	2,066,401	Securities brokerage credit account—net	-	91,486
Securities brokerage debit account—net	88,106	-	Total liabilities	28,877,022	27,833,810
			<u>Stockholders' equity</u>		
			Capital stock	15,269,020	15,269,020
			Capital surplus	2,342,425	2,321,997
			Retained earnings	5,101,751	3,976,662
			Equity adjustments	57,657	(245,369)
			Total stockholders' equity	22,770,853	21,322,310
Total assets	<u>\$ 51,647,875</u>	<u>\$ 49,156,120</u>	Total liabilities and stockholders' equity	<u>\$ 51,647,875</u>	<u>\$ 49,156,120</u>

SinoPac Life Insurance Agent Co., Ltd.
Balance Sheet
December 31, 2003 and 2002
(In Thousands of New Taiwan Dollars)

<u>Assets</u>	2003	2002	<u>Liabilities</u>	2003	2002
Current assets	\$ 159,729	\$ 115,882	Current liabilities	\$ 61,850	\$ 37,275
Properties—net	701	2,631			
Other assets	2,861	670	<u>Stockholders' equity</u>		
			Capital stock	2,000	2,000
			Retained earnings	99,441	79,908
			Total stockholders' equity	101,441	81,908
Total assets	<u>\$ 163,291</u>	<u>\$ 119,183</u>	Total liabilities and stockholders' equity	<u>\$ 163,291</u>	<u>\$ 119,183</u>

SinoPac Property Insurance Agent Co., Ltd.
Balance Sheet
December 31, 2003 and 2002
(In Thousands of New Taiwan Dollars)

<u>Assets</u>	2003	2002	<u>Liabilities</u>	2003	2002
Current assets	\$ 5,032	\$ 4,095	Current liabilities	\$ 1,675	\$ 777
Other assets	600	600			
			<u>Stockholders' equity</u>		
			Capital stock	2,000	2,000
			Retained earnings	1,957	1,918
			Total stockholders' equity	3,957	3,918
Total assets	<u>\$ 5,632</u>	<u>\$ 4,695</u>	Total liabilities and stockholders' equity	<u>\$ 5,632</u>	<u>\$ 4,695</u>

b. Condensed statements of income

Bank SinoPac and Subsidiaries
Consolidated Statement of Income
For the Years Ended December 31, 2003 and 2002
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2003	2002
Operating revenues	\$ 17,897,620	\$ 17,848,451
Operating costs and expenses	14,686,159	14,921,221
Operating income	3,211,461	2,927,230
Nonoperating income and gains	164,856	165,793
Nonoperating expenses and losses	97,190	56,154
Income before income tax	3,279,127	3,036,869
Net income	<u>\$ 2,753,899</u>	<u>\$ 2,255,049</u>
Pretax earnings per share	<u>\$ 1.69</u>	<u>\$ 1.59</u>
After tax earnings per share	<u>\$ 1.42</u>	<u>\$ 1.18</u>

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

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

SinoPac Life Insurance Agent Co., Ltd.
Statement of Income
For the Years Ended December 31, 2003 and 2002
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

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

SinoPac Property Insurance Agent Co., Ltd.
Statements of Income
For the Years Ended December 31, 2003 and 2002
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

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

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

a. Statement of capital adequacy

(In Thousands of New Taiwan Dollars, %)

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

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



b. Assets quality

(In Thousands of New Taiwan Dollars, %)

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

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

Note 2 : Overdue loans ratio = Overdue loans (including nonperforming loans)/(Outstanding loan balance + Nonperforming loans). If overdue loans (including nonperforming loans)/total credits, the overdue loans ratio as of December 31, 2003 and 2002 were 1.43% and 1.73%, respectively.

Note 3 : Loans subject to observation are mid-term and long-term loans repayable in installments repayment on which is delinquent for more than three months but less than six months; other loans(the repayment of) principal on which is overdue by less than three months and interest thereon is overdue by more than three months but less than six months that would normally be required to be reported as an overdue loan but for having been exempted from such reporting (including loans for which an agreement has been reached to repay such loan in installments, loans for which a credit insurance fund will cover such repayment (as evidenced by), a sufficient certificate of deposit or reserve, loans for which repayment has, by agreement, been extended due to the September 21, 1999 earthquake, loans for which the collateral has been sold at auction and the proceeds of such auction are yet to be distributed, and loans extended under other approved exempt loan programs.

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

c. Management information

1) Concentration of credit extensions

(In Thousands of New Taiwan Dollars, %)

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

Note 1 : Consist of loans, discounts and bills purchased (including import and export bill negotiations), acceptances and guarantees.

Note 2 : Ratio of credit extensions to interested parties = credit extensions to interested parties/total credit extensions.

Note 3 : Ratio of credit extensions secured by pledged stocks = credit extensions secured by pledged stocks/total credit extensions.

Note 4 : The amounts of credit extensions to interested parties are required to be computed pursuant to the Banking Law.

Note 5 : Consist of the following industries required by the Central Bank: agriculture, forestry, fishing and grazing; mining and soil excavation; manufacturing; utility and gas; construction; wholesale, retail, food and beverage; shipping, storage and communications; finance, insurance and real estate; general services and other.

2) Information of investees of Bank SinoPac

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

Name of Investee	Original Investment Amount	Percentage of Ownership
SinoPac Bancorp	US\$ 112,306	100.00%
SinoPac Leasing Corporation	999,940	99.77%
SinoPac Capital Limited	HK\$ 229,998	99.99%
SinoPac Financial Consulting Co., Ltd.	1,940	97.00%
Fuh-Hwa Investment Trust Co., Ltd.	24,000	7.61%
Mondex Taiwan Inc.	25,000	6.47%

Note : Only include percentage of ownership above 5%.

3) Policy of provisions on credit and investment losses

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

In determining the allowance for credit losses and provision for losses on guarantees, Bank SinoPac assesses the collectibility on the balances of loans, discounts and bills purchased, accounts, interest and other receivables, and nonperforming loans, as well as guarantees and acceptances as of the balance sheet dates.

Pursuant to "The Rules for Bank Asset Evaluation, Loss Reserve Provision, and Disposal of Overdue Loans and Bad Debts"(the Rules) issued by the MOF, Bank SinoPac evaluates credit losses on the basis of its borrowers'/clients' financial positions, Bank SinoPac's prior experiences, repayments for principal and interest by borrowers/clients, collateral provided, and estimated collectibility.

Bank SinoPac assesses losses on particular loans in accordance with the Rules stated above. The Rules provide that the minimum provision for credit losses should not be less than the aggregate of 50% of the doubtful credits and 100% of the unrecoverable credits.

Write-offs of loans falling under the MOF guidelines, upon approval by the board of directors, are offset against the recorded allowance for credit losses.

b) Provision for investment losses

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

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

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

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



4) Matters requiring special notation

December 31, 2003

Causes (Note 1)	Summary and Amount
Within the past one year, a responsible person or professional employee, in the course of business, violated the law, resulting in an indictment by a prosecutor.	A former employee sued by Bank SinoPac for violating the related regulations of the Bank Law, was prosecuted by the District Attorney. The case was still tried by the District Court. All damage had been recovered on July 8, 2003.
Within the past one year, a fine was levied on Bank SinoPac for violations of the related regulations (Note 2)	None
Within the past one year, misconduct occurred that resulted in the Ministry of Finance imposing strict corrective measures.	None
Within the past one year, the loss from one incident or the total losses from employee corruption, periodic events of a material nature, or failure to abide by the "Guidelines for the Maintenance of Soundness of Financial Institutions" exceeded NT\$50 million dollars.	None
Other	None

Note 1 : The term "within the past one year" means the one year prior to the balance sheet date.

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

d. Profitability

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

Note 1 : Return on total assets = Income before income tax / Average total assets

Note 2 : Return on net worth = Income before income tax / Average net worth

Note 3 : Profit margin = Income before income tax / Total operating revenues

Note 4 : Income before income tax represents income for the years ended December 31, 2003 and 2002.

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

(In Thousands of New Taiwan Dollars, %)

	2003		2002	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
<u>Interest-earning assets</u>				
Cash-negotiable certificates of deposit	\$ 79,571,156	1.01	\$ 38,201,479	1.62
Due from banks	3,871,717	1.32	1,943,357	1.70
Call loans (placement)	7,994,742	1.09	18,732,491	2.75
Due from Central Bank	5,882,812	1.85	5,254,416	2.47
Securities purchased	31,475,938	6.52	26,129,637	3.99
Loans, discounts and bills purchased	195,533,730	3.90	172,342,097	5.53
Accounts receivable from factoring	5,913,668	3.65	4,589,239	4.90

(Continued)

(In Thousands of New Taiwan Dollars, %)

	2003		2002	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
<u>Interest-bearing liabilities</u>				
Due to banks	\$ 9,211	0.03	\$ 5,441	0.69
Call loans (taken)	49,212,529	1.16	33,630,163	1.90
Demand deposits	35,436,955	0.63	21,579,614	0.96
Savings-demand deposits	54,893,986	0.67	49,263,426	1.71
Time deposits	105,804,037	1.28	96,322,075	2.21
Savings —time deposits	58,570,590	1.94	57,815,254	2.96
Negotiable certificates of deposit	10,064,964	0.97	949,050	2.13

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

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

f. Liquidity

 Maturity Analysis of Assets and Liabilities
 December 31, 2003

(In Millions of New Taiwan Dollars)

	Total	Amount for the Remaining Period Prior to the Maturity Date				
		0-30 Days	31-90 Days	91-180 Days	181 Days to One Year	Over One Year
Assets	\$357,137	\$ 61,588	\$ 27,373	\$ 63,840	\$ 40,964	\$ 163,372
Liabilities	361,352	140,686	54,069	46,709	61,737	58,151
Gap	(4,215)	(79,098)	(26,696)	17,131	(20,773)	105,221
Accumulated gap	(4,215)	(79,098)	(105,794)	(88,663)	(109,436)	(4,215)

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

g. Market risk sensitivity

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

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

Note 2 : Ratio of interest-rate sensitive assets to liabilities = Interest-rate sensitive assets/Interest-rate sensitive liabilities (with maturities of less than one year in New Taiwan dollars).

Note 3 : Interest-rate sensitive gap = Interest-rate sensitive assets — Interest-rate sensitive liabilities

h. Net positions of major foreign-currency

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

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

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



45. ADDITIONAL DISCLOSURES

- a. Followings are the additional disclosures required by the SFC for the Company and investees:
- 1) Financing provided: Table 1;
 - 2) Endorsement/guarantee provided: Table 2;
 - 3) Marketable securities held: Table 3 (the related disclosures for SinoPac Securities are excluded from disclosure requirement under the Criteria Governing the Preparation of Financial Reports by Securities Firms);
 - 4) Marketable securities acquired and disposed of, at costs or prices of at least NT\$100 million or 20% of the issued capital: Table 4 (the related disclosures for SinoPac Securities are excluded from disclosure requirement under the Criteria Governing the Preparation of Financial Reports by Securities Firms);
 - 5) Acquisition of individual real estate at costs of at least NT\$100 million or 20% of the issued capital: Table 5;
 - 6) Names, locations, and other information of investees on which the Company exercises significant influences: Table 6;
 - 7) Derivative financial transactions: Please refer to Note 41.
- b. Information related to investment in Mainland China: None.

46. DISCLOSURES REQUIRED BY SECURITIES AND FUTURES COMMISSION, MINISTRY OF FINANCE, R.O.C.

SinoPac Securities' long-term equity investments which registered in Cayman Islands and British Virgin Islands includes SinoPac Securities (Cayman) Holding Limited, SinoPac Asset Management Corp. (B.V.I.), NSC Asia Ltd. and SinoPac Asia Limited. The information of investees' operating activities are as follows:

- a. Balance sheet: Table 7 to 10 (attached).
- b. Statement of income: Table 11 to 14 (attached).
- c. Marketable securities held: Table 15 to 17 (attached, NSC Asia, Ltd. did not hold any securities).
- d. Derivative financial instruments transactions and the resource of capital: Table 18 (attached, SinoPac Securities (Cayman) and NSC Asia Ltd. did not invest in derivative financial instruments.)
- e. Revenue form assets management business, service contents and litigation: None.

47. SEGMENT AND GEOGRAPHIC INFORMATION

a. Segment information

The segment information about the Company for the year ended December 31, 2003 is as follows:

	Banking	Securities	Other	Adjustments and Eliminations	Total
Revenue from third parties	\$ 17,577,890	\$ 6,287,436	\$ 2,037,938	(\$ 73,323)	\$ 25,829,941
Revenue from the Company and consolidated subsidiaries	22,649	56,158	172,862	(251,669)	-
Total revenue	<u>\$ 17,600,539</u>	<u>\$ 6,343,594</u>	<u>\$ 2,210,800</u>	<u>(\$ 324,992)</u>	<u>\$ 25,829,941</u>
Segment income (loss)	<u>\$ 2,982,046</u>	<u>\$ 2,276,303</u>	<u>(\$ 470,972)</u>	<u>(\$ 269,590)</u>	<u>\$ 4,517,787</u>
Investment income under the equity method					751,287
Income before income tax					<u>\$ 5,269,074</u>
Identifiable assets	<u>\$457,215,230</u>	<u>\$47,510,923</u>	<u>\$17,294,672</u>	<u>(\$ 12,415,362)</u>	<u>\$509,605,463</u>
Long-term equity investments under the equity method					8,091,387
Total assets					<u>\$517,696,850</u>
Depreciation and amortization expenses	<u>\$ 628,958</u>	<u>\$ 305,445</u>	<u>\$ 137,344</u>		
Capitalized expenditures	<u>\$ 693,687</u>	<u>\$ 271,461</u>	<u>\$ 40,622</u>		

The segment information about the Company for the year ended December 31, 2002 is as follows:

	Banking	Securities	Other	Adjustments and Eliminations	Total
Revenue from third parties	\$ 17,626,071	\$ 5,937,511	\$ 1,520,891	\$ 174,401	\$ 25,258,874
Revenue from the Company and consolidated subsidiaries	45,123	78,765	157,200	(281,088)	-
Total revenue	\$ 17,671,194	\$ 6,016,276	\$ 1,678,091	(\$ 106,687)	\$ 25,258,874
Segment income (loss)\$	\$ 2,859,612	\$ 1,860,621	(\$ 656,004)	\$ 163,415	\$ 4,227,644
Investment income under the equity method					380,470
Income before income tax					\$ 4,608,114
Identifiable assets	\$ 373,994,035	\$ 46,843,743	\$18,420,612	(\$ 13,775,486)	\$ 425,482,904
Long-term equity investments under the equity method					5,334,178
Total assets					\$ 430,817,082
Depreciation and amortization expenses	\$ 558,729	\$ 342,817	\$ 134,232		
Capitalized expenditures	\$ 639,760	\$ 168,588	\$ 64,604		

b. Geographic information

The geographic information about the Company for the year ended December 31, 2003 is as follows:

	Domestic	United States	Adjustments and Eliminations	Total
Revenue from third parties	\$ 22,422,667	\$ 3,480,597	(\$ 73,323)	\$ 25,829,941
Revenue from the Company and consolidated subsidiaries	251,669	-	(251,669)	-
Total revenue	\$ 22,674,336	\$ 3,480,597	(\$ 324,992)	\$ 25,829,941
Segment income	\$ 4,349,203	\$ 438,174	(\$ 269,590)	\$ 4,517,787
Investment income under the equity method				751,287
Income before income tax				\$ 5,269,074
Identifiable assets	\$457,401,687	\$ 64,619,138	(\$12,415,362)	\$ 509,605,463
Long-term equity investments under the equity method				8,091,387
Total assets				\$ 517,696,850

The geographic information about the Company for the year ended December 31, 2002 is as follows:

	Domestic	United States	Adjustments and Eliminations	Total
Revenue from third parties	\$ 21,736,386	\$ 3,348,087	\$ 174,401	\$ 25,258,874
Revenue from the Company and consolidated subsidiaries	281,088	-	(281,088)	-
Total revenue	\$ 22,017,474	\$ 3,348,087	(\$ 106,687)	\$ 25,258,874
Segment income	\$ 3,305,664	\$ 758,565	\$ 163,415	\$ 4,227,644
Investment income under the equity method				380,470
Income before income tax				\$ 4,608,114
Identifiable assets	\$380,237,420	\$ 59,020,970	(\$13,775,486)	\$ 425,482,904
Long-term equity investments under the equity method				5,334,178
Total assets				\$ 430,817,082



SINOPAC HOLDINGS AND INVESTEEES • FOR THE YEAR ENDED DECEMBER 31, 2003

TABLE 1 FINANCING PROVIDED

• In Thousands of New Taiwan Dollars

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

SINOPAC HOLDINGS AND INVESTEEES • FOR THE YEAR ENDED DECEMBER 31, 2003

TABLE 2 ENDORSEMENT/GUARANTEE PROVIDED

• In Thousands of New Taiwan Dollars, Unless Otherwise Specified

No.	Endorsement/Guarantee Provider	Counter-party		Limit on Individual Endorsement/Guarantee Amount	Maximum Balance for the Period	Ending Balance	Endorsement/Guarantee Amount Collateralized by Properties	Ratio of Accumulated Amount of Endorsement/Guarantee to Net Equity of the Latest Financial Statement	Maximum Endorsement/Guarantee Amounts Allowable
		Name	Nature of Relationship						
1	SinoPac Securities Corporation	SinoPac Securities (Asia) Ltd.	Affiliate	\$ 9,108,341 (Note 2)	\$ 594,475 (Note 1) (US\$ 17,500 thousand)	\$ -	\$ -	-	\$ 9,108,341 (Note 2)
2	SinoPac Leasing Corporation	Grand Capital International Limited	Subsidiary	(Note 3)	4,442,961 (Note 1)	4,265,554 (Note 1)	-	219%	(Note 4)
		Wal Tech International Corporation	Affiliate	(Note 3)	530,000	530,000	-	27%	(Note 4)

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

Note 2: The limit on individual and total endorsement or guarantee amounts are both up to 40% of the net asset value (Note 5) of SinoPac Securities Corporation.

Note 3: The limit on individual endorsement or guarantee amounts is up to 200% of the net asset value (Note 5) of the Sinopac Leasing Corporation. But no limit applied on any subsidiary of SinoPac Leasing Corporation. As of December 31, 2003, the limit was \$3,901,499.

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

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

SINOPAC HOLDINGS AND INVESTEEES • DECEMBER 31, 2003

TABLE 3 MARKETABLE SECURITIES HELD

• In Thousands of New Taiwan Dollars

Name of Held Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	December 31, 2003				Note
				Shares/Units/Face Amount (In Thousand)	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
SinoPac Holdings	<u>Stock (common stock)</u>							
	Bank SinoPac	Subsidiary	Long-term equity investments	1,944,398	\$ 23,213,584	100.00%	\$26,146,672	Note 5
	SinoPac Securities Corporation	Subsidiary	Long-term equity investments	1,526,902	22,770,853	100.00%	22,770,853	Note 5
	AnShin Card Services Co., Ltd	Subsidiary	Long-term equity investments	145,769	1,200,567	89.43%	319,015	Note 5
	SinoPac Life Insurance Agent Co., Ltd.	Subsidiary	Long-term equity investments	200	101,440	100.00%	101,440	Note 5
	SinoPac Property Insurance Agent Co., Ltd.	Subsidiary	Long-term equity investments	200	3,957	100.00%	3,957	Note 5
	SinoPac Venture Capital Co., Ltd.	Subsidiary	Long-term equity investments	50,000	501,683	100.00%	501,683	Note 5
	SinoPac Call Center Co., Ltd.	Subsidiary	Long-term equity investments	10,000	102,509	100.00%	102,509	Note 5
	SinoPac Asset Management International	Subsidiary	Long-term equity investments	10,000	119,492	100.00%	119,492	Note 5

(Continued)

Name of Held Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	December 31, 2003				Note
				Shares/Units/Face Amount (In Thousand)	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
	SinoPac Marketing Consulting Co., Ltd.	Subsidiary	Long-term equity investments	5,000	\$ 43,981	100.00%	\$ 43,981	Note 5
	Li - Seng Develop Company	Investee accounted for by the cost method	Long-term equity investments	12,500	125,000	5.00%	125,000	Note 4
	Debt Instruments Depository and Clearing Co., Ltd., Taiwan	Investee accounted for by the cost method	Long-term equity investments	2,000	20,000	1.00%	20,000	Note 6
	Stock (preferred stock)							
	AnShin Card Services Co., Ltd.	-	Long-term equity investments	28,834	288,336	60.07%	288,336	Note 5
	AnShin Card Services Co., Ltd.	-	Prepaid investments	19,166	191,664	39.93%	191,664	Note 5
Bank SinoPac	Stock							
	SinoPac Bancorp	Subsidiary	Long-term equity investments	20	5,259,093	100.00%	5,259,093	Note 5
	Rocorp Holding S.A.	Investee accounted for by the cost method	Long-term equity investments	0.11	-	33.33%	3,531	Note 4
					(Note 8)			
	SinoPac Leasing Corporation	Subsidiary	Long-term equity investments	159,629	2,163,470	99.77%	1,946,230	Note 5
	SinoPac Capital Limited	Subsidiary	Long-term equity investments	229,998	1,021,126	99.9991%	1,021,126	Note 5
	SinoPac Financial Consulting Co., Ltd.	Subsidiary	Long-term equity investments	194	2,177	97.00%	2,177	Note 5
	Ruentex Industries Ltd.	Supervisor of Bank SinoPac and an investee accounted for by the cost method	Long-term equity investments	11,452	165,487	1.45%	174,248	Note 2
					(Note 3)			
	Mega Financial Holding Company	Investee accounted for by the cost method	Long-term equity investments	4,158	110,732	0.04%	81,910	Note 2
					(Note 3)			
	China Television Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	12,468	364,539	3.42%	103,122	Note 2
					(Note 3)			
	Global Securities Finance Corp.	Investee accounted for by the cost method	Long-term equity investments	11,719	100,000	1.56%	134,093	Note 5
	Z-Com, Inc.	Investee accounted for by the cost method	Long-term equity investments	1,040	13,230	1.58%	13,024	Note 4
	Taipei Forex Inc.	Investee accounted for by the cost method	Long-term equity investments	80	800	0.40%	1,226	Note 4
	Taiwan Future Exchange Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	899	8,990	0.45%	13,745	Note 5
	Taiwan Leader Advanced Technology Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	1,103	16,554	1.07%	8,991	Note 4
	Apack Technology Inc.	Investee accounted for by the cost method	Long-term equity investments	1,694	-	1.31%	12,717	Note 4
					(Note 8)			
	Fuh-Hwa Investment Trust Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	2,400	24,000	7.61%	37,164	Note 4
	Financial Information Services Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	4,550	45,500	1.14%	67,081	Note 4
	Taiwan Asset Management Corporation	Investee accounted for by the cost method	Long-term equity investments	5,000	50,000	0.28%	53,411	Note 4
	Taiwan Financial Asset Service Corporation	Investee accounted for by the cost method	Long-term equity investments	5,000	50,000	2.94%	50,788	Note 4
	Prudence Venture Investment Corporation	Investee accounted for by the cost method	Long-term equity investments	5,000	50,000	2.50%	49,620	Note 4
	Mondex Taiwan Inc.	Investee accounted for by the cost method	Long-term equity investments	2,000	25,000	6.47%	10,967	Note 4
SinoPac Bancorp	Stock							
Far East National Bank	Far East National Bank	Subsidiary	Long-term equity investments	175	5,268,641	100.00%	5,268,641	Note 5
Far East National Bank	Stock							
	Far East Capital Corporation	Subsidiary	Long-term equity investments	350	70,078	100.00%	70,078	Note 5
	FENB Securities, Inc.	Subsidiary	Long-term equity investments	2.5	34,448	100.00%	34,448	Note 5
	FENB Loan Corp.	Subsidiary	Long-term equity investments	0.1	(35,418)	100.00%	(35,418)	Note 5
	FENB Film Corp.	Subsidiary	Long-term equity investments	0.1	(79,750)	100.00%	(79,750)	Note 5
	FENB Services, Inc.	Subsidiary	Long-term equity investments	0.1	33	100.00%	33	Note 5
	Film Service Management Corp.	Subsidiary	Long-term equity investments	0.1	3	100.00%	3	Note 5
	Federal Reserve Bank	Investee accounted for by the cost method	Long-term equity investments	68	114,895	-	114,895	Note 6
	Federal Home Loan Bank	Investee accounted for by the cost method	Long-term equity investments	63	212,363	-	212,363	Note 6
	Southern California Business Development Corporation (SCBDC)	Investee accounted for by the cost method	Long-term equity investments	40	1,359	-	1,359	Note 6
	California Economic Development Lending Initiative (CEDLI)	Investee accounted for by the cost method	Long-term equity investments	50	1,699	-	1,699	Note 6
	Fund							
	Genesis L.A. Real Estate Fund LLC	-	Long-term investments	-	65,176	-	65,176	Note 6
	California Tax Credit Fund LLC	-	Long-term investments	-	23,842	-	23,842	Note 6
	Bay Area Equity Fund I	-	Long-term investments	-	1,699	-	1,699	Note 6
	Bay Area Smart Growth Fund LLC	-	Long-term investments	-	28,974	-	28,974	Note 6
Far East Capital Corporation	Stock (common stock)							
	Hollywood International Finance, Inc.	Investee accounted for by the cost method	Long-term equity investments	0.3	10	15.10%	(19)	Note 4
	PCRS Capital Partners, LLC	Investee accounted for by the cost method	Long-term equity investments	-	1,819	4.00%	1,819	Note 6
	TVIA, Inc.	Investee accounted for by the cost method	Long-term equity investments	33	2,764	0.20%	2,764	Note 7
	Stock (preferred stock)							
	AgraQuest, Inc.	-	Long-term equity investments	100	7,985	0.80%	7,985	Note 6
	Silicon Motion, Inc.	-	Long-term equity investments	61	8,495	0.20%	8,495	Note 6



Name of Held Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	December 31, 2003				Note
				Shares/Units/Face Amount (In Thousand)	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
	Softknot Corporation	-	Long-term equity investments	250	\$ 6,797	2.00%	\$ 6,797	Note 6
	Zone Reactor, Inc.	-	Long-term equity investments	300	1,144	1.50%	1,144	Note 6
SinoPac Leasing Corporation	Stock							
	Grand Capital International Limited	Subsidiary	Long-term equity investments	29,900	1,416,664	100.00%	1,416,664	Note 5
	Bank of Overseas Chinese	Investee accounted for by the cost method	Long-term equity investments	1,718	24,613	0.103%	8,487	Note 3
	Chain Yarn Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	1,969	38,444	1.90%	26,709	Note 4
	Tekcon Electronics Corp.	Investee accounted for by the cost method	Long-term equity investments	832	20,768	1.51%	5,507	Note 4
	Global Securities Finance Corp.	Investee accounted for by the cost method	Long-term equity investments	1,423	15,664	0.19%	16,306	Note 5
	Z-Com, Inc.	Investee accounted for by the cost method	Long-term equity investments	317	6,340	0.48%	3,967	Note 4
	Walton Advanced Engineering, Inc.	Investee accounted for by the cost method	Long-term equity investments	1,528	23,616	0.34%	11,944	Note 4
	Telexpress Corp.	Investee accounted for by the cost method	Long-term equity investments	525	7,835	5.00%	5,277	Note 5
Grand Capital International Limited	Venture fund							
	World Wide Multimedia L.P.	-	Long-term investments	0.005	33,242	16.67%	47,875	Note 4
	Stock (preferred stock)							
	Best 3C. Com, Inc.	-	Long-term equity investments	600	15,290	1.85%	15,290	Note 6
	e21 Corp.	-	Long-term equity investments	200	10,193	0.79%	10,193	Note 6
SinoPac Capital Limited	Stock							
	SinoPac Capital (B.V.I.) Ltd.	Subsidiary	Long-term equity investments	4,450	119,743	100.00%	404,855	Note 4
	TPV Technology	-	Short-term investments	3,000	53,447	0.22%	53,507	Note 2
	Sino Golf	-	Short-term investments	9,962	38,833	3.30%	65,839	Note 2
	HC	-	Short-term investments	5,284	28,307	1.27%	50,302	Note 2
	Combe	-	Short-term investments	3,064	44,482	0.37%	50,961	Note 2
	Suga International	-	Short-term investments	7,080	44,845	3.17%	45,862	Note 2
	Haition	-	Short-term investments	11,448	37,575	7.08%	36,077	Note 2
	Sun East	-	Short-term investments	10,000	60,432	2.86%	54,711	Note 2
	Kanssen	-	Short-term investments	29	17,303	-	17,303	Note 2
	Bond							
	Chiam International	-	Short-term investments	US\$ 5,000	169,890	-	169,890	Note 6
	Invest Link International	-	Short-term investments	US\$ 1,410	47,909	-	47,909	Note 6
	Convertible bill and bond							
	Sino-Wood Partners	-	Short-term investments	US\$ 1,000	33,978	-	33,978	Note 2
	Sinbon Electronics Co., Ltd.	-	Short-term investments	US\$ 1,000	33,978	-	35,592	Note 2
	Micro-Star Int'l Co., Ltd.	-	Short-term investments	US\$ 2,000	67,956	-	74,794	Note 2
Asia Optical	-	Short-term investments	US\$ 500	16,989	-	18,702	Note 2	
Yue Yuen Industrial	-	Short-term investments	US\$ 1,000	33,978	-	34,097	Note 2	
Ritek	-	Short-term investments	US\$ 1,000	33,978	-	36,108	Note 2	
Powerchip	-	Short-term investments	US\$ 2,000	67,956	-	74,876	Note 2	
SinoPac Capital (B.V.I.) Ltd.	Stock							
	Cyberpac Holding Ltd. (B.V.I.)	Subsidiary	Long-term equity investments	4,000	44,314	100.00%	44,323	Note 5
	Allstar Venture Ltd. (B.V.I.)	Subsidiary	Long-term equity investments	0.002	(183,139)	100.00%	(183,139)	Note 5
	Shanghai International Asset Management (Hong Kong) Co., Ltd.	Subsidiary	Long-term equity investments	4,800	29,796	60.00%	23,726	Note 4
	Pinnacle Investment Management Ltd.	Subsidiary	Long-term equity investments	200	4,116	99.9995%	4,104	Note 4
Cyberpac Holding Ltd. (B.V.I.)	Venture fund							
	3V Source One LP	-	Long-term investments	2,000	69,428	71.43%	49,461	Note 4
	Stock							
	Wal Tech International Corporation	Subsidiary	Long-term equity investments	26,500	195,153	100.00%	190,232	Note 5
	RSP Information Service Company Limited	Subsidiary	Long-term equity investments	999,999	3,396	99.9999%	3,396	Note 5
	Telexpress Corp.	Investee accounted for by the equity method	Long-term equity investments	3,900	51,079	34.21%	36,102	Note 5
	Hollywood International Finance, Inc.	Investee accounted for by the cost method	Long-term equity investments	0.098	3	4.90%	(6)	Note 4
Allstar Venture Ltd. (B.V.I.)	Venture fund							
	InveStar Excelsus Venture Capital (Int'l) Inc., LDC	-	Long-term investments	2,220	83,007	6.25%	83,007	Note 6
	UOB Venture Technology Investment Limited	-	Long-term investments	26	75,816	8.62%	75,816	Note 6
	MDS Life Sciences Technology Fund-Barbados	-	Long-term investments	50	119,975	25.00%	83,355	Note 4
	Biotechnology Development Fund II, L.P.	-	Long-term investments	-	24,155	2.30%	42,007	Note 4
	North America Venture Fund II, L.P.O.	-	Long-term investments	-	15,137	2.07%	28,987	Note 4

Name of Held Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	December 31, 2003				Note
				Shares/Units/Face Amount (In Thousand)	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
	Stock (common stock)							
	Ardent Pharmaceuticals, Inc.	Investee accounted for by the cost method	Long-term equity investments	143	\$ 17,368	0.58%	\$ 372	Note 4
	TVIA, Inc.	Investee accounted for by the cost method	Long-term equity investments	167	9,978	0.75%	13,818	Note 7
	DiCon Fiberoptics, Inc.	Investee accounted for by the cost method	Long-term equity investments	221	33,972	0.20%	4,307	Note 4
	Stock (preferred stock)							
	Sunol Molecular Corp.	-	Long-term equity investments	100	17,149	0.92%	17,149	Note 6
	Phytoceutica, Inc.	-	Long-term equity investments	200	17,527	1.10%	17,527	Note 6
	Immusol, Inc.	-	Long-term equity investments	75	10,421	0.15%	10,421	Note 6
	Virtual Silicon Technology, Inc.	-	Long-term equity investments	120	10,412	0.31%	10,412	Note 6
	BioAgri Corp.	-	Long-term equity investments	375	10,193	2.34%	10,193	Note 6
Wal Tech International Corporation	Stock							
	Intellisys Corp.	Subsidiary	Long-term equity investments	10,326	241,667	62.58%	125,870	Note 5
	Multiwin Asset Management Co., Ltd.	Investee accounted for by the equity method	Long-term equity investments	1,800	12,828	30.00%	13,504	Note 5
	Monmon Medza Technology Co., Ltd.	Investee accounted for by the equity method	Long-term equity investments	598	2,174	32.39%	2,144	Note 4
	Fu Po Electronics Corporation	Investee accounted for by the cost method	Long-term equity investments	1,650	29,700	1.50%	11,649	Note 4
	Webi & Neti Internet Services Inc.	Investee accounted for by the cost method	Long-term equity investments	63	625	2.63%	268	Note 4
	YesMobile Holdings Company Limited.	Investee accounted for by the cost method	Long-term equity investments	294	12,000	0.75%	1,893	Note 4
	SynTest Technologies, Inc., Taiwan	Investee accounted for by the cost method	Long-term equity investments	79	10,598	0.35%	485	Note 4
	Taiwan Leader Advanced Technology Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	1,575	15,000	1.53%	12,847	Note 4
	Ruentex Resources Integration Co., Ltd.	A subsidiary of Bank SinoPac's supervisor and investee accounted for by the cost method	Long-term equity investments	2,361	24,114	2.47%	20,631	Note 4
	Media Reality Technologies, Inc.	Investee accounted for by the cost method	Long-term equity investments	800	13,598	1.78%	8,775	Note 5
	Advanced Power Electronics Corp.	Investee accounted for by the cost method	Long-term equity investments	660	14,520	1.32%	9,850	Note 5
	Nanya PCB Corporation	Investee accounted for by the cost method	Long-term equity investments	1,519	93,080	0.32%	26,685	Note 4
	ENE Technology Inc.	Investee accounted for by the cost method	Long-term equity investments	861	29,996	3.15%	35,994	Note 2
	SonicEdge Industries Corporation	Investee accounted for by the cost method	Long-term equity investments	580	14,500	2.99%	4,549	Note 4
	Maximum Venture I, Inc., Taiwan	Investee accounted for by the cost method	Long-term equity investments	7,000	70,350	9.39%	67,668	Note 5
	SinoPac Financial Consulting Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	6	91	3.00%	67	Note 5
	Silicon Motion Inc.	Investee accounted for by the cost method	Long-term equity investments	90	12,523	0.10%	1,409	Note 4
Intellisys Corp.	Beneficiary certificate							
	Collective Investment Fund-SinoPac Global Constant I	-	Short-term investments	1,000	10,000	-	10,390	Note 7
	Apollo Fund	-	Short-term investments	15	100	-	106	Note 7
					(Note 3)			
	Stock							
SinoPac Futures Corporation	Orion Financial Tech. Ltd.	Investee accounted for by the cost method	Long-term equity investments	81	525	2.31%	237	Note 4
	Beneficiary certificate							
	Cathay Bond Fund	-	Short-term investments	3,619	40,000	-	40,119	Note 7
	Jih Sun Global Bond Fund	-	Short-term investments	1,000	10,000	-	9,993	Note 7
	Sheng Hua 6666 Balance Fund	-	Short-term investments	926	10,000	-	9,925	Note 7
	The IIT Principal Guaranteed Fund No. 1	-	Short-term investments	1,000	10,000	-	9,990	Note 7
	Barits Value Balance Fund	-	Short-term investments	945	10,000	-	10,180	Note 7
	Grand Cathay Balance Fund	-	Short-term investments	789	10,000	-	10,418	Note 7
	Fuh-Hwa Digital Economy Fund	-	Short-term investments	1,211	10,000	-	9,722	Note 7
	Stock							
	Taiwan Future Exchange Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	500	5,000	0.25%	8,290	Note 5
	SinoPac Managed Futures Co., Ltd.	-	Long-term investments	20,000	200,000	100.00%	-	Note 9
SinoPac Capital Management Corporation	Beneficiary certificate							
	NITC Bond Fund	-	Short-term investments	309	48,709	-	48,714	Note 7
	NITC Taiwan Bond Fund	-	Short-term investments	485	6,551	-	6,552	Note 7
SinoPac Life Insurance Agent Co., Ltd	Beneficiary certificate							
	Fuh-hwa Yu-Li Fund	-	Short-term investments	1,328	15,015	-	15,667	Note 7
	Fuh-hwa Bond Fund	-	Short-term investments	164	2,000	-	2,080	Note 7
	Prudential Aggressive Growth 2 Bond Fund	-	Short-term investments	1,689	24,746	-	25,227	Note 7
SinoPac Property Insurance Agent Co., Ltd	Beneficiary certificate							
	Prudential Aggressive Growth 2 Bond Fund	-	Short-term investments	104	1,500	-	1,557	Note 7
	ABN AMRO Bond Fund Cap	-	Short-term investments	71	1,000	-	1,029	Note 7
SinoPac Venture Capital Co., Ltd	Beneficiary certificate							
	NITC Bond Fund	-	Short-term investments	596	92,389	-	93,976	Note 7



Name of Held Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	December 31, 2003				Note
				Shares/Units/ Face Amount (In Thousand)	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
	Stock							
	ATM Electronic Corp.	Investee accounted for by the cost method	Long-term equity investments	400	\$ 10,000	2.5%	\$ 10,000	Note 6
	Micro Square Technology Inc.	Investee accounted for by the cost method	Long-term equity investments	500	10,000	3.7%	10,000	Note 6
	De Poan Pneumatic Corp.	Investee accounted for by the cost method	Long-term equity investments	300	15,000	1.24%	15,000	Note 6
	Global Sun Technology Inc.	Investee accounted for by the cost method	Long-term equity investments	466	29,177	0.389%	16,869	Note 2
					(Note 3)			
	Pandisk Technology Company Ltd.	Investee accounted for by the cost method	Long-term equity investments	656	9,980	2.95%	9,980	Note 6
	Skanhex Technology Inc.	Investee accounted for by the cost method	Long-term equity investments	356	13,823	0.426%	13,823	Note 6
	Chinesgmer International Corp.	Investee accounted for by the cost method	Long-term equity investments	289	25,402	0.665%	29,602	Note 2
					(Note 3)			
	ENE Technology Inc.	Investee accounted for by the cost method	Long-term equity investments	331	11,760	1.18%	13,839	Note 2
					(Note 3)			
	Creative Sensor Inc.	Investee accounted for by the cost method	Long-term equity investments	911	49,982	1.30%	49,982	Note 6
	Nanya PCB Corporation	Investee accounted for by the cost method	Long-term equity investments	61	2,173	0.01%	2,173	Note 6
	ST. SHINE Optical Company Limited	Investee accounted for by the cost method	Long-term equity investments	496	9,920	1.50%	9,920	Note 6
	Hu Lane Associate Inc.	Investee accounted for by the cost method	Long-term equity investments	304	9,842	0.80%	12,665	Note 2
					(Note 3)			
	Taimide Tech, Inc.	Investee accounted for by the cost method	Long-term equity investments	870	10,000	1.89%	10,000	Note 6
	Settv	Investee accounted for by the cost method	Long-term equity investments	520	18,720	0.45%	18,720	Note 6
	Alpha Microelectronics Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	944	9,995	1.917%	9,995	Note 6
	Proconn Technology Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	557	10,822	4.56%	10,822	Note 6
	Bcom Electronics Inc.	Investee accounted for by the cost method	Long-term equity investments	949	17,914	0.91%	17,914	Note 6
	Sunnic Technology & Merchandise Inc.	Investee accounted for by the cost method	Long-term equity investments	650	25,120	2.89%	25,120	Note 6
	Ampire Co., Ltd	Investee accounted for by the cost method	Long-term equity investments	362	5,525	0.85%	5,525	Note 6
	AME, Inc.	Investee accounted for by the cost method	Long-term equity investments	240	10,000	0.89%	10,000	Note 6
	TennRich International Corp.	Investee accounted for by the cost method	Long-term equity investments	454	9,988	1.08%	9,988	Note 6
	Exploit Technology Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	200	4,400	1.00%	4,400	Note 6
	Asia Electronic Material Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	2,000	20,000	7.41%	20,000	Note 6
	Princo Corp.	Investee accounted for by the cost method	Long-term equity investments	145	9,713	0.037%	9,713	Note 6
	Light Master System, Inc.	Investee accounted for by the cost method	Long-term equity investments	150	9,184	1.10%	9,184	Note 6
	Global Strategic Venture	Investee accounted for by the cost method	Long-term equity investments	3,000	30,000	2.22%	30,000	Note 6
	Donpon Precision, Inc.	Investee accounted for by the cost method	Long-term equity investments	500	17,500	1.06%	17,500	Note 6
SinoPac Asset Management International	Beneficiary certificate							
	NITC Bond Fund	-	Short-term investments	534	83,496	-	84,239	Note 7
	Stock							
	BASSO Corp.	-	Short-term investments	56	4,281	0.07%	4,390	Note 2
	EDOM Technology Corp.	-	Short-term investments	52	3,269	0.04%	3,029	Note 2
	ICP Electronics Inc.	-	Short-term investments	250	11,517	0.18%	13,875	Note 2
	National Venture Capital Corp.	Investee accounted for by the cost method	Long-term equity investments	2,000	14,800	3.69%	16,845	Note 4

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

Note 2: Market prices of listed and over-the-counter stocks are determined by average daily closing prices in December 2003.

Note 3: The amounts are before deducting related unrealized losses under the method of lower of aggregate cost or market.

Note 4: Net asset values are based on the investees' unaudited or unreviewed financial statements for the latest period.

Note 5: Net asset values are based on the investees' audited or reviewed financial statements for the latest period.

Note 6: Net asset values are based on the carrying amounts.

Note 7: Market prices are determined at the closing prices on December 31, 2003.

Note 8: The amounts are after deducting realized losses.

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

SINOPAC HOLDINGS AND INVESTEEES • FOR THE YEAR ENDED DECEMBER 31,2003

TABLE 4 MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE ISSUED CAPITAL • In Thousands of New Taiwan Dollars, Unless Otherwise Specified

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counter-party	Relationship	Beginning Balance		Acquisition(Note 4)		Disposal				Ending Balance			
					Shares/Units/ Face Value (In Thousand)	Amount	Shares/Units/ Face Amount (In Thousand)	Amount	Shares/Units/ Face Amount (In Thousand)	Amount	Carrying Amount	Gain(Loss) on Disposal	Shares/Units/ Face Amount (In Thousand)	Amount		
SinoPac Holdings	<u>Stock (common stock)</u>															
	Li-Seng Develop Company	Long-term equity investments	Transacted at exchange market	-	-	-	\$ 12,500	-	\$ -	-	\$ -	-	\$ -	12,500	\$125,000	
	SinoPac Venture Capital Co., Ltd.	Long-term equity investments	Transacted at exchange market	-	-	-	501,683	-	-	-	-	-	-	50,000	501,683	
							(Note 1)									
	SinoPac Asset Management International	Long-term equity investments	Transacted at exchange market	-	-	-	119,492	-	-	-	-	-	-	10,000	119,492	
AnShin Card Services Co., Ltd.	Long-term equity investments	ING Heart Investment Co., Ltd.	-	-	81,104	151,227	64,665	1,049,341	-	-	-	-	145,769	1,200,567		
								(Note 3)								
SinoPac Venture Capital Co., Ltd.	<u>Stock (preferred stock)</u>															
	AnShin Card Services Co., Ltd.	Prepaid investments	ING Heart Investment Co., Ltd.	-	-	28,834	288,336	19,166	191,664	-	-	-	-	48,000	480,000	
SinoPac Asset Management International	<u>Beneficiary certificate</u>															
	NITC Bond fund	Short-term investments	National Investment Trust Company Limited	Related party in substance	-	-	3,220	499,500	2,625	410,775	407,111	3,664	595	92,389		
SinoPac Capital Limited.	<u>Convertible bond</u>															
	Hannstar Display	Short-term investments	Transacted at exchange market	-	-	US\$ 3,000	101,934	US\$ 3,000	104,114	101,934	2,180	-	-			
AnShin Card Services Co., Ltd.	<u>Bond</u>															
	Chiam International	Short-term investments	Transacted at exchange market	-	-	US\$ 5,000	169,890	-	-	-	-	-	US\$ 5,000	169,890		
SinoPac Asset Management International	<u>Beneficiary certificate</u>															
	NITC Bond fund	Short-term investments	National Investment Trust Company Limited	Related party in substance	-	-	1,006	156,800	473	73,520	73,304	216	533	83,496		
	JF (Taiwan) Bond Fund	Short-term investments	Transacted at exchange market	-	-	-	-	13,725	185,000	13,725	185,047	185,000	47	-		

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

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

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

Note 4: Consist of original investment which increase in this period, investment income recognized under the equity method and cumulative translation adjustment.

Note 5: Foreign-currency amounts are translated to New Taiwan dollars at the exchange rate as of the balance sheet date.

SINOPAC HOLDINGS AND INVESTEEES • FOR THE YEAR ENDED DECEMBER 31,2003

TABLE 5 ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$100 MILLION OR 20% OF THE ISSUED CAPITAL • In Thousands of New Taiwan Dollars

Company Name	Property	Transaction Date	Transaction Amount	Payment Term	Counter-party	Relationship	Prior Transaction of Related Counter-party				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationship	Transfer Date	Amount			
Bank SinoPac	Collateral assumed Lands in South Area, Taichung	April 15, 2003	\$ 197,680	Offset in nonperforming loan	Tong Long Industrial Corp.	The debtor of Bank SinoPac	-	-	-	\$ -	Court auction price: \$197,680	For sale	None
	Collateral assumed Buildings and land in Banchiau City, Taipei	October 16, 2003	535,740	Offset in nonperforming loan	Pacific Dingho Development Corp.	The debtor of Bank SinoPac	-	-	-	-	Court auction price: \$490,810	For sale	None
SinoPac Leasing Corporation	Office buildings and superificies	August 21, 2003	1,748,000	\$349,600 of the transaction amount had been paid	Li-Seng Develop Company	Related party in substance	Ruentex Development Co., Ltd.	Related party in substance	December 24, 2002	1,428,571	Honds Property Appraisal & Consulting and China Credit Information Service, Ltd.	For rent and for operating use	None


SINOPAC HOLDINGS AND INVESTEEES • FOR THE YEAR ENDED DECEMBER 31, 2003

TABLE 6
NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE

• In Thousands of New Taiwan Dollars, Unless Otherwise Specified

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2003			Net Income (Loss) of the Investee (Note2)	Investment Gains (Loss) (Note2)	Note
				December 31, 2003 (Note 1)	December 31, 2002 (Note 1)	Shares (Thousand)	Percentage of Ownership(%)	Carrying Amount (Note2)			
SinoPac Holdings	Bank SinoPac	Taipei	Commercial bank	\$ 23,976,716	\$ 23,976,716 (Note 3)	1,944,398	100.00	\$23,213,584	\$ 2,753,899	\$ 2,586,951	Subsidiary
	SinoPac Securities Corporation	Taipei	Brokerage, dealing underwriting of securities	21,566,517	21,566,517 (Note 3)	1,526,902	100.00	22,770,853	2,162,094	2,095,153	Subsidiary
	AnShin Card Services Co., Ltd.	Taipei	Credit card business	1,212,211	181,238	145,769	89.43	1,200,567	29,656	(5,311)	Subsidiary
	SinoPac Life Insurance Agent Co., Ltd.	Taipei	Life insurance agent	81,909	-	200	100.00	101,440	90,250	89,532	Subsidiary
	SinoPac Property Insurance Agent Co., Ltd.	Taipei	Property insurance agent	3,919	-	200	100.00	3,957	1,671	1,654	Subsidiary
	SinoPac Venture Capital Co., Ltd.	Taipei	Venture capital investment	500,000	-	50,000	100.00	501,683	4,927	4,927	Subsidiary
	SinoPac Call Center Co., Ltd.	Kaohsiung	Data processing, manpower and agency services	100,000	100,000	10,000	100.00	102,509	5,155	5,155	Subsidiary
	SinoPac Asset Management Insurance	Taipei	Business management advisory, investment and venture capital investment advisory	100,000	-	10,000	100.00	119,492	19,492	19,492	Subsidiary
	SinoPac Marketing Consulting Co., Ltd.	Taipei	Agent service, investment advisory and overdue accounts receivable management	50,000	-	5,000	100.00	43,981	(6,019)	(6,019)	Subsidiary
Bank SinoPac	SinoPac Bancorp	California	Stock holding	US\$ 112,306	US\$ 112,306	20	100.00	5,259,093	441,950	342,587	Subsidiary
	Rocorp Holding S.A.	Luxembourg	Stock holding	\$ 3,531	\$ 3,531	0.11	33.33	-	(Note 4)	-	Investee under significant influence held by SinoPac Holdings' subsidiary
	SinoPac Leasing Corporation	Taipei	Leasing aircraft and machinery equipment	\$ 999,940	\$ 999,940	159,629	99.7683	2,163,470	170,735	162,655	Subsidiary
	SinoPac Capital Limited	Hong Kong	Lending and financing	HK\$ 229,998	HK\$ 229,998	229,998	99.9991	1,021,126	161,066	134,429	Subsidiary
	SinoPac Financial Consulting Co., Ltd.	Taipei	Investment advisory and business management advisory	\$ 1,940	\$ 1,940	194	97.00	2,177	35	(3)	Subsidiary
SinoPac Bancorp	Far East National Bank	California	Commercial bank	US\$ 107,306	US\$ 107,306	175	100.00	5,268,641	456,540		Affiliate
Far East National Bank	Far East Capital Corporation	California	Investment bank	US\$ 3,500	US\$ 3,500	350	100.00	70,078	(14,730)		Affiliate
	FENB Securities, Inc.	California	Securities brokerage	US\$ 25	US\$ 25	2.5	100.00	34,448	21,497		Affiliate
	FENB Loan Corp.	California	Asset management brokerage	US\$ 1	US\$ 1	0.1	100.00	(35,418)	(21,959)		Affiliate
	FENB Film Corp.	California	Motion picture asset management	US\$ 1	US\$ 1	0.1	100.00	(79,950)	(21,787)		Affiliate
	FENB Service, Inc.	California	Investment Corporation	US\$ 1	-	0.1	100.00	33	(1)		Affiliate
	Film Service Management Corp.	California	Film management and advisory	US\$ 0.1	-	0.1	100.00	3	-		Affiliate
SinoPac Leasing Corporation	Grand Capital International Limited	British Virgin Islands	Oversea trading leasing, lending and financing	US\$ 29,900	US\$ 29,900	29,900	100.00	1,416,664	96,067		Affiliate
SinoPac Capital Limited	SinoPac Capital (B.V.I.) Ltd.	British Virgin Islands	Financial advisory	US\$ 4,450	US\$ 4,450	4,450	100.00	119,743	40,652		Affiliate
SinoPac Capital (B.V.I.) Ltd.	Cyberpac Holding Ltd. (B.V.I.)	British Virgin Islands	Investment and advisory	US\$ 4,000	US\$ 4,000	4,000	100.00	44,314	(13,161)		Affiliate
	Allstar Venture Ltd.(B.V.I.)	British Virgin Islands	Investment	US\$ 0.002	US\$ 0.002	0.002	100.00	(183,139)	(51,232)		Affiliate
	Shanghai International Asset Management (Hong Kong) Co., Ltd.	Hong Kong	Asset management	HK\$ 10,000	HK\$ 10,000	4,800	60.00	29,796	901		Affiliate
	Pinnacle Investment Management Ltd.	Hong Kong	Asset management	US\$ 200	US\$ 200	200	99.9995	4,116	(254)		Affiliate
Cyberpac Holding Ltd.(B.V.I.)	Wal Tech International Corporation	Taipei	Leasing, international trading, and sale of machinery equipment	\$ 272,182	\$ 272,160	26,500	100.00	195,153	(12,574)		Affiliate
	RSP Infomation Service Company Limited	Hong Kong	General trading and providing internet-based service	HK\$ 999,999	-	999,999	99.9999	3,396	(990)		Affiliate
	Telexpress Corp.	Cayman Islands	Investment	US\$ 1,560	US\$ 1,560	3,900	34.21	51,079	2,051		Investee under significant influence held by Bank SinoPac's affiliate

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2003			Net Income (Loss) of the Investee (Note2)	Investment Gains (Loss) (Note2)	Note
				December 31, 2003 (Note 1)	December 31, 2002 (Note 1)	Shares (Thousand)	Percentage of Ownership(%)	Carrying Amount (Note2)			
Wal Tech International Corporation	Intellisys Corp.	Taipei	Computer and peripheral system integration engineering, software development and design	\$ 258,836	\$ 258,836	10,326	62.58	241,667	8,499	Affiliate	
	Multiwin Asset Management Co., Ltd.	Taipei	Asset management	18,000	18,000	1,800	30.00	12,828	10,707	Investee under significant influence held by Bank SinoPac's affiliate	
	Monmon Medza Technology Co., Ltd.	Taipei	Software products retail and distribution	5,980	5,980	598	32.39	2,174	(3,979)	Investee under significant influence held by Bank SinoPac's affiliate	
SinoPac Securities Corporation	SinoPac Futures Corporation	Taipei	Brokerage of futures contracts	1,107,881	353,480	98,215	98.21	1,221,469	74,430	68,855	Affiliate
	SinoPac Securities (Cayman) Holdings Ltd.	Cayman Islands, British West Indies	Stock holding	1,637,261	733,226	48,100	100.00	1,982,874	233,838	233,838	Affiliate
	SinoPac Capital Management Corporation	Taipei	Investment consulting	146,028	146,028	21,000	100.00	191,818	(6,959)	(7,121)	Affiliate
	SinoPac Asset Management Corp. (B.V.L)	British Virgin Islands	Securities brokerage and investment advisory	524,857	524,857	16,000	100.00	740,791	132,752	132,752	Affiliate
	SinoPac Futures Co., Ltd.	Taipei	Brokerage of futures contracts	-	199,940	-	-	-	2,328	2,328	Affiliate (the legal dissolution and liquidation procedure had been completed as of June 30, 2003)
SinoPac Securities (Cayman) Holdings Ltd.	SinoPac Securities (Europe) Ltd.	London, UK	European agent business	US\$ 1,514	US\$ 1,514	1,000	100.00	US\$ 1,311	(US\$ 98)	Affiliate	
	SinoPac Securities (Asia) Ltd.	Hong Kong	Hong Kong stock brokerage	US\$ 36,756	US\$ 12,941	30	92.88	US\$ 47,932	US\$ 7,027	Affiliate	
	SinoPac Futures (Asia) Ltd.	Hong Kong	Futures brokerage business	US\$ 1,205	US\$ 1,205	10,000	100.00	US\$ 2,359	US\$ 2	Affiliate	
	SinoPac Capital (Asia) Ltd.	Hong Kong	IPO underwriting business	US\$ 3,862	US\$ 3,862	30,000	100.00	US\$ 4,307	US\$ 368	Affiliate	
	NSC Asia Ltd.	British Virgin Islands	Derivatives instruments business	US\$ 744	US\$ 744	1	100.00	US\$ 41	US\$ 16	Affiliate	
	NITC Asset Management (Asia) Ltd.	Hong Kong	Asset management and investment consulting	US\$ 158	US\$ 158	2,992	29.92	US\$ 680	US\$ 935	Investee under significant influence held by the SinoPac Securities' affiliate	
	SinoPac Securities (U.S.A.) Ltd.	California	Collecting and analyzing financial market information	US\$ 1,848	US\$ 250	2	100.00	US\$ 891	(US\$ 385)	Affiliate	
SinoPac Asset Management Corp. (B.V.L)	SinoPac Securities (H.K.) Limited.	Hong Kong	Securities brokerage, investment advisory, fund management and security business	US\$ 3,205	US\$ 3,205	25,000	100.00	US\$ 3,861	US\$ 371	Affiliate	
	SinoPac Asia Limited	British Virgin Islands	Securities brokerage, investment advisory and consulting business	US\$ 6,000	US\$ 6,000	6,000	100.00	US\$ 11,463	US\$ 3,322	Affiliate	
SinoPac Securities (H.K.) Limited	SinoPac Securities (Asia) Ltd.	Hong Kong	Hong Kong stock brokerage	US\$ 1,826	US\$ -	2	7.12	US\$ 3,674	US\$ 7,027	Affiliate	
SinoPac Securities (Asia) Ltd.	SinoPac Securities (Asia) Nominees Ltd.	Hong Kong	Hong Kong stock trust brokerage	HK\$ 0.002	HK\$ 0.002	0.002	100.00	HK\$ 0.002	-	Affiliate	
	SinoPac (Asia) Nominees Ltd.	Hong Kong	Nominee trust account for oversea stock holdings	HK\$ 0.002	HK\$ 0.002	0.002	100.00	HK\$ 0.002	-	Affiliate	

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

Note 2 : Foreign-currency amounts are translated at the exchange rate as of the balance sheet date, except for foreign-currency-denominated income and expenses, which are translated to New Taiwan dollars at the average exchange rate in 2003.

Note 3 : Mainly consist of the beginning investment amount transferred from each subsidiary's-Bank SinoPac, SinoPac Securities Corporation and SinoPac Securities Co., Ltd. (merged with SinoPac Securities Corporation on July 22,2002) net asset value through the stock conversion on May 9, 2002 amounting to \$ 23,976,716, \$ 17,971,400 and \$ 3,595,117, respectively.

Note 4 : The amounts are after deducting realized losses.



SINOPAC SECURITIES (CAYMAN) HOLDINGS LIMITED • DECEMBER 31, 2003

TABLE 7 BALANCE SHEET			• Expressed in U.S. Dollars		
ASSETS	Amount	%	LIABILITIES AND STOCKHOLDERS' EQUITY	Amount	%
CURRENT ASSETS			CURRENT LIABILITIES		
Cash	\$ 848,835	1	Accrued expenses	\$ 1,471	-
Prepaid expense	3,900	-	STOCKHOLDERS' EQUITY		
Total current assets	852,735	1	Capital stock	48,100,000	82
			Capital surplus	952,874	2
LONG-TERM EQUITY INVESTMENTS	57,520,082	99	Retained earnings	8,952,443	15
			Cumulative translation adjustments	366,029	1
TOTAL ASSETS	<u>\$ 58,372,817</u>	<u>100</u>	Total stockholders' equity	58,371,346	100
			TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 58,372,817</u>	<u>100</u>

SINOPAC ASSET MANAGEMENT CORP. (B.V.I.) • DECEMBER 31, 2003

TABLE 8 BALANCE SHEET			• Expressed In U.S. Dollars		
ASSETS	Amount	%	LIABILITIES AND STOCKHOLDERS' EQUITY	Amount	%
CURRENT ASSETS			CURRENT LIABILITIES		
Cash	\$ 306,029	2	Accrued expenses	\$ 2,046	-
Bonds purchased under resale agreements	6,112,829	28	STOCKHOLDERS' EQUITY		
Other receivables	2,403	-	Capital stock	16,000,000	73
Total current assets	6,421,261	30	Retained earnings	5,805,708	27
LONG-TERM EQUITY INVESTMENTS	15,324,373	70	Cumulative translation adjustments	1,508	-
PROPERTIES			Total stockholders' equity	21,807,216	100
Computer equipment	143,164	-	TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 21,809,262</u>	<u>100</u>
Less—accumulated depreciation	(79,536)	-			
Properties—net	63,628	-			
TOTAL ASSETS	<u>\$ 21,809,262</u>	<u>100</u>			

NSC ASIA LIMITED • DECEMBER 31, 2003

TABLE 9 BALANCE SHEET			• Expressed in H.K. Dollars		
ASSETS	Amount	%	LIABILITIES AND STOCKHOLDERS' EQUITY	Amount	%
CURRENT ASSETS			CURRENT LIABILITIES		
Other receivables	\$ 626,222	100	Accrued expenses	\$ 307,178	49
TOTAL ASSETS	<u>\$ 626,222</u>	<u>100</u>	STOCKHOLDERS' EQUITY		
			Capital stock	7,734	1
			Retained earnings	311,310	50
			Total stockholders' equity	319,044	51
			TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 626,222</u>	<u>100</u>

SINOPAC ASIA LIMITED • DECEMBER 31, 2003

TABLE 10 BALANCE SHEET			• Expressed in U.S. Dollars		
ASSETS	Amount	%	LIABILITIES AND STOCKHOLDERS' EQUITY	Amount	%
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and cash equivalents	\$ 22,183,379	18	Short-term loans	\$ 100,000	-
Short-term investments	1,208,167	1	Bonds sold under repurchase agreements	106,826,168	90
Operating securities—dealing	92,592,162	78	Derivative financial liabilities	204,761	-
Derivative financial assets	12,301	-	Other payables	404,982	-
Other receivables	1,002,827	1	Total liabilities	107,535,911	90
Other financial assets	2,000,000	2	STOCKHOLDERS' EQUITY		
TOTAL ASSETS	<u>\$ 118,998,836</u>	<u>100</u>	Capital stock	6,000,000	5
			Retained earnings	5,462,925	5
			Total stockholders' equity	11,462,925	10
			TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 118,998,836</u>	<u>100</u>

SINOPAC SECURITIES (CAYMAN) HOLDINGS LIMITED • FOR THE YEAR ENDED DECEMBER 31, 2003

TABLE 11 STATEMENT OF INCOME

• Expressed in U.S. Dollars

	Amount	%
REVENUES		
Investment income	\$ 6,786,655	100
Nonoperating revenue and income	17,162	-
Total revenues	<u>6,803,817</u>	<u>100</u>
COSTS AND EXPENSES		
Operating expenses	8,173	-
NET INCOME	<u>\$ 6,795,644</u>	<u>100</u>

SINOPAC ASSET MANAGEMENT CORP. (B.V.I.) • FOR THE YEAR ENDED DECEMBER 31, 2003

TABLE 12 STATEMENT OF INCOME

• Expressed in U.S. Dollars

	Amount	%
REVENUES		
Investment income	\$ 3,693,458	93
Interest income	55,959	1
Gain from option transactions	220,950	6
Nonoperating revenue and income	7,222	-
Total revenues	<u>3,977,589</u>	<u>100</u>
COSTS AND EXPENSES		
Loss from futures transactions	78,650	2
Operating expenses	40,930	1
Nonoperating expenses and losses	41	-
Total costs and expenses	<u>119,621</u>	<u>3</u>
NET INCOME	<u>\$ 3,857,968</u>	<u>97</u>

NSC ASIA LIMITED • FOR THE YEAR ENDED DECEMBER 31, 2003

TABLE 13 STATEMENT OF INCOME

• Expressed in H.K. Dollars

	Amount	%
REVENUES		
Commissions and fees of brokerage	\$ 261,326	51
Gain on sales of securities	231,916	46
Nonoperating revenue and income	16,552	3
Total revenues	<u>509,794</u>	<u>100</u>
COST AND EXPENSES		
Operating expenses	387,373	76
NET INCOME	<u>\$ 122,421</u>	<u>24</u>

SINOPAC ASIA LIMITED • FOR THE YEAR ENDED DECEMBER 31, 2003

TABLE 14 STATEMENT OF INCOME

• Expressed in U.S. Dollars

	Amount	%
REVENUES		
Gain on sales of securities—dealing	\$ 4,641,174	62
Interest income	2,034,256	27
Gain from option transactions	505,500	7
Gain from derivative financial instruments transactions	20,787	-
Nonoperating revenue and income	332,308	4
Total revenues	<u>7,534,025</u>	<u>100</u>
COSTS AND EXPENSES		
Interest expenses	2,345,840	31
Loss from futures transactions	316,614	4
Exchange clearing expenses—futures	9,035	-
Loss from derivative financial instruments transactions	158,246	2
Operating expenses	1,381,770	19
Nonoperating expenses and losses	334	-
Total costs and expenses	<u>4,211,839</u>	<u>56</u>
NET INCOME	<u>\$ 3,322,186</u>	<u>44</u>


SINOPAC SECURITIES (CAYMAN) HOLDINGS LIMITED • DECEMBER 31, 2003

TABLE 15 MAREKTABLE SECURITIES HELD

• Expressed in U.S. Dollars

Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2003				Note
			Shares	Carrying Valu	Percentage of Ownership (%)	Net Asset Value	
Stock							
SinoPac Securities (Europe) Ltd.	Subsidiary	Long-term equity investments	1,000,000	\$ 1,310,681	100.00	\$ 1,310,681	
SinoPac Securities (Asia) Ltd.	Subsidiary	Long-term equity investments	30,000	47,930,944	92.88	47,930,944	
SinoPac Futures (Asia) Ltd.	Subsidiary	Long-term equity investments	10,000,000	2,359,044	100.00	2,359,044	
SinoPac Capital (Asia) Ltd.	Subsidiary	Long-term equity investments	30,000,000	4,307,297	100.00	4,307,297	
NSC Asia Ltd.	Subsidiary	Long-term equity investments	1,000	41,099	100.00	41,099	
SinoPac Securities (U.S.A.) Ltd.	Subsidiary	Long-term equity investments	2,000	890,841	100.00	786,329	
NITC Asset Management (Asia) Ltd.	SinoPac Securities(Cayman) Holdings Limited exercises significant influence	Long-term equity investments	2,992,000	680,176	29.92	680,176	

Note: Net asset value was calculated by the same period of investee company's financial statements.

SINOPAC ASSET MANAGEMENT CORP. (B.V.I.) • DECEMBER 31, 2003

TABLE 16 MAREKTABLE SECURITIES HELD

• Expressed in U.S. Dollars

Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2003				Note
			Shares	Carrying Value	Percentage of Ownership (%)	Net Asset Value	
Stock							
SinoPac Securities (H.K.) Limited	Subsidiary	Long-term equity investments	25,000,000	\$ 3,861,448	100.00	\$ 3,861,448	Note 1
SinoPac Asia Limited	Subsidiary	Long-term equity investments	6,000,000	11,462,925	100.00	11,462,925	Note 2

Note 1: SinoPac Securities (H.K.) Limited was proceeding dissolution process in 2003.

Note 2: Net asset value was calculated by the same period of investee company's financial statements.

SINOPAC ASIA LIMITED • DECEMBER 31, 2003

TABLE 17 MAREKTABLE SECURITIES HELD

• Expressed in U.S. Dollars

Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2003			Note
			Unit/Par Value	Carrying Value	Marker Value or Net Asset Value	
Beneficiary certificates						
NAM Short Term Fixed Income Fund	-	Short-term investments	93,599	\$ 1,208,167	\$ 1,210,567	
Government bonds						
Fed. Home Loan Bk	-	Operating securities-dealing	1,000,000	1,050,000	1,068,440	
Fannie Mae	-	Operating securities-dealing	1,000,000	990,000	1,012,810	
Overseas convertible bonds						
CMC Magnetics Corp	-	Operating securities-dealing	1,750,000	2,212,292	2,369,971	
CMC Magnetics Corp Cv Conf	-	Operating securities-dealing	1,500,000	1,953,839	2,011,736	
Macronix Intl. Co	-	Operating securities-dealing	250,000	229,219	253,736	
Ambit Microsystems Corp.Cv	-	Operating securities-dealing	500,000	512,582	570,513	
Amtran Techno. Co. Ltd (Cv)	-	Operating securities-dealing	2,100,000	2,128,875	2,231,250	
Phihong Enterprise Co. Ltd	-	Operating securities-dealing	1,550,000	1,633,688	1,643,000	
Compal Elec. Inc. Cv	-	Operating securities-dealing	500,000	788,750	750,000	
Springsofe Inc. (Cv) (Regs)	-	Operating securities-dealing	1,100,000	1,123,000	1,243,000	
Sinbon Electronics Co Ltd	-	Operating securities-dealing	3,300,000	3,345,688	3,580,500	
Arima Computer Corp	-	Operating securities-dealing	1,500,000	1,520,400	1,567,500	
Taishi Fin. Hold Co Ltd Cv	-	Operating securities-dealing	1,250,000	1,637,500	1,599,053	
Quanta Computer Inc. (Regs) (Cv)	-	Operating securities-dealing	3,500,000	3,771,906	3,802,929	
E. Sun Fin Hold Co Ltd	-	Operating securities-dealing	1,000,000	1,130,000	1,112,662	
Transcend Info. Inc. (Cv)	-	Operating securities-dealing	950,000	990,969	992,750	



Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2003			Note
			Unit/Par Value	Carrying Value	Marker Value or Net Asset Value	
Delia Elect Inc. Cv.	-	Operating securities-dealing	2,000,000	\$ 2,003,333	\$ 1,976,178	
Chi Mei Optoelec. Corp. Cv	-	Operating securities-dealing	1,000,000	1,081,964	1,054,958	
Mega Financial Hold. Co Cv	-	Operating securities-dealing	5,700,000	5,761,493	6,084,750	
Rowerchip Semicond. (Cv) (Regs)	-	Operating securities-dealing	2,000,000	2,114,688	2,195,616	
Ritek Corp. (Regs) (Cv)	-	Operating securities-dealing	3,000,000	3,191,250	3,185,613	
Pou Chen Corp. Cv	-	Operating securities-dealing	5,500,000	5,718,750	5,678,750	
Siliconware-Merrill	-	Operating securities-dealing	1,000,000	1,077,836	1,191,170	
Corporate bonds						
Bellsouth Telecom.	-	Operating securities-dealing	1,000,000	1,095,600	1,091,235	
Merrill Lynch & Co. Inc. 260	-	Operating securities-dealing	1,000,000	1,063,000	1,037,518	
Merrill Lynch & Co. Inc. 213	-	Operating securities-dealing	1,000,000	1,016,300	1,104,371	
Household Fin. Corp. Y58	-	Operating securities-dealing	1,000,000	1,110,500	1,105,133	
Associates Corp. North Am.	-	Operating securities-dealing	1,000,000	1,113,900	1,108,162	
AIG Sunamerica Inst. Fund III	-	Operating securities-dealing	2,000,000	2,135,000	2,142,600	
IBM Corp	-	Operating securities-dealing	1,000,000	1,047,633	1,040,504	
Walt Disney Co.	-	Operating securities-dealing	2,000,000	2,133,000	2,118,044	
Household Fin. Corp. L29-8%	-	Operating securities-dealing	1,000,000	1,071,500	1,081,596	
Lehman Bros. Hold. Inc.	-	Operating securities-dealing	1,000,000	1,119,900	1,161,987	
Coca-Cola Ent.	-	Operating securities-dealing	1,000,000	1,082,600	1,091,508	
Pepsic Bottlin Hold. (144a)	-	Operating securities-dealing	1,000,000	1,069,000	1,089,852	
AIG Sunamerica (Regs)	-	Operating securities-dealing	1,000,000	1,076,000	1,085,768	
Bank Of America Corp. 4	-	Operating securities-dealing	500,000	486,150	526,596	
Sony Capital Corp. (144a)	-	Operating securities-dealing	1,000,000	966,800	1,060,700	
Hewlett-Pack Co	-	Operating securities-dealing	1,000,000	998,900	1,077,628	
J. P. Morgan & Co.	-	Operating securities-dealing	1,000,000	1,037,500	1,067,593	
Goldman Sachs Group Inc	-	Operating securities-dealing	1,000,000	1,012,700	1,025,153	
American Express Cred. Corp.	-	Operating securities-dealing	1,000,000	965,900	978,534	
Metropolitan Life Glob. (Regs)	-	Operating securities-dealing	1,000,000	935,000	957,163	
Bank One Corp.	-	Operating securities-dealing	1,000,000	936,800	960,367	
Bear Stearns Co Inc.	-	Operating securities-dealing	2,000,000	1,928,972	1,931,936	
Merrill Lynch & Co. Inc. N30	-	Operating securities-dealing	1,000,000	968,800	976,076	
Lehman Bros. Hold. Inc.	-	Operating securities-dealing	2,000,000	1,957,600	1,981,926	
Boeing Cap. Corp.	-	Operating securities-dealing	1,000,000	1,029,400	1,032,664	
Asif Glob. Fin. XXIII (Regs)	-	Operating securities-dealing	1,000,000	1,000,500	1,006,679	
SP Powerassets Ltd (Regs)	-	Operating securities-dealing	1,000,000	996,785	1,001,900	
Household Fin. Corp. 4125	-	Operating securities-dealing	1,000,000	999,100	1,008,447	
JHF-16H2728	-	Operating securities-dealing	640,000	688,000	694,144	
Procter & Gamble	-	Operating securities-dealing	1,000,000	1,092,000	1,105,100	
May-16H2728	-	Operating securities-dealing	1,000,000	1,057,156	1,084,860	
C Salomon-16H2728	-	Operating securities-dealing	1,000,000	1,116,118	1,103,400	
Citi Group Inc.	-	Operating securities-dealing	1,000,000	1,014,200	1,070,100	
Allstate Life Glob. Fund. (Regs)	-	Operating securities-dealing	1,000,000	998,040	1,024,059	
Siemens-16H2728	-	Operating securities-dealing	2,000,000	2,184,082	2,182,000	
Exxon Captl Corp.	-	Operating securities-dealing	2,000,000	2,223,976	2,218,600	
Ge-16H2728	-	Operating securities-dealing	3,000,000	2,971,292	2,997,900	
McDonald's Corp.	-	Operating securities-dealing	1,000,000	924,436	1,353,534	

Note : Market value was calculated by the net assets value or closing price on the last transaction day in December 2003.

TABLE 18 DERIVATIVE FINANCIAL INSTRUMENTS TRANSACTIONS AND THE RESOURCE OF CAPITAL • FOR THE YEAR ENDED DECEMBER 31, 2003

SinoPac Asset Management Corp. (B.V.I.)

1. Stock index futures and options

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

SinoPac Asset Management Corp. (B.V.I.) uses stock index futures and option contracts for trading purposes to increase the investment instruments, to aggressively develop various services and to heighten working capital efficiency.

b.Carrying value and fair value

There were no outstanding stock index futures and options contracts as of December 31, 2003.

FINANCIAL STATEMENT OF PARENT COMPANY

Independent Auditors' Report

The Board of Directors and Stockholders SinoPac Holdings

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

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

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

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

February 11, 2004



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.



SINOPAC HOLDINGS

Balance Sheets

• DECEMBER 31, 2003 and 2002

(In Thousands of New Taiwan Dollars, Except Par Value)	2003		2002	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 6,902,554	12	\$ 8,704,121	16
Receivables	27,370	-	11	-
Receivables-related party	45,909	-	21,143	-
Bonds purchased under agreements to resell	380,000	1	470,000	1
Prepayments and other current financial assets	19,671	-	4,858	-
Total current assets	7,375,504	13	9,200,133	17
LONG-TERM EQUITY INVESTMENTS				
Equity method	48,058,066	85	43,605,728	82
Other	433,336	1	288,336	1
Prepaid investments	191,664	1	-	-
Total long-term equity investments	48,683,066	87	43,894,064	83
PROPERTIES				
Cost				
Computer equipment	4,083	-	2,231	-
Transportation equipment	4,180	-	4,180	-
Office and other equipment	5,930	-	6,079	-
Leasehold improvement	17,281	-	12,001	-
Total cost	31,474	-	24,491	-
Accumulated depreciation	8,534	-	1,952	-
	22,940	-	22,539	-
Advances on acquisitions of equipment	110	-	4,572	-
Net properties	23,050	-	27,111	-
OTHER ASSETS				
Refundable guarantee deposits	3,338	-	5,014	-
Bond issuance cost	58,399	-	99,552	-
Computer software	3,146	-	3,525	-
Deferred income tax assets	39,027	-	-	-
Total other assets	103,910	-	108,091	-
TOTAL ASSETS	56,185,530	100	53,229,399	100
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES				
Short-term borrowings	\$ 300,000	1	\$ 250,000	1
Payables	232,543	-	18,541	-
Deferred income tax liabilities	3,274	-	-	-
Total current liabilities	535,817	1	268,541	1
LONG-TERM BEARING LIABILITIES				
Euro-convertible bonds	8,388,517	15	8,160,299	15
Accrued pension cost	8,601	-	3,200	-
Other	272,416	-	-	-
Total long-term bearing liabilities	8,669,534	15	8,163,499	15
Total liabilities	9,205,351	16	8,432,040	16
STOCKHOLDERS' EQUITY				
Capital stock – \$10 par value				
Authorized: 10,000,000,000 shares				
Issued: 3,748,126,974 shares	37,481,270	67	37,481,270	70
Capital surplus				
Additional paid-in capital	7,913,381	14	9,054,618	17
Treasury stock transactions	172,111	-	11,662	-
Other	2,410	-	1,678	-
Retained earnings	4,401,227	8	1,531,273	3
Unrealized loss on long-term equity investments	(300,801)	-	(321,429)	(1)
Unrealized revaluation loss on long-term equity investments	(17,016)	-	(40,695)	-
Cumulative translation adjustment	224,739	-	324,552	1
Net loss not recognized as pension cost	(220)	-	-	-
Treasury stock-at cost: 216,542,894 shares and 250,202,766 shares as of December 31, 2003 and 2002, respectively	(2,896,922)	(5)	(3,245,570)	(6)
Total stockholders' equity	46,980,179	84	44,797,359	84
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 56,185,530	100	\$ 53,229,399	100

SINOPAC HOLDINGS
Statements of Income

• FOR THE YEAR ENDED DECEMBER 31, 2003 AND FOR THE PERIOD FROM MAY 9, 2002 (DATE OF ESTABLISHMENT) TO DECEMBER 31, 2002

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)	2003		2002	
	Amount	%	Amount	%
OPERATING REVENUES				
Interest	\$ 147,734	3	\$ 71,773	4
Income from short-term investments	28	-	12,708	1
Income from long-term equity investments under the equity method-net	4,791,534	97	1,874,109	95
Dividend income	13,760	-	1,991	-
Total operating revenues	4,953,056	100	1,960,581	100
OPERATING COSTS AND EXPENSES				
Interest	373,224	8	166,729	9
Operating and administrative expenses	416,682	8	243,601	12
Total operating costs and expenses	789,906	16	410,330	21
OPERATING INCOME	4,163,150	84	1,550,251	79
NONOPERATING INCOME AND GAINS	994	-	896	-
NONOPERATING EXPENSES AND LOSSES	833	-	-	-
INCOME BEFORE INCOME TAX	4,163,311	84	1,551,147	79
INCOME TAX	(49,003)	(1)	2,541	-
NET INCOME	\$ 4,212,314	85	\$ 1,548,606	79
EARNINGS PER SHARE				
	Pretax	After Tax	Pre-tax	After Tax
Basic earnings per share	\$ 1.19	\$1.20	\$ 0.45	\$0.45
Diluted earnings per share	\$ 1.13	\$1.14	\$ 0.44	\$0.44



SINOPAC HOLDINGS

Statements of Changes in Stockholders' Equity

• FOR THE YEAR ENDED DECEMBER 31, 2003 AND FOR THE PERIOD FROM MAY 9, 2002 (DATE OF ESTABLISHMENT) TO DECEMBER 31, 2002

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

SINOPAC HOLDINGS

Statements of Cash Flows

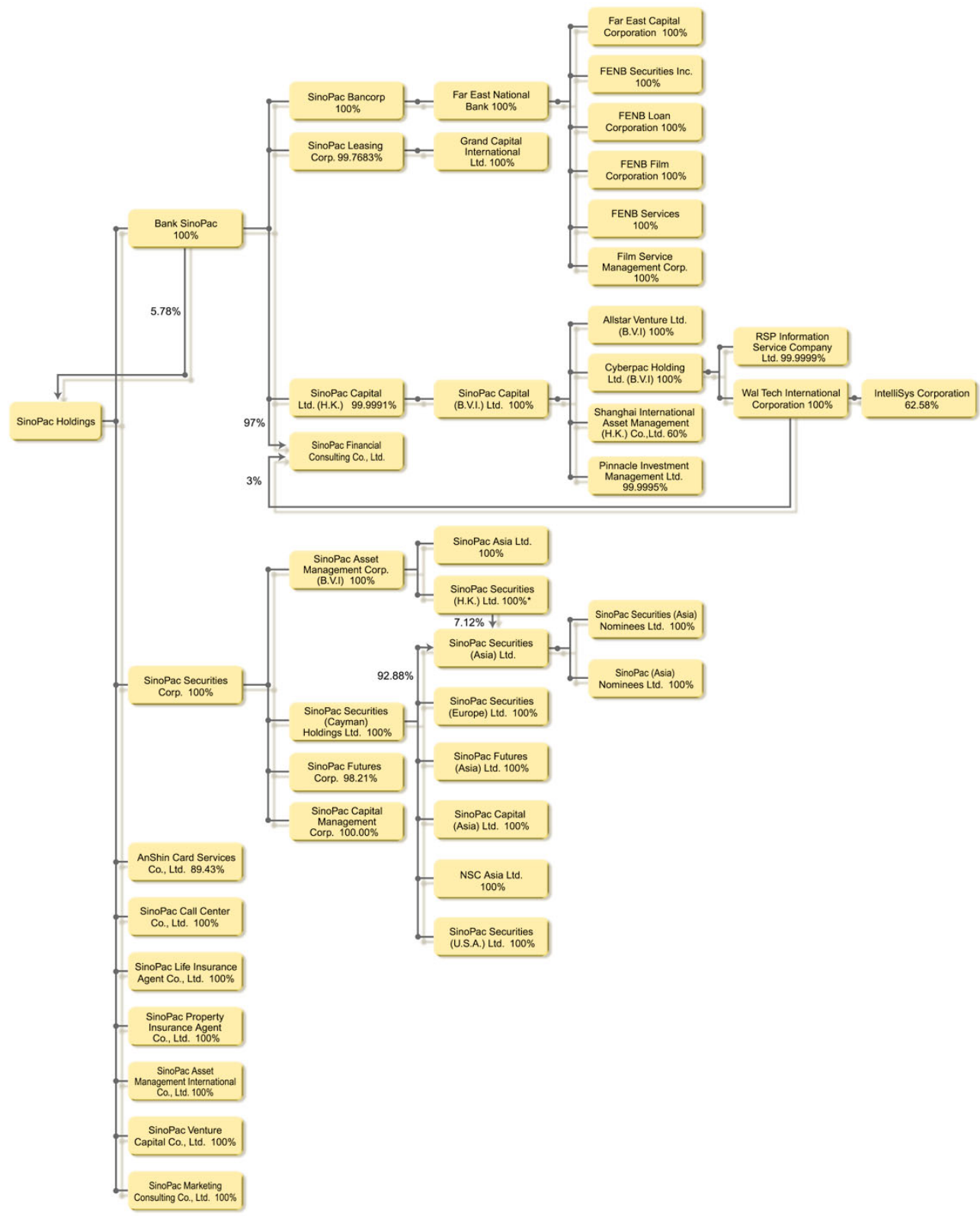
• FOR THE YEAR ENDED DECEMBER 31, 2003 AND FOR THE PERIOD FROM MAY 9, 2002 (DATE OF ESTABLISHMENT) TO DECEMBER 31, 2002

(In Thousands of New Taiwan Dollars)	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 4,212,314	\$ 1,548,606
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	7,706	2,284
Euro-convertible bonds and its accrued interest premium	228,218	-
Income from long-term equity investments under the equity method-net	(4,791,534)	(1,874,109)
Cash dividends received from long-term equity investments under the equity method	2,558,311	1,798,372
Increase in receivables and receivables-related party	(51,319)	(21,154)
Increase in prepayments and other current financial assets	(14,813)	(4,858)
Increase in payables	214,002	18,541
Deferred income taxes	(35,753)	-
Increase in accrued pension cost	5,401	3,200
Other	(1,379)	-
Net cash provided by operating activities	2,331,154	1,470,882
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in bonds purchased under agreements to resell	90,000	(470,000)
Increase in long-term equity investments	(1,829,669)	(569,574)
Acquisition of properties	(3,613)	(29,063)
Decrease (increase) in other assets	42,370	(108,423)
Net cash used in investing activities	(1,700,912)	(1,177,060)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	50,000	250,000
Issuance of Euro-convertible bonds	-	8,160,299
Cash dividends paid	(2,414,403)	-
Remuneration to directors and supervisors and bonus to employees	(67,406)	-
Net cash provided by (used in) financing activities	(2,431,809)	8,410,299
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,801,567)	8,704,121
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	8,704,121	-
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 6,902,554	\$ 8,704,121
SUPPLEMENTAL INFORMATION		
Interest paid	\$ 8,929	\$ 321
Income tax paid	\$ 2,504	\$ 5,619
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Payables on long-term equity investments	\$ 272,416	\$ -

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



SinoPac Holdings and Affiliates • December 31, 2003



Operation Information

• Expressed in NT\$millions, except EPS

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	37,481	56,185	9,205	46,980	4,953	4,163	4,212	1.20
Bank SinoPac	19,444	409,994	383,847	26,147	15,077	2,890	2,754	1.42
SinoPac Securities Corporation	15,269	51,648	28,877	22,771	6,214	2,137	2,162	1.44
AnShin Card Services Co., Ltd.	2,110	8,998	8,139	859	1,796	1,138	30	0.06
SinoPac Marketing Consulting Co., Ltd.	50	48	4	44	29	(8)	(6)	(1.20)
SinoPac Call Center Co., Ltd.	100	114	12	102	88	5	5	0.54
SinoPac Life Insurance Agent Co., Ltd.	2	163	62	101	244	119	90	451.25
SinoPac Property Insurance Agent Co., Ltd.	2	6	2	4	6	2	2	8.35
SinoPac Asset Management International	100	147	28	119	44	25	19	1.95
SinoPac Venture Capital Corporation	500	502	0	502	27	(1)	5	0.10
SinoPac Bancorp(Note 2)	3,816	55,862	50,515	5,347	3,119	677	442	22,097.50
SinoPac Leasing Corporation	1,600	5,499	3,548	1,951	861	122	171	1.07
SinoPac Capital Ltd. (HK)	1,007	5,996	4,891	1,105	504	209	161	0.70
SinoPac Financial Consulting Co., Ltd.	2	2	0	2	3	0	0	0.08
Far East National Bank	3,830	55,921	50,637	5,284	2,686	1,886	457	2,608.80
Far East Capital Corporation	119	121	51	70	3	0.5	(15)	(42.09)
FENB Securities, Inc.	24	62	27	35	37	36	21	8,598.88
FENB Film Corporation	0.03	37	116	(79)	0	(0.3)	(22)	(217,865.77)
FENB Loan Corporation	0.03	37	72	(35)	0	(37)	(22)	(219,589.25)
FENB Services, Inc.	0.03	0.03	0	0.03	0	(0.001)	(0.001)	(8.6)
Film Service Management Corporation	0.003	0.003	0	0.003	0	0	0	0
Grand Capital International Limited	1,016	6,493	5,077	1,416	618	140	96	3.21
SinoPac Capital (B.V.I.) Ltd.	151	405	0	405	41	41	41	9.02
Shanghai International Asset Management (Hong Kong) Co., Ltd.	35	40	0	40	36	1	1	0.11
Allstar Venture Ltd. (B.V.I.)	0	501	684	(183)	34	(36)	(51)	(25,296.037)
Cyberpac Holding Ltd. (B.V.I.)	136	386	342	44	71	(7)	(13)	(3.25)
Pinnacle Investment Management Limited	7	4	0	4	0.02	(0.25)	(0.25)	(1.26)
RSP Information Service Company Ltd.	4	3	0	3	0	(1)	(1)	(0.99)
Wal Tech International Corporation	265	602	412	190	101	(0.04)	(13)	(0.47)
IntelliSys Corporation	165	311	110	201	155	9	8	0.52
SinoPac Futures Corp.	1,000	4,342	3,098	1,244	492	87	74	0.74
SinoPac Securities (Cayman) Holdings Ltd.	1,634	1,983	0.05	1,983	234	234	234	4.86
SinoPac Capital Management Corp.	210	194	3	191	25	(11)	(7)	(0.33)
SinoPac Asset Management Corp.(B.V.I.)	544	741	0.07	741	137	133	133	0.24
SinoPac Securities (Europe) Ltd.	60	52	8	45	31	(5)	(3)	(0.06)
SinoPac Securities (Asia) Ltd.	1,413	3,797	2,044	1,753	669	242	242	1,694.15
SinoPac Futures (Asia) Ltd.	44	86	6	80	3	0.052	0.052	-
SinoPac Capital (Asia) Ltd.	131	2,024	1,878	146	40	13	13	0.10
NSC Asia Ltd.	0.034	3	1	1	2	0.541	0.541	122.42
SinoPac Securities (U.S.A.) Ltd.	0.001	27	0.182	27	4	(13)	(13)	(192.39)
SinoPac Securities (HK) Limited	109	132	0.389	131	14	13	13	0.12
SinoPac Asia Ltd.	204	4,042	3,653	389	248	110	114	0.55
SinoPac Securities (Asia) Nominees Ltd	0.000009	-	-	-	-	-	-	-
SinoPac (Asia) Nominees Ltd.	0.000009	-	-	-	-	-	-	-

Note : 1. Exchange Rate : USD/NTD : 33.978 ; HKD/NTD : 4.3769

Note : 2. The amount were based on consolidated financial statements.



Concise Company Profile

• Expressed in millions of NTD, USD, HKD and GBP, except EPS

Company	Date of Incorporation	Address	Capital	Main Business
SinoPac Holdings	2002.05	9F, No. 136, Nanking East Road, Sec. 3, Taipei, Taiwan 104, R.O.C.	37,481	Financial holding company
Bank SinoPac	1992.01	B1-3F, 45, Han Ko Street, Sec. 1, Taipei, Taiwan, R.O.C.	19,444	Commercial bank
SinoPac Securities Corporation	1988.10	7-8F, No. 2, Chungching South Road, Taipei, Taiwan 100, R.O.C.	15,269	Brokerage, dealing and underwriting of securities
AnShin Card Services Co., Ltd.	2000.03	12-13F, No. 760, Sec. 4, Pa Te Road, Taipei, Taiwan 105, R.O.C.	2,110	Credit card business
SinoPac Marketing Consulting Co., Ltd.	2003.02	2F, No. 85, Sec. 4, Chengde Road, Taipei, Taiwan 111, R.O.C.	50	Broking, investment consulting, receivables processing
SinoPac Call Center Co., Ltd.	2002.12	10-11E, No. 441, Yucheng Road, Tzuoying Chiu, Kaohsiung, Taiwan 813, 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.	2	Life insurance agent
SinoPac Property Insurance Agent Co., Ltd.	2000.07	3F, No. 9-1, Sec. 2, Chien Kuo North Road, Taipei, Taiwan 104, R.O.C.	2	Property insurance agent
SinoPac Asset Management International	2003.01	6F, No. 132, Nanking East Road, Sec. 3, Taipei, Taiwan 104, R.O.C.	100	Management consulting, investment and venture investment consulting
SinoPac Venture Capital Corporation	2003.01	6F, No. 132, Nanking East Road, Sec. 3, Taipei, Taiwan 104, R.O.C.	500	Venture capital
SinoPac Bancorp	1997.06	350 S. Grand Avenue, 41st Floor, Los Angeles, California 90071, U. S. A.	USD 112	Financial holding Company
SinoPac Leasing Corporation	1997.09	7E, 132, 136, Nanking E. Road, Sec. 3, Taipei, Taiwan, R.O.C.	1,600	Engaged in leasing of aircraft and machinery equipment
SinoPac Capital Ltd. (HK)	1999.01	23rd Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong	HKD 230	Lending and financing
SinoPac Financial Consulting Co., Ltd.	1999.07	6F, 9-1 Chien Kuo N. Road, Sec. 2, Taipei, 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
Far East Capital Corporation	1988.09	350 S. Grand Avenue, 41st Floor, Los Angeles, California 90071, U. S. A.	USD 4	Investment bank
FENB Securities, Inc.	2000.09	350 S. Grand Avenue, 41st Floor, Los Angeles, California 90071, U. S. A.	USD 0.7	Brokerage of securities
FENB Film Corporation	2001.05	350 S. Grand Avenue, 41st Floor, Los Angeles, California 90071, U. S. A.	USD 0.001	Motion Picture Assets Management
FENB Loan Corporation	2001.05	350 S. Grand Avenue, 41st Floor, Los Angeles, California 90071, U. S. A.	USD 0.001	Asset Management Corporation
FENB Services, Inc.	2003.01	350 S. Grand Avenue, 41st Floor, Los Angeles, California 90071, U. S. A.	USD 0.001	Investment corporation
Film Service Management Corporation	2003.05	350 S. Grand Avenue, 41st Floor, Los Angeles, California 90071, U. S. A.	USD 0.0001	Film management & advisory business
Grand Capital International Limited	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	Financial advisory
Shanghai International Asset Management (Hong Kong) Co., Ltd.	1993.02	Suite 4412-13 Cosco Tower, Grand Millennium Plaza, 183 Queen's Road Central, Hong Kong	HKD 8	Asset management corporation
Allstar Venture Ltd. (B.V.I.)	2000.12	P.O. Box 901, East Asia Chambers, Road Town, Tortola, British Virgin Islands	USD 0.000002	Investment corporation
Cyberpac Holding Ltd. (B.V.I.)	2000.12	P.O. Box 901, East Asia Chambers, Road Town, Tortola, British Virgin Islands	USD 4	Investment and advisory business
Pinnacle Investment Management Limited	2001.03	23rd Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong	USD 0.2	Investment management, trust, consultation
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
Wal Tech Internation Corporation	1999.12	8E, 132, 136, Nanking E. Road, Sec.3, Taipei, Taiwan, R.O.C.	265	Leasing, international trading, and sale of machinery equipment
IntelliSys Corporation	1993.06	6F-5, 205, Tun Hua S. Road, Sec. 1, Taipei, Taiwan, R.O.C.	165	System integration consulting
SinoPac Futures Corporation	1994.01	8E, 2 Chung Ching S. Road, Sec. 1, Taipei, Taiwan, R.O.C.	1,000	Futures and options brokerage and consulting
SinoPac Capital Management Corporation	1984.10	19E, 2 Chung Ching S. Road, Sec. 1, Taipei, Taiwan, R.O.C.	210	1. Global portfolio investment consulting 2. Discretionary asset management business 3. Macroeconomic, securities and fund management research for publication 4. Organize securities investment seminars 5. Other investment consulting business approved by SFC
SinoPac Securities (Cayman) Holdings Ltd.	1998.04	3rd Floor, British American House, Dr. Roy's Drive, George Town, Grand Cayman, Cayman Islands	USD 48	Investment holding company
SinoPac Asset Management Corp. (BVI)	1999.07	Ellen L. Skelton Building, Fishers Lane, Road Town, Tortola, British Virgin Islands	USD 16	Brokerage, investment consulting
SinoPac Securities (Asia) Ltd.	1994.04	23rd Floor, Two International Finance Center, 8 Finance Street, Central, Hong Kong	HKD 323	Brokerage business
SinoPac Capital (Asia) Ltd.	1995.10	23rd Floor, Two International Finance Center, 8 Finance Street, Central, Hong Kong	HKD 30	Underwriting business
SinoPac Futures (Asia) Ltd.	1994.04	23rd Floor, Two International Finance Center, 8 Finance Street, Central, Hong Kong	HKD 10	Futures brokerage
NSC Asia Ltd.	1997.02	Akara Bldg., 24 De Castro Street, Wickhams Cay I, Road Town, Tortola, British Virgin Islands	USD 0.001	Derivatives business
SinoPac Securities (Europe) Ltd.	1999.05	Ground Floor, 30-40 Eastcheap, London, EC3M 1HD, UK	GBP 1	Asian equity agent business
SinoPac Securities (USA) Ltd.	1999.04	400 Montgomery St., Suite 800, San Francisco, California 94104, U.S.A.	USD 2	Brokerage business
SinoPac Securities (H.K.) Ltd.	2000.05	23rd Floor, Two International Finance Center, 8 Finance Street, Central, Hong Kong	HKD 25	Brokerage, investment consulting
SinoPac Asia Ltd.	2001.06	Ellen L. Skelton Building, Fishers Lane, Road Town, Tortola, British Virgin Islands	USD 6	Brokerage, investment consulting
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	Nominee trust account for overseas stock holdings

Directors, Supervisors, and Presidents

• December 31, 2003

Company	Title	Name	Nominating Legal Entity	Number of Shares Held by the Legal Entity		Shares Held by the Directors, Supervisors, or Presidents		
				No. of Shares	Percentage	No. of Shares	Percentage	
SinoPac Holdings	Chairman	HONG, Richard M.	National Holding Co., Ltd.	142,378,186	3.80%	16,083,317	0.43%	
	Managing Director	YIN, Yen-Liang	Gin An Investment Ltd.	88,027,482	2.35%	6,095,835	0.16%	
	Managing Director	LO, Paul C.				7,400,780	0.20%	
	Director	HONG, Eugene	National Holding Co., Ltd.	142,378,186	3.80%	1,691,076	0.05%	
	Director	HSU, Cheng-Tsai	Rei-Fu Investment Co., Ltd.	146,496	0.00%	0	-	
	Director	SHEU, Jong-Ming	Fortune Investment Co., Ltd.	603,239	0.02%	17,144,486	0.46%	
	Director	HSU, Daw-Yi	National Holding Co., Ltd.	142,378,186	3.80%	2,596,261	0.07%	
	Director	CHEN, Pou-Tsang				3,391,322	0.09%	
	Director	CHEN, Kai-Yuan	Southeast Soda Manufacturing Co., Ltd.	32,205,826	0.86%	10,910,685	0.29%	
	Director	HWANG, Min-Juh	National Holding Co., Ltd.	142,378,186	3.80%	2,162,438	0.06%	
	Director	YEH, Tien-Cheng	Gin An Investment Ltd.	88,027,482	2.35%	0	-	
	Supervisor	LU, Daung-Yen				15	0.00	
	Supervisor	TSENG, Ta-Mong	Yu Ruen Investment Ltd.	9,803,435	0.26%	0	-	
	Supervisor	HUANG, Chuen-Su	Hong Yu Investment Co., Ltd.	70,664,969	1.89%	1,174	0.00%	
	President	LO, Paul C.				7,400,780	0.20%	
	Bank SinoPac	Chairman	LO, Paul C.	SinoPac Holdings	1,944,397,617	100%	0	-
		Managing Director	YIN, Yen-Liang	SinoPac Holdings	1,944,397,617	100%	0	-
Managing Director		CHEN, Pou-Tsang	SinoPac Holdings	1,944,397,617	100%	0	-	
Director		LEE, Tien-Chia	SinoPac Holdings	1,944,397,617	100%	0	-	
Director		LEE, Chen-Chia	SinoPac Holdings	1,944,397,617	100%	0	-	
Director		LIN, Ying-Feng	SinoPac Holdings	1,944,397,617	100%	0	-	
Director		SHEU, Jong-Ming	SinoPac Holdings	1,944,397,617	100%	0	-	
Director		CHEN, Kai-Yuan	SinoPac Holdings	1,944,397,617	100%	0	-	
Director		HUANG, Chung-Hsing	SinoPac Holdings	1,944,397,617	100%	0	-	
Director		YEH, Tien-Cheng	SinoPac Holdings	1,944,397,617	100%	0	-	
Director		CHIA, Chen-I	SinoPac Holdings	1,944,397,617	100%	0	-	
Resident Supervisor		CHANG, Tse-Yao	SinoPac Holdings	1,944,397,617	100%	0	-	
Supervisor		HUANG, Chuen-Su	SinoPac Holdings	1,944,397,617	100%	0	-	
Supervisor		HSIEH, Mei-Yueh	SinoPac Holdings	1,944,397,617	100%	0	-	
President		CHEN, Pou-Tsang				0	-	
SinoPac Securities Corp.		Chairman	HWANG, Min-Juh	SinoPac Holdings	1,526,902,025	100%	0	-
		Vice Chairman	HONG, Ai-Wei	SinoPac Holdings	1,526,902,025	100%	0	-
	Director	HSU, Daw-Yi	SinoPac Holdings	1,526,902,025	100%	0	-	
	Director	CHENG, Ting-Wong	SinoPac Holdings	1,526,902,025	100%	0	-	
	Director	CHANG, Richard	SinoPac Holdings	1,526,902,025	100%	0	-	
	Director	CHUANG, Rudy	SinoPac Holdings	1,526,902,025	100%	0	-	
	Director	CHEN, Sunny	SinoPac Holdings	1,526,902,025	100%	0	-	
	Director	TU, Tsung-Dian	SinoPac Holdings	1,526,902,025	100%	0	-	
	Director	JIANG, Raymond	SinoPac Holdings	1,526,902,025	100%	0	-	
	Supervisor	LIN, Che-Sheng	SinoPac Holdings	1,526,902,025	100%	0	-	
	Supervisor	CHIU, Tsai-Shing	SinoPac Holdings	1,526,902,025	100%	0	-	
	President	HSU, Daw-Yi				0	-	
	AnShin Card Services Co., Ltd.	Chairman	YIN, Yen-Liang				1,000	-
Director		LO, Paul C.				1,000	-	
Director		POON, Patrick				0	-	
Director		CHIA, Chen-I	SinoPac Holdings	145,768,742	89.43%	2,000	0.0012%	
Supervisor		HSU, Swei-Yuan	SinoPac Holdings	145,768,742	89.43%	1,000	0.0006%	
President		CHIA, Chen-I				2,000	0.0012%	
SinoPac Marketing Consulting Co., Ltd.	Chairman	HAN, Dao-Wei	SinoPac Holdings	5,000,000	100%	0	-	
	Director	HUANG, Chi-Lin	SinoPac Holdings	5,000,000	100%	0	-	
	Director	CHEN, Jason	SinoPac Holdings	5,000,000	100%	0	-	
	Supervisor	LYU, Albert	SinoPac Holdings	5,000,000	100%	0	-	
	President	CHEN, Jason				0	-	
SinoPac Call Center Co., Ltd.	Chairman	CHEN, Pou-Tsang	SinoPac Holdings	10,000,000	100%	0	0.0006%	
	Director	CHIA, Chen-I	SinoPac Holdings	10,000,000	100%	0	-	
	Director	YEH, Ivan	SinoPac Holdings	10,000,000	100%	0	-	
	Supervisor	LEE, Nancy C.	SinoPac Holdings	10,000,000	100%	0	0.0012%	
	President	CHEN, Eliza				0	-	



Company	Title	Name	Nominating Legal Entity	Number of Shares Held by the Legal Entity		Shares Held by the Directors, Supervisors, or Presidents	
				No. of Shares	Percentage	No. of Shares	Percentage
SinoPac Life Insurance Agent Co., Ltd.	Chairman	CHI, Chien	SinoPac Holdings	200,000	100%	0	-
	Director	HAN, Dao-Wei	SinoPac Holdings	200,000	100%	0	-
	Director	CHEN, Mary Ann	SinoPac Holdings	200,000	100%	0	-
	Director	YEH, Ivan	SinoPac Holdings	200,000	100%	0	-
	Supervisor	HUANG, Ming-Cheg	SinoPac Holdings	200,000	100%	0	-
	President	CHEN, Mary Ann				0	-
SinoPac Property Insurance Agent Co., Ltd.	Chairman	HUANG, Chi-Lin	SinoPac Holdings	200,000	100%	0	-
	Director	CHEN, Chien-Jung	SinoPac Holdings	200,000	100%	0	-
	Director	HAN, Dao-Wei	SinoPac Holdings	200,000	100%	0	-
	Director	CHANG, Ching-Lung	SinoPac Holdings	200,000	100%	0	-
	Supervisor	HAN, Amy	SinoPac Holdings	200,000	100%	0	-
	President	HUANG, Chi-Lin				0	-
SinoPac Asset Management International Co., Ltd.	Chairman	CHIU, Tsai-Shing	SinoPac Holdings	10,000,000	100%	0	-
	Director	CHEN, Chien-Jung	SinoPac Holdings	10,000,000	100%	0	-
	Director	HONG, Eugene	SinoPac Holdings	10,000,000	100%	0	-
	Director	CHEN, Daniel	SinoPac Holdings	10,000,000	100%	0	-
	Supervisor	YANG, Shun-Fa	SinoPac Holdings	10,000,000	100%	0	-
	President	CHEN, Daniel				0	-
SinoPac Venture Capital Corporation Co., Ltd.	Chairman	HSU, Daw-Yi	SinoPac Holdings	50,000,000	100%	0	-
	Director	CHIA, Chen-I	SinoPac Holdings	50,000,000	100%	0	-
	Director	CHEN, Chien-Jung	SinoPac Holdings	50,000,000	100%	0	-
	Director	CHANG, Richard	SinoPac Holdings	50,000,000	100%	0	-
	Director	CHUANG, Rudy	SinoPac Holdings	50,000,000	100%	0	-
	Director	CHEN, Daniel	SinoPac Holdings	50,000,000	100%	0	-
	Supervisor	YANG, Shun-Fa	SinoPac Holdings	50,000,000	100%	0	-
	President	CHANG, Richard				0	-
SinoPac Bancorp	Chairman	LO, Paul C.	Bank SinoPac	20,000	100%	0	-
	Director	CHEN, Pou-Tsang	Bank SinoPac	20,000	100%	0	-
	Director	CHIA, Chen-I	Bank SinoPac	20,000	100%	0	-
	President	LO, Paul C.				0	-
SinoPac Leasing Corporation	Chairman	LO, Paul C.	Bank SinoPac	159,629,247	99.768%	1,596	0.001%
	Director	LIU, I-Cheng	Bank SinoPac	159,629,247	99.768%	242,383	0.151%
	Director	CHENG, Chuan-Jay	Bank SinoPac	159,629,247	99.768%	0	-
	Director	CHEN, Chien-Jung	Bank SinoPac	159,629,247	99.768%	1,596	0.001%
	Director	CHEN, Pou-Tsang	Bank SinoPac	159,629,247	99.768%	1,596	0.001%
	Supervisor	CHI, Chien	Bank SinoPac	159,629,247	99.768%	1,596	0.001%
	President	LIU, I-Cheng				242,383	0.151%
SinoPac Capital Ltd. (HK)	Chairman	LO, Paul C.	Bank SinoPac	229,998,000	99.9991%	1,000	0.0004%
	Managing Director & President	YAU, Tak Chiang	Bank SinoPac	229,998,000	99.9991%	1,000	0.0004%
SinoPac Financial Consulting Co., Ltd.	Chairman	LEI, Mike Y. L.	Bank SinoPac	194,000	97%	0	-
	Director	CHEN, Chien-Jung	Bank SinoPac	194,000	97%	0	-
	Director	LIN, Steve C.	Bank SinoPac	194,000	97%	0	-
	Supervisor	YANG, Shun-Fa	Bank SinoPac	194,000	97%	0	-
	President	LEI, Mike Y. L.				0	-
Far East National Bank	Chairman	LO, Paul C.	SinoPac Bancorp	180,000	100%	0	-
	Director	SHEU, Jong-Ming	SinoPac Bancorp	180,000	100%	0	-
	Director	CHEN, Pou-Tsang	SinoPac Bancorp	180,000	100%	0	-
	Director	HONG, Eugene	SinoPac Bancorp	180,000	100%	0	-
	Director	CHANG, Robert	SinoPac Bancorp	180,000	100%	0	-
	Director	OEHLER, Robert	SinoPac Bancorp	180,000	100%	0	-
	Director	GOULD, Howard	SinoPac Bancorp	180,000	100%	0	-
	President	OEHLER, Robert				0	-
Far East Capital Corporation	Chairman	OEHLER, Robert	Far East National Bank	350,000	100%	0	-
	Director	BALL, Jeffrey	Far East National Bank	350,000	100%	0	-
	Director	HON, Edmond	Far East National Bank	350,000	100%	0	-
	Director	Kuo, Edward	Far East National Bank	350,000	100%	0	-
	Director	Yee, Glenn	Far East National Bank	350,000	100%	0	-
	Director	CHEN, Chien-Jung	Far East National Bank	350,000	100%	0	-
	President	HON, Edmond				0	-

Company	Title	Name	Nominating Legal Entity	Number of Shares Held by the Legal Entity		Shares Held by the Directors, Supervisors, or Presidents	
				No. of Shares	Percentage	No. of Shares	Percentage
FENB Securities, Inc.	Chairman	HONG, Eugene	Far East National Bank	2,500	100%	0	-
	Director	CHEN, Chien-Jung	Far East National Bank	2,500	100%	0	-
	Director	CHANG, Richard	Far East National Bank	2,500	100%	0	-
	Director	LEE, Joseph	Far East National Bank	2,500	100%	0	-
	Director	OEHLER, Robert	Far East National Bank	2,500	100%	0	-
	President	LEE, Joseph				0	-
FENB Film Corporation	Director	OEHLER, Robert	Far East National Bank	100	100%	0	-
	Director	Butcher, Steve	Far East National Bank	100	100%	0	-
	President	Butcher, Steve				0	-
FENB Loan Corporation	Director	OEHLER, Robert	Far East National Bank	100	100%	0	-
	Director	Butcher, Steve	Far East National Bank	100	100%	0	-
	President	Butcher, Steve				0	-
FENB Services, Inc	Director	OEHLER, Robert	Far East National Bank	100	100%	0	-
	Director	KUO, Edward	Far East National Bank	100	100%	0	-
	Director	Ball, Jeffrey	Far East National Bank	100	100%	0	-
	Director	Butcher, Steve	Far East National Bank	100	100%	0	-
Film Service Management Corp.	Director	OEHLER, Robert	Far East National Bank	100	100%	0	-
	Director	Butcher, Steve	Far East National Bank	100	100%	0	-
	President	OEHLER, Robert				0	-
Grand Capital International Limited	Sole Director	Cheng, Liu-I	SinoPac Leasing Co., Ltd.	29,900,000	100%	0	-
SinoPac Capital (B. V. I.) Ltd.	Chairman	LO, Paul C.	SinoPac Capital Ltd.(HK)	4,450,001	100%	0	-
	Director	YAU, Tak Chiang	SinoPac Capital Ltd.(HK)	4,450,001	100%	0	-
Shanghai International Asset Management (Hong Kong) Co., Ltd.	Chairman	ZHOU, You-Dao	A.T.S. CO., Ltd.	3,200,000	40%	0	-
	Director	CHEN, Chi-chuan	SinoPac Capital (B.V.I.)Ltd.	4,800,000	60%	0	-
	Director	Cai, Nong-Rui	A.T.S. CO., Ltd.	3,200,000	40%	0	-
	Director	Chen, Ting-Ko	SinoPac Capital (B.V.I.)Ltd.	4,800,000	60%	0	-
	Director	Hu, Jing-Gang	A.T.S. CO., Ltd.	3,200,000	40%	0	-
	Director	Liu, Hsing Yen	SinoPac Capital (B.V.I.)Ltd.	4,800,000	60%	0	-
	Director	YAU, Tak Chiang	SinoPac Capital (B.V.I.)Ltd.	4,800,000	60%	0	-
	Director	Xue, Wan-Xiang	A.T.S.CO., Ltd.	3,200,000	40%	0	-
	Director	Wu, Choi-Sun	SinoPac Capital (B.V.I.)Ltd.	4,800,000	60%	0	-
	Director	Lin, Bin	A.T.S.CO., Ltd.	3,200,000	40%	0	-
	President	Wu, Choi-Sun				0	-
	Allstar Venture Ltd. (B. V. I.)	Director	Chen, Chien-Jung	SinoPac Capital (B.V.I.)Ltd.	2	100%	0
Director		Hsu, Swei-Yuan	SinoPac Capital (B.V.I.)Ltd.	2	100%	0	-
Cyberpac Holding Ltd. (B. V. I.)	Director	Chen, Chien-Jung	SinoPac Capital (B.V.I.)Ltd.	4,000,000	100%	0	-
	Director	Hsu, Swei-Yuan	SinoPac Capital (B.V.I.)Ltd.	4,000,000	100%	0	-
Pinnacle Investment Management Limited	Director	Chang, Beng-An	SinoPac Capital (B.V.I.)Ltd.	199,999	99.9995%	1	0.0005%
	Director	Chen, Chien-Jung	SinoPac Capital (B.V.I.)Ltd.	199,999	99.9995%	0	-
	Director	Man, Suet-Ying	SinoPac Capital (B.V.I.)Ltd.	199,999	99.9995%	0	-
	Director	Wang, Ching	SinoPac Capital (B.V.I.)Ltd.	199,999	99.9995%	0	-
	Director	YAU, Tak Chiang	Cyberpac Holding Ltd. (B.V.I.)	999,999	99.9999%	0	0.0001%
RSP Information Service	Director	MAK, K. H.	Cyberpac Holding Ltd. (B.V.I.)	999,999	99.9999%	0	-
	Chairman	Yeh, Juei-Sheng	Cyberpac Holding Ltd. (B.V.I.)	26,500,000	100%	0	-
Wal Tech International Corporation	Director	Pien, C. S.	Cyberpac Holding Ltd. (B.V.I.)	26,500,000	100%	0	-
	Director	Chen, Sabine	Cyberpac Holding Ltd. (B.V.I.)	26,500,000	100%	0	-
	Supervisor	Hou, Gloria	Cyberpac Holding Ltd. (B.V.I.)	26,500,000	100%	0	-
	President	Yeh, Juei-Sheng				0	-
IntelliSys Corporation	Chairman	Yang, Bill	Wal Tech International Corporation	10,325,700	62.58%	0	-
	Director	Fang, Nai-Chen	Wal Tech International Corporation	10,325,700	62.58%	0	-
	Director	Chen, Chien-Jung	Wal Tech International Corporation	10,325,700	62.58%	0	-
	Director	Lee, Dennis	Wal Tech International Corporation	10,325,700	62.58%	0	-
	Director	Koo, Charlie				1,544,863	9.36%
	Supervisor	Peng, Kevin H.	Wal Tech International Corporation	10,325,700	62.58%	0	-
	Supervisor	Hsieh, S. B.	Wal Tech International Corporation	10,325,700	62.58%	0	-
	President	Hsu, Rufus R. H.				104,340	0.63%
SinoPac Futures Corp.	Chairman	HUANG, Chung-Wen	SinoPac Securities	98,214,750	98.21%	0	-
	Director	HUANG, Fred Y. H.	SinoPac Securities	98,214,750	98.21%	0	-
	Director	HSU, Cheng-Tsai	SinoPac Securities	98,214,750	98.21%	0	-



Company	Title	Name	Nominating Legal Entity	Number of Shares Held by the Legal Entity		Shares Held by the Directors, Supervisors, or Presidents	
				No. of Shares	Percentage	No. of Shares	Percentage
	Director	LU, Maurice	SinoPac Securities	98,214,750	98.21%	0	-
	Director	HSU, Li-Kuan	Hui Sung Agr.& Food Corp.	1,500,000	1.50%	0	-
	Supervisor	CHIANG, Wen-You	SinoPac Securities	98,214,750	98.21%	0	-
	Supervisor	YEH, David T. L.	SinoPac Securities	98,214,750	98.21%	0	-
	President	LU, Maurice				0	-
SinoPac Capital Management Corp.	Chairman	HUANG, Fred Y. H.	SinoPac Securities	21,000,000	100%	0	-
	Director	YEH, David T. L.	SinoPac Securities	21,000,000	100%	0	-
	Director	LIN, Sunday	SinoPac Securities	21,000,000	100%	0	-
	Supervisor	LIU, Ching-Shun	SinoPac Securities	21,000,000	100%	0	-
	President	YEH, David T. L.				0	-
SinoPac Securities (Cayman) Holdings Ltd.	Director	HWANG, Min-Juh	SinoPac Securities	USD 48.1 million	100%	0	-
	Director	HONG, Ai-Hwei	SinoPac Securities	USD 48.1 million	100%	0	-
	Director	HSU, Daw-Yi	SinoPac Securities	USD 48.1 million	100%	0	-
	Director	HONG, Dennis Y. C.	SinoPac Securities	USD 48.1 million	100%	0	-
	Director	HONG, Eugene	SinoPac Securities	USD 48.1 million	100%	0	-
	Director	CHANG, Richard	SinoPac Securities	USD 48.1 million	100%	0	-
SinoPac Asset Management Corp. (B.V.I.)	Director	CHANG, Richard	SinoPac Securities	USD 1.6 million	100%	0	-
	Director	LAN, Mei M. C.	SinoPac Securities	USD 1.6 million	100%	0	-
SinoPac Securities (Asia) Ltd.	Chairman	HSU, Daw-Yi	SinoPac Securities (Cayman) Holdings	HKD 323 million	92.88%	0	-
	Managing Director	CHUANG, Rudy	SinoPac Securities (Cayman) Holdings	HKD 323 million	92.88%	0	-
	Director	HONG, Dennis Y. C.	SinoPac Securities (Cayman) Holdings	HKD 323 million	92.88%	0	-
	Director	LAN, Mei M. C.	SinoPac Securities (Cayman) Holdings	HKD 323 million	92.88%	0	-
	Director	CHEN, Han-Ming	SinoPac Securities (Cayman) Holdings	HKD 323 million	92.88%	0	-
	Director	HSEIH, Caroline Y. C.	SinoPac Securities (Cayman) Holdings	HKD 323 million	92.88%	0	-
	Director	TSANG, Kin-Hung	SinoPac Securities (Cayman) Holdings	HKD 323 million	92.88%	0	-
	Director	TSANG, Hei-Ho	SinoPac Securities (Cayman) Holdings	HKD 323 million	92.88%	0	-
	Director	LUI, Ho-Ming	SinoPac Securities (Cayman) Holdings	HKD 323 million	92.88%	0	-
	Director	LAM, Shen Hriung	SinoPac Securities (Cayman) Holdings	HKD 323 million	92.88%	0	-
SinoPac Capital (Asia) Ltd.	Director	CHUANG, Rudy	SinoPac Securities (Cayman) Holdings	HKD 30 million	100%	0	-
	Director	HONG, Dennis Y. C.	SinoPac Securities (Cayman) Holdings	HKD 30 million	100%	0	-
	Director	LAN, Mei M. C.	SinoPac Securities (Cayman) Holdings	HKD 30 million	100%	0	-
	Director	HSEIH, Caroline Y. C.	SinoPac Securities (Cayman) Holdings	HKD 30 million	100%	0	-
SinoPac Futures (Asia) Ltd.	Managing Director	CHUANG, Rudy	SinoPac Securities (Cayman) Holdings	HKD 10 million	100%	0	-
	Director	LAN, Mei M. C.	SinoPac Securities (Cayman) Holdings	HKD 10 million	100%	0	-
	Director	CHEN, Han-Ming	SinoPac Securities (Cayman) Holdings	HKD 10 million	100%	0	-
NSC Asia Ltd.	Director	CHEN, Richard	SinoPac Securities (Cayman) Holdings	USD 1,000	100%	0	-
	Director	LAN, Mei M. C.	SinoPac Securities (Cayman) Holdings	USD 1,000	100%	0	-
SinoPac Securities (Europe) Ltd.	Chairman	HSU, Daw-Yi	SinoPac Securities (Cayman) Holdings	GBP 1 million	100%	0	-
	Managing Director	LEE, Juno	SinoPac Securities (Cayman) Holdings	GBP 1 million	100%	0	-
	Director	LAN, Mei M. C.	SinoPac Securities (Cayman) Holdings	GBP 1 million	100%	0	-
SinoPac Securities (USA) Ltd.	Director	HSEIH, Caroline Y. C.	SinoPac Securities (Cayman) Holdings	GBP 1 million	100%	0	-
	Chairman	HONG, Eugene	SinoPac Securities (Cayman) Holdings	USD 2 million	100%	0	-
	Director	LAN, Mei M. C.	SinoPac Securities (Cayman) Holdings	USD 2 million	100%	0	-
	Director	HSEIH, Caroline Y. C.	SinoPac Securities (Cayman) Holdings	USD 2 million	100%	0	-
	President	Hong, Eugene				0	-
SinoPac Securities (H. K.) Ltd.	Director	CHANG, Richard	SinoPac Securities	HKD 25 million	100%	0	-
	Director	CHEN, Han-Ming	SinoPac Securities	HKD 25 million	100%	0	-
	Director	WAN, Syue-Ying	SinoPac Securities	HKD 25 million	100%	0	-
SinoPac Asia Ltd.	Director	CHANG, Richard	SinoPac Securities	USD 6 million	100%	0	-
	Director	CHUANG, Rudy	SinoPac Securities	USD 6 million	100%	0	-
	Director	LAN, Mei M. C.	SinoPac Securities	USD 6 million	100%	0	-
SinoPac Securities (Asia) Nominees Ltd.	Director	CHUANG, Rudy	SinoPac Securities (Cayman) Holdings	HKD 2	100%	0	-
	Director	LAN, Mei M. C.	SinoPac Securities (Cayman) Holdings	HKD 2	100%	0	-
SinoPac (Asia) Nominees Ltd.	Director	CHUANG, Rudy	SinoPac Securities (Cayman) Holdings	HKD 2	100%	0	-
	Director	LAN, Mei M. C.	SinoPac Securities (Cayman) Holdings	HKD 2	100%	0	-

